eadg 泛亞國際

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

2015 Annual Report

Contents

Financial Highlights

FINANCIAL HIGHLIGHTS

- Revenue slightly decreased to approximately HK$237.7 million for the year ended 31 December 2015, representing a decrease of approximately 1.5%, as compared with that of approximately HK$241.4 million for the year ended 31 December 2014.

- Gross profit decreased to approximately HK$127.1 million for the year ended 31 December 2015, representing a decrease of approximately 0.9%, as compared with that of approximately HK$128.3 million for the year ended 31 December 2014.

- Profit attributable to owners of the parent decreased to approximately HK$23.5 million for the year ended 31 December 2015, representing a decrease of approximately 16.1%, as compared with that of approximately HK$28.0 million for the year ended 31 December 2014.

- Profit margin decreased by approximately 2.9 percentage points to approximately 9.4% for the year ended 31 December 2015, as compared with that of approximately 12.3% for the year ended 31 December 2014.

- Earnings per share attributable to owners of the parent decreased to approximately HK6.1 cents for the year ended 31 December 2015, as compared with that of approximately HK8.1 cents for the year ended 31 December 2014.

- Final dividend of HK5.5 cents per share is proposed for the year ended 31 December 2015, representing an increase of approximately 7.8% as compared with that of HK5.1 cents for the year ended 31 December 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, COFCO 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

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

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
22th Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

中糧智慧農場 **COFCO Eco farm**
2015 ASIAN TOWNSCAPE AWARD WINNER 榮獲 2015 亞洲都市景觀獎

Chairman's Statement

Chairman's Statement

Lau Hing Tat Patrick
Chairman

Dear Shareholders:

On behalf of the Board of Earthasia International Holdings Limited and its subsidiaries, it is my pleasure to present the annual report of the Group.

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 over 400 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 and strengthened the capital base of the Group and established a platform for the Group to expand our business.

2015 was a challenging year due to market turnaround but the Group completed the year fairly satisfactorily. Revenue slightly decreased to approximately HK$237.7 million for the year ended 31 December 2015, representing a decrease of approximately 1.5%, as compared with that of approximately HK$241.4 million for the year ended 31 December 2014. Gross profit decreased to approximately HK$127.1 million for the year ended 31 December 2015, representing a decrease of approximately 0.9%, as compared with that of approximately HK$128.3 million for the year ended 31 December 2014. Profit attributable to owners of the parent decreased to approximately HK$23.5 million for the year ended 31 December 2015, representing a decrease of approximately 16.1%, as compared with that of approximately HK$28.0 million for the year ended 31 December 2014, mainly due to slowdown of billing and payment received from clients and devaluation of RMB in 2015. Going forward, the Group will closely monitor the payment terms of our projects, credit worthiness of our clients, and the Group's foreign currency position.

Nevertheless, the core landscape architecture business continued to provide stable and robust cash flow position to the Group. The net cash flows from operating activities increased to approximately HK$22.9 million for the year ended 31 December 2015, compared with that of approximately HK$19.0 million for the same period in 2014. The Board recommended a final dividend of HK5.5 cents per share (2014: HK5.1 cents), or approximately HK$22.4 million this year. The Group intends to remain a stable dividend payout policy.

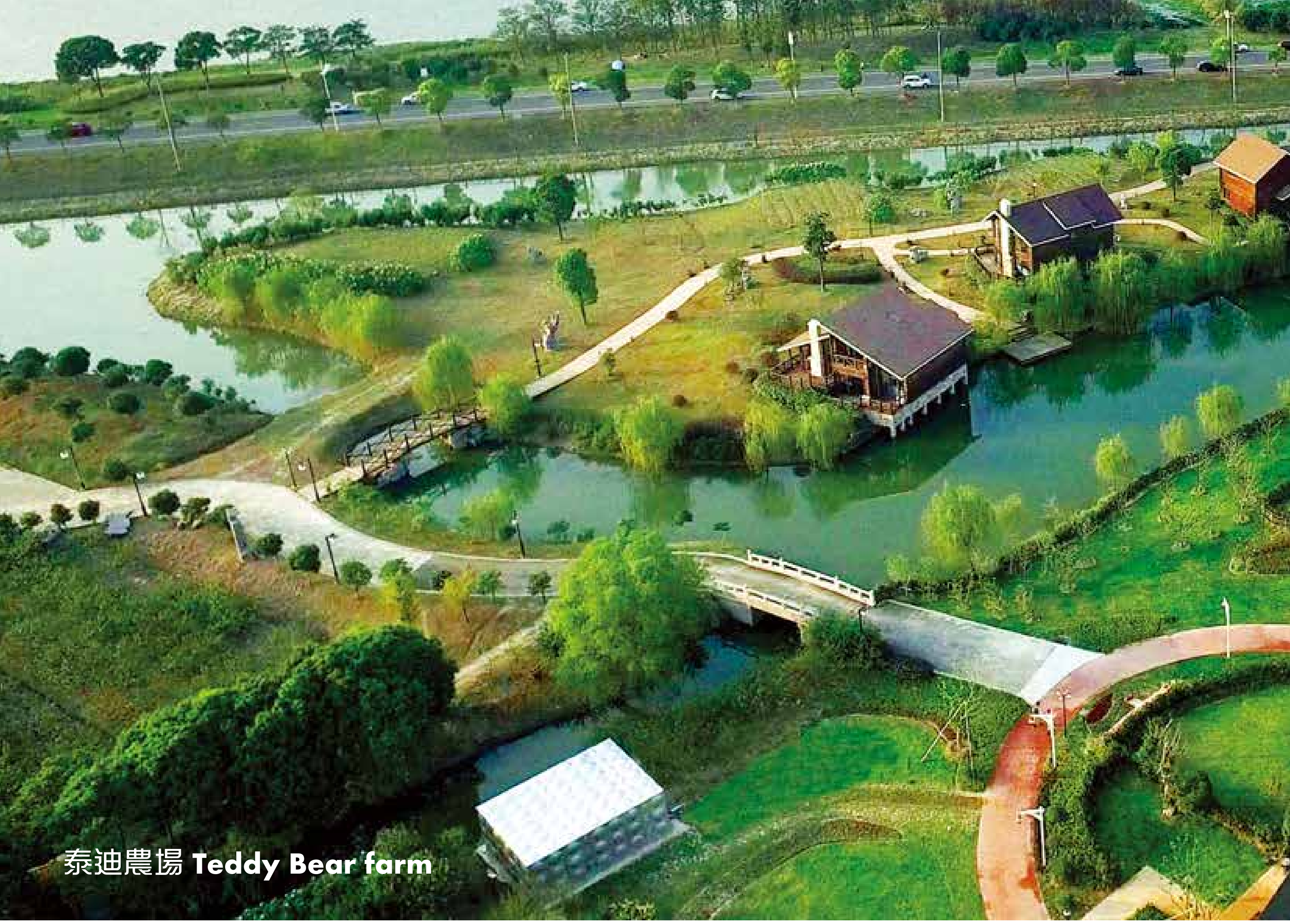
Looking ahead, it is likely that 2016 will still be challenging to the Group as the PRC continued to experience lower rates of growth whilst the Hong Kong economy also began to show signs of weakness. As to the core landscape architecture business, the Group will continue to leverage its brand, client relationship and industry experience to secure new landscape architecture projects. Besides, we will continue to increase our clientele base, expand our geographic coverage through set up of new branch and office. In November 2014, we set up a subsidiary in Shenzhen Qianhai which has been fully operational during the year 2015. We also believe that the "One belt, one road" initiative brings with more opportunities than challenges for the Group and the industry. Besides, the Group will continue to look for merger and acquisition opportunity.

In July 2015, the Group has established a joint venture company with an aim to develop and operate eco-tourism business across different provinces/cities in the PRC. The Group can leverage its extensive experience in landscape architecture to expand its business footprint into eco-tourism which in turn creates synergy for the Group to capture the business opportunity arising from eco-tourism projects. As eco-tourism is the newest development trend in the tourism industry and the prospect is bright, the Group will continue to devote resources and capital into this new sector of business. Despite the slowdown of China's economic growth, we remain optimistic about our future business development.

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, 30 March 2016



泰迪農場 **Teddy Bear farm**

Management
Discussion and Analysis

Management Discussion and Analysis

Chan Yick Yan Andross
Chief Executive Officer

BUSINESS REVIEW

The Group's business model and revenue and cost structure has remained unchanged during the reporting period and up to the date of issue of this annual 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 to 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) residential development projects; (ii) infrastructure and public open space projects; (iii) commercial and mixed-use development projects; and (iv) tourism and hotel projects.

Tian Ming
Executive Director

In 2015, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 48.9% (2014: 50.9%) of the total revenue of the Group. Infrastructure and public open space projects continued to be the second largest segment in terms of revenue, which accounted for approximately 22.6% (2014: 22.2%) of the total revenue of the Group.

For the year ended 31 December 2015, the Group entered into 154 new contracts with a total contract sum of approximately HK$188.1 million for projects located in the PRC and 41 new contracts with a total contract sum of approximately HK$31.7 million for projects located in Hong Kong and others. Geographically, approximately 85.6% of the new contract sum represented projects located in the PRC and approximately 14.4% represented projects located in Hong Kong and others in terms of contract sum.

Management Discussion and Analysis

The number of new contracts and contract sum entered by the Group during 2013 to 2015 are set out as follows:

Year ended 31 December	No. of new contracts	Contract sum (HK$'million)
2015	195	219.8
2014	281	315.2
2013	172	296.7

Despite a challenging year in 2015, the management of the Company made great efforts to increase the source of revenue and profits to the shareholders through exploration of new cooperation and business development opportunities.

FINANCIAL REVIEW

Revenue

Revenue slightly decreased to approximately HK$237.7 million for the year ended 31 December 2015, representing a decrease of approximately 1.5%, as compared with that of approximately HK$241.4 million for the year ended 31 December 2014. The decrease was mainly attributable to (i) the slowdown of residential property development projects from property developers clients, and (ii) decrease in number of new contracts and new contract sum compared with the same period in 2014.

Cost of services

Cost of services decreased to approximately HK$110.6 million for the year ended 31 December 2015, representing a decrease of approximately 2.2%, as compared with that of approximately HK$113.1 million for the year ended 31 December 2014. The decrease was generally in line with the decrease in revenue.

Gross profit and gross profit margin

As a result, gross profit decreased to approximately HK$127.1 million for the year ended 31 December 2015, representing a decrease of approximately 0.9%, as compared with that of approximately HK$128.3 million for the year ended 31 December 2014.

Gross profit margin increased by approximately 0.4 percentage points to approximately 53.5% for the year ended 31 December 2015, as compared with that of approximately 53.1% for the year ended 31 December 2014.

Administrative expenses

Administrative expenses decreased to approximately HK$82.2 million for the year ended 31 December 2015, representing a decrease of approximately of 3.9%, as compared with that of approximately HK$85.5 million for the year ended 31 December in 2014. The overall decrease was a mixed result of (i) mild increase in staff costs due to average salary increment, (ii) the increase in share-based payment expense that the Group did not incur in 2014, and (iii) an one-off listing expense incurred in 2014 in relation to the Group's IPO that did not occur in 2015.

Other expenses

Other expenses increased to approximately HK$10.9 million for the year ended 31 December 2015, representing an increase of approximately of 240.6%, as compared with that of approximately HK$3.2 million for the year ended 31 December 2014. The increase was mainly attributable to (i) an increase in trade receivables impairment, (ii) an exchange loss due to devaluation of RMB, and (iii) a non-refundable portion of earnest money paid.

Net profit

As a result of the foregoing, profit attributable to owners of the parent decreased to approximately HK$23.5 million for the year ended 31 December 2015, representing a decrease of approximately 16.1%, as compared with that of approximately HK$28.0 million for the year ended 31 December 2014.

Profit margin decreased by approximately 2.9 percentage points to approximately 9.4% for the year ended 31 December 2015, as compared with that of approximately 12.3% for the year ended 31 December 2014.

Liquidity and Financial Resources

	As at 31 December 2015 HK$'000	As at 31 December 2014 HK$'000
Current assets	**296,300**	250,268
Current liabilities	**112,119**	79,828
Current ratio	**2.6x**	3.1x

The current ratio of the Group at 31 December 2015 was approximately 2.6 times as compared to that of approximately 3.1 times at 31 December 2014. The decrease was mainly due to utilization of bank borrowing amounted to HK$30 million which increased both the current assets and current liabilities.

Management Discussion and Analysis

At 31 December 2015, the Group had a total cash and bank balances of approximately HK$94.8 million (31 December 2014: HK$121.5 million).

At 31 December 2015, the Group's gearing ratio was approximately 15.0% (represented by total interest-bearing bank and other borrowings at the end of the period divided by total equity at the end of the respective period multiplied by 100%) (31 December 2014: nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2015.

Capital Structure

There has been no significant change in the capital structure of the Company for the reporting period. 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 24 and 28 respectively to the consolidated statement of financial position.

Foreign Exchange Exposure

The Group mainly operates and invests in Hong Kong and the PRC with most of the transactions denominated and settled in HKD and RMB respectively. No significant foreign currency risk has been identified for the financial assets in the PRC as they were basically denominated in a currency same as the functional currencies of the group entities to which these transactions relate. Nevertheless, the Directors will closely monitor the Group's foreign currency position and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments, receivables management, etc. The Group will also consider to reduce placing time deposits denominated in RMB.

Human Resources and Employees' Remuneration

As at 31 December 2015, the Group employed around 428 employees (31 December 2014: 510 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 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 year ended 31 December 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, 5 January 2015 and 7 September 2015. During the year ended 31 December 2015, the Group granted 3,353,000 Shares to 330 awardees and 648,249 Shares to 5 awardees at nil consideration on 16 January 2015 and 22 July 2015 respectively, subject to the acceptance and fulfillment of vesting condition (if any) by the grantees.

EVENTS AFTER THE REPORTING PERIOD

On 4 January 2016, the Company has granted a total of 14,290,000 share options to certain eligible participants of the Company pursuant to the share option scheme adopted by the Company on 3 June 2014 to subscribe for an aggregate of 14,290,000 new ordinary shares of HK$0.01 each of the Company, subject to the acceptance of the Share Options by the Grantees. The exercise price was HK$1.27 per Share and the validity period is two years from the date of grant, being 4 January 2016 to 3 January 2018 (both dates inclusive). Subject to the terms of the Share Option Scheme, (i) 50% of the Share Options shall be vested and exercisable from 4 January 2016 to 3 January 2018 (both dates inclusive); and (ii) the remaining 50% shall be vested and exercisable from 4 January 2017 to 3 January 2018 (both dates inclusive).

On 31 March 2016, the Board resolved to grant an aggregate of 11,905,751 awarded shares to 32 selected participants pursuant to the share award scheme. Among the awarded shares, the vesting date of a total of 6,621,476 awarded shares is 31 March 2016 and a total of 5,284,275 awarded shares will be 31 December 2017, subject to fulfillment of other vesting conditions (where applicable) and acceptance by the selected participants.

UPDATES ON HISTORICAL NON-COMPLIANCE MATTERS OF THE GROUP

Reference is made to sub-section headed "Non-compliance matters of our Group during the track record period and as at the latest practicable date" under the section headed "Business" of the prospectus of the Company dated 12 June 2014. The latest updates on non-compliance matters and progress of rectification are as follows:

Non-compliance incidents	Updates/progress of rectification
1. Non-compliance with the Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法): Earthasia (Shanghai) Co. Ltd. failed to open accounts and make payment of social insurance contributions for certain foreign employees.	Since February 2014, our Group had taken remedial actions to ensure future compliance. We were not requested to pay any penalty by the relevant government authority up to the date of this annual report. As of the date of this annual report, the Directors are of the view that such historical non-compliance incident is time-barred and should not bring about any material adverse impact on the Group.
2. Non-compliance with certain corporate requirement by EA Group International Inc. in the Philippines: – Non-compliance with section 23 of the Philippines Corporation Code: The majority of the directors of EA Group International Inc. were not residents of the Philippines.	Since February 2014, our Group had taken remedial actions to ensure future compliance. Up to the date of this annual report, there was no VAT or MCIT tax assessment nor requested to pay any penalty by the local tax authority against EA Group International Inc. The Group has made provisions until such non-compliance becomes time-barred.
– Non-compliance with section 25 of the Philippines Corporation Code: The corporate secretary of EA Group International Inc. was not a resident and citizen of the Philippines.	EA Group International Inc. continued to appoint Ernst & Young as the local auditor to ensure compliance with VAT and MCIT tax filing for the year ended 31 December 2015.
– Non-compliance with the opinion issued by the Securities and Exchange Commission of the Philippines (the "SEC") dated 23 May 1991: The treasurer of EA Group International Inc. was not a resident of the Philippines.	Our Group will continue to adopt internal control measures to ensure future compliance. The Directors are of the view that such historical non-compliance matter should not bring about any material adverse impact on the Group.
– Failed to (i) pay the value-added tax ("VAT") since its incorporation pursuant to sections 105 to 108 of the Philippine Tax Code and (ii) pay Minimum Corporate Income Tax ("MCIT") for the financial years of 2011 and 2012 pursuant to section 27(E) of the Philippine Tax Code.	

PROSPECTS

2015 was a challenging year due to slowdown in the PRC economy, weakened property market, fluctuation of stock market and devaluation of RMB. Traditional industries in the PRC have been facing overcapacity. Not few PRC property developers slowed down the pace of property development projects.The Group has faced prolonged payment cycle from our PRC projects.

It is likely that 2016 will still be challenging to the Group as the PRC continued to experience lower rates of growth whilst the Hong Kong economy also began to show signs of weakness. 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. As part of a risk management policy, the Group will closely monitor the payment terms of our projects as well as the credit worthiness of our clients.

In April 2015, 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). The target company is a company established under the laws of the PRC and is principally engaged in landscape design and construction services in Zhejiang Province, the PRC. In October 2015, as certain conditions precedent to the acquisition had not been satisfied or waived and the long stop date had not been further extended, the equity transfer agreement lapsed on 30 October 2015. There was no material adverse impact on the existing business, operation and financial position of the Group.

The Directors will continue to explore new business and investment opportunities that may generate additional income to the Group through joint venture and/or strategic cooperation with business partners. During the year ended 31 December 2015, the Group formed the following joint ventures:–

Eco-tourism Business

In July 2015, the Group has established a joint venture company, namely Shanghai Teddy Friends Investment Management Limited ("Teddy"), in the PRC with joint venture partners ("JV Partners 1") which in turn established Suzhou Sudi Investment and Development Limited ("Sudi") in the PRC with a view to develop and operate eco-tourism business in the PRC. Teddy, who holds 81% of the shares of Sudi, is initially owned as to 45% by the Group and 55% by the JV Partners 1 (who subsequently transferred 15% of equity interest to one of our Director such that Teddy became a commonly held entity as defined under Rule 14A.27 of the Listing Rules). Teddy is an investment holding company with an aim to develop and operate eco-tourism business under the theme "Teddy Farm" across different provinces/cities in the PRC.

Eco-tourism is the newest development trend in the tourism industry. It would help to raise a city's image and attract more high quality foreign tourists. It could provide economic gains from the rural areas, whilst promoting a stronger sense of belonging and environmental protection, which is beneficial for both society and the environment. The Directors are of the view that eco-tourism represents one of the fastest developing areas in tourism with favourable government policy. Through the investment in Teddy, the Group can leverage its extensive experience in landscape architecture to expand its business footprint into eco-tourism and capture the business opportunity arising from the newest development trend in the PRC.

Trading Business

In September 2015, the Group has established another joint venture company, namely Earthasia Worldwide Holdings Limited ("EA Trading"), in Hong Kong with another joint venture partner ("JV Partner 2") with a view to develop trading business. EA Trading is owned as to 30% by the Group and 70% by the JV Partner 2. EA Trading is principally engaged in the trading of Japanese goods which includes foods, cosmetics, groceries, daily necessities etc. between Japan, Hong Kong and the PRC. The Directors are of the view that the investment in EA Trading can capture the business opportunity arising from the increasing demand of quality Japanese goods from Hong Kong and the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the JV Partners 1, JV Partner 2 and each of their ultimate beneficial owners is independent of and not connected with the Company and its connected persons. During the year ended 31 December 2015, the Group (i) provided financial assistance amounted to HK$4.0 million to EA Trading, and (ii) made capital contribution amounted to RMB4.5 million (or approximately HK$5.5 million) to Teddy. The applicable percentage ratios in respect of each of the financial assistance to the EA Trading and capital contribution to Teddy did not exceed 5% under Rule 14.07 of the Listing Rules which did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement will be made as and when necessary.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lau Hing Tat Patrick (劉興達), aged 56, is the Chairman of the Board and an executive Director. He has over 32 years of experience in operation and management in landscape architecture service industry. Mr. Lau joined our Group in October 1986 as managing director of Earthasia Limited responsible for formulating corporate and business strategies and making major corporations and operations decisions and became one of the directors and shareholders in February 1987. He has been holding the following positions under our Group, namely, (i) the director of Earthasia Limited since February 1987, (ii) the director of Earthasia (International) Limited since October 2004, (iii) the director and legal representative of Earthasia (Shanghai) Co. Ltd. Since November 2004, (iv) the director of EA Group International Inc. since October 2007, (v) the director of Earthasia (Guangzhou) Co. Ltd. since July 2013, (vi) the director of Earthasia Holdings Limited since 27 November 2013, (vii) the director and legal representative of Earthasia (QianHai) Limited since November 2014, (viii) the director of Earthasia Watersource Limited since November 2014, (ix) the director of Earthasia Lightech Limited since December 2014, (x) the director of Earthasia Farm Ltd. since April 2015, (xi) the director of Shanghai Jingliang Lightech Ltd. since June 2015, and (xii) the director of Shanghai Jingzhu Investment Management Ltd. since June 2015.

Prior to joining our Group, Mr. Lau gained his experience in another two landscape architecture companies, namely, (i) Urbis Travis Morgan Limited from March 1985 to September 1986, and (ii) EBC Hong Kong (怡境師) from August 1983 to February 1985, as a landscape architect responsible for landscape design and project management.

Mr. Lau obtained his bachelor's degree in Landscape Architecture from the University of Toronto in June 1983. He obtained his master's degree in Urban Design from the University of Hong Kong in November 1991. Mr. Lau was qualified as a professional member in the grade of Associate of the Landscape Institute in the United Kingdom in January 1987. He has been a registered landscape architect under LARO since September 1999. He served in HKILA as president from September 1994 to May 1998 and has been a fellow member of HKILA since November 2008. He has taken up the positions of chairman of Asian Habitat Society (亞洲人居環境協會) and director of the Hong Kong Coalition of Professional Service. Mr. Lau is currently a member of the Town Planning Board. He was a district councillor of the Hong Kong Eastern District Council from 2004 to 2011. He was also a member of the following institutions, namely, (i) the Appeal Board Panel (Town Planning) from December 1999 to December 2005, (ii) the Community Involvement Committee on Greening from March 2011 to February 2013, (iii) the Harbour-front Enhancement Committee from May 2004 to August 2009, (iv) the Harbourfront Commission from July 2010 to June 2013, (v) the Lands and Development Advisory Committee from July 2009 to July 2015.

As at the date of this annual report, Mr. Lau held 584,000 Shares by himself and 66,003,444 Shares through LSBJ Holdings Limited. Mr. Lau is the beneficial owner of the entire issued capital of LSBJ Holdings Limited. Besides, Mr. Lau's wife, Ms. Keung Wai Fong Tracy, also held 300,000 shares of the Company, which is approximately 0.07% of the entire issued share capital. Under the SFO, Mr. Lau, being the spouse of Ms. Keung, is deemed to be interested in all the shares that Ms. Keung is interested in, and vise versa. Accordingly, taking into account of Ms. Keung's interest in the Company, Mr. Lau's interest in the Company is approximately 15.92%.

Biographies of Directors and Senior Management

Mr. Chan Yick Yan Andross (陳奕仁), aged 53, is the Chief Executive Officer and an executive Director. He has over 30 years of experience in operation and management in landscape architecture service industry. He first joined our Group in January 1991 as managing director of Earthasia Limited responsible for formulating corporate and business strategies and making major corporations and operations decisions. Mr. Chan has also held the following positions in our Group, namely, (i) the director of Earthasia Limited since December 1995; (ii) the director of Earthasia (International) Limited since October 2004; (iii) the director of Earthasia (Shanghai) Co. Ltd. since November 2004; (iv) the director of EA Group International Inc. since October 2007; (v) the director and legal representative of Earthasia (Xiamen) Co. Ltd. since March 2013; (vi) the director of Earthasia (Guangzhou) Co. Ltd. since July 2013; (vii) the director of Earthasia Design (Shanghai) Co. Ltd. since November 2013; (viii) the director of Earthasia Holdings Limited since November 2013; (ix) the director of Earthasia (QianHai) Limited since November 2014, (x) the director of Earthasia Watersource Limited since November 2014, (xi) the director of Earthasia Lightech Limited since December 2014, (xii) the director of Earthasia Farm Ltd. since April 2015, (xiii) the director of Shanghai Water Science Ltd. since June 2015, (xiv) the director of Shanghai Jingliang Lightech Ltd. since June 2015, (xv) the director of Earthasia Suzhou Farm Ltd. since June 2015, (xvi) Shanghai Jingzhu Investment Management Ltd. since June 2015, (xvii) the director of Ningbo Yuanmei Design and Consulting Ltd. since July 2015, (xviii) the director of Earthasia Worldwide Holdings Ltd. since September 2015, (xix) the director of Earthasia Farm Investment Ltd. since December 2015. Mr. Chan is also the legal representative of the Beijing, Wuhan, Shenzhen, Xi'an, Chengdu, Kunshan and Guangzhou branch offices of Earthasia (Shanghai) Co. Ltd.

Prior to joining our Group, Mr. Chan has the following working experience relevant to his present positions in our Company:

Name of company	Principal business activities	Roles	Responsibilities	Period of services
BCG Landscape Architects Inc.	Landscape architecture, urban design, environmental planning	Partner and landscape architect	Design and project management	From September 1989 to January 1991
EDA Collaborative Inc.	Landscape architecture, urban design, environmental planning, tourism design	Intermediate landscape architect	Design and project management, detail design and working drawings	From August 1988 to August 1989
EBC Hong Kong (怡境師)	Landscape architecture and planning	Landscape architect	Design development, detailed design, contract administration and supervision	From July 1985 to February 1988

Mr. Chan obtained his bachelor's degree in Landscape Architecture from the University of Toronto in June 1985. He obtained his master's degree in architecture (landscape planning and design) from Tongji University (同濟大學) in June 2014. Mr. Chan was qualified as a professional member in the grade of Associate of the Landscape Institute in the United Kingdom in January 1988. He was a member of the Ontario Association of Landscape Architects and the Canadian Society of Landscape Architects in July 1989 and 1990, respectively. Mr. Chan has been a registered landscape architect under LARO and a fellow member of HKILA since September 1999 and November 2008, respectively. He has been a member of American Society of Landscape Architects since March 2004. He was accredited as the Outstanding Entrepreneur of the National Reconnaissance Design Industry (President) (全國勘察設計行業優秀企業家(院長)) by the China Exploration and Design Association (中國勘察設計協會) in November 2013.

As at the date of this annual report, Mr. Chan held 274,000 Shares by himself and 132,006,887 Shares through CYY Holdings Limited. Mr. Chan is the beneficial owner of the entire issued capital of CYY Holdings Limited. Under the SFO, Mr. Chan's total interest in the Company is 132,280,887 Shares, representing approximately 31.50% of the issued share capital of the Company.

Mr. Tian Ming (田明), aged 60, is an executive Director. He has over 28 years of experience in architecture-related and landscape architecture industry. Mr. Tian joined our Group in June 2006 as the director of Earthasia (Shanghai) Co., Ltd. Prior to joining our Group, Mr. Tian worked as a deputy chief designer at Shanghai Vanke Real Estate Co., Limited (上海萬科房地產有限公司) from April 1993 to June 1998 which is a subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司) principally engaging in residential and commercial property development. Mr. Tian was responsible for property estate design (房地產設計) during his time of employment. He worked as a designer from 1983 to 1993 in Shanghai Municipal Engineering Design Institute (上海市政工程設計研究院) which principally engaged in municipal engineering (市政工程). Mr. Tian was responsible for architectural design for municipal projects during his time of employment.

Mr. Tian obtained his bachelor's degree in structural engineering from Tongji University (同濟大學) in December 1985. He was qualified as architect and structural engineer in March 1991 in the PRC by the Shanghai Municipal Engineering Design Institute (上海市政工程設計院).

NON-EXECUTIVE DIRECTORS

Mr. Michael John Erickson, aged 55, is a non-executive Director. He has over 20 years of experience in urban and landscape design, environmental planning, open space planning and feature park design. He has been serving in Earthasia (Shanghai) Co., Ltd. as managing principal of Beijing office since October 2007, assisting in business development, project coordination and preparation of strategic plan.

Prior to joining our Group, Mr. Erickson has gained experience in landscape design and project management through handling landscape architecture projects under various landscape architecture companies including: (i) EDAW (Shanghai) Consulting Co. Ltd. (Beijing Office) as managing principal (Beijing)/regional landscape co-leader from July 2004 to September 2007; (ii) EDAW/AECOM Australia Pty Ltd (Brisbane office) as managing principal from 2001 to 2004 and senior associate from 1995 to 2001.

Biographies of Directors and Senior Management

Mr. Erickson obtained his bachelor's degree in Applied Science (Built Environment, Landscape, Urban and Regional Planning) from the Queensland Institute of Technology (currently known as the Queensland University of Technology) in March 1984 and master's degree in Landscape Planning from the University of New South Wales in May 1992. Mr. Erickson has been an associate member of HKILA since May 2009. He has been a Registered Landscape Architect/Urban Designer of the Australian Institute of Landscape Architects since June 2012.

Mr. Ma Lida (馬力達), aged 35, is a non-executive Director. He has over nine years of experience in financial management. He has been the deputy general manager and board secretary of Pubang since May 2010 responsible for the general secretarial affairs. From July 2003 to February 2008, he worked as a project manager for the provision of auditing services in various projects in GP Certified Public Accountants Co., Ltd. (廣東正中珠江會計師事務所有限公司), a PRC accounting firm.

Mr. Ma obtained his bachelor's degree in Economics from the School of Public Economics & Administration at Shanghai University of Finance and Economics (上海財經大學公共經濟與管理學院) in July 2003. He further obtained his master's degree in Business Administration from Sun Yat-sen University (中山大學) in June 2010.

Ms. Huang Yaping (黃婭萍), aged 38, is a non-executive Director. She has over 15 years of experience in landscape architecture industry. Prior to joining our Group, she worked as designer and chief designer of Pubang from January 2000 to December 2005 and vice administrative officer of the design institute of Pubang from January 2005 to December 2008 participating in various landscape architecture projects. Since then, she has become the vice-president of the design institute of Pubang leading in the provision of landscape architecture services. She obtained her bachelor's degree in Architectural Engineering (建築工程) from Chongqing University (重慶大學) in July 2000. She was recognised by Guangzhou Human Affairs Bureau (廣州市人事局) as architectural assistant engineer (建築助理工程師) in September 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tam Ip Fong Sin (談葉鳳仙), aged 49, is an independent non-executive Director. She has over 11 years of experience in legal practice specialising corporate and commercial litigation matters. She was admitted as a solicitor of Hong Kong in 2004.

Ms. Tam obtained her bachelor's degree in Law from the University of Wolverhampton in July 1999. She has also completed her postgraduate certificate in Laws from the University of Hong Kong in September 2002.

Mr. Wong Wang Tai (黃宏泰), aged 51, is an independent non-executive Director. He has over 24 years of experience in auditing, finance and accounting field.

Mr. Wong has gained his audit and accounting experience through the following positions in various companies:

Name of company	Principal business activities	Roles	Responsibilities	Period of services
Parker Randall CF (H.K.) CPA Ltd	Accounting and advisory	Director	Responsible for audit cases of private limited companies	From January 2012 to March 2013
C & I CPA Limited	Accounting and advisory	Director	Responsible for overall firm operation in the provision of accounting and advisory services	From August 2002 to September 2008
Fortune Oil Company Limited	Oil and gas exploration and production	Accounting manager	Responsible for all accounting, management reporting and internal control function of group companies	From May 1996 to May 1997
RSM Nelson Wheeler (Note)	Accounting and advisory	Audit supervisor of the audit department	Assisting listed company clients to fulfil disclosure requirements, preparation of consolidated accounting records and audit planning	From February 1995 to April 1996
Kwan Wong Tan & Fong BDO	Accounting and advisory	Assistant accountant	Preparation of accounting records, tax computation and statutory audit records	From April 1993 to February 1995
		Junior accountant of the audit department		From February 1992 to March 1993

Note: RSM Nelson Wheeler is a member of the RSM Network administered by RSM International Limited, a company registered in England and Wales.

Apart from working in these companies, Mr. Wong has been the sole proprietor in the name of Ivan Wong & Co from April 1995 to February 2004 and from September 2007 to present under which he is responsible for the overall operations and supervision in the provision of accounting and advisory services to his clients.

He obtained his bachelor's degree in business administration from the Hong Kong Baptist College (currently known as Hong Kong Baptist University) in December 1991 and his bachelor's degree in Law from the City University of Hong Kong in November 2007. Mr. Wong has been a qualified accountant of Association of Chartered Certified Accountants since February 1994. He has been a member of the Hong Kong Institute of Certified Public Accountants since June 1994 and fellowship member of The Association of Chartered Certified Accountants since June 1999. He has been elected as a Councilor of Wanchai District Council since 2004. Mr. Wong was awarded a Medal of Honour from the Hong Kong Government in 2011.

Biographies of Directors and Senior Management

Mr. Wong has been an independent non-executive Director and chairman of the audit committee, member of the nomination committee and remuneration committee of Natural Dairy (NZ) Holdings Limited, a company listed on the Stock Exchange (stock code: 462) engaging in trading of food and beverage and dairy related products, and manufacturing and sales of beverage and dairy related products, since 28 August 2013.

Mr. Wang Yuncai (王雲才), aged 48, is an independent non-executive Director. He has been studying and teaching for architecture and urban planning for over 14 years.

Mr. Wang first undertook and completed his post-doctoral research work (博士後研究工作) in Architecture of Tongji University (同濟大學) from June 2001 to April 2003. Mr. Wang has held various positions under Landscape Studies Department of College of Architecture and Urban Planning in Tongji University (同濟大學建築與城市規劃學院), namely, (i) an associate professor in Landscape Planning and Design from January 2003 to June 2008; (ii) a professor deputy officer in Landscape since July 2008; and (iii) the deputy officer in Landscape since November 2009. He was also a research scholar in the field of landscape architecture at Virginia Polytechnic Institute and State University from January 2010 to June 2010.

Mr. Wang obtained his doctorate's degree in Human Geography (人文地理) from the Institute of Geographic Sciences and Natural Resources Research under Chinese Academy of Science (中國科學院地理科學與資源研究所) in July 2001. He is the author of "Landscape Ecosystem Planning Principles" (景觀生態規劃原理).

SENIOR MANAGEMENT

Mr. Kwok Ka Hei (郭嘉熙), aged 34, the chief financial officer of our Company. He has over ten years of experience in corporate finance and accounting profession. He joined our Group in December 2013 as the chief financial officer of Earthasia Limited. Mr. Kwok has also held the following position in our Group, namely, the director of Earthasia Farm Investment Ltd. since December 2015. Prior to joining our Group, Mr. Kwok served in GF Capital (Hong Kong) Limited in corporate finance department from October 2010 to December 2013. Prior to that, he served in KGI Capital Asia Limited in the investment banking department from December 2007 to October 2010. He also worked in PricewaterhouseCoopers Ltd. from September 2005 to November 2007. Mr. Kwok obtained his bachelor's degree of Arts with a major in Accountancy from the Hong Kong Polytechnic University in December 2005. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since July 2009 and a Financial Risk Manager of Global Association of Risk Professionals since April 2008.

Ms. Wu Man (吳曼), aged 44, is the chief human resources officer of our Company. She has over 18 years of experience in handling human resources and other general affairs. Ms. Wu joined our Group in March 2005 as the assistant to the general manager of Earthasia (Shanghai) Co., Ltd. She has also been the administrative director (行政總監) of Earthasia (Shanghai) Co., Ltd. since April 2011, responsible for formulating and implementing internal and regulatory manuals, reporting and reviewing the financial statements, and handling general and human affairs. Prior to joining our Group, she served in EDAW (Shanghai) Consulting Co. Ltd. (易道(上海)諮詢有限公司) as the office manager from November 2003 to November 2004, responsible for client management, human resources and administrative affairs. Ms. Wu served in Shanghai Vanke Real Estate Co., Limited (上海萬科房地產有限公司) from April 1993 to April 2000 responsible for the financial management.

Ms. Wu was qualified as corporate human resource professional (Grade II) by Shanghai Human Resources and Social Security Bureau in October 2012. She was also qualified as accountant by the PRC Finance Department in May 1997.

Ms. Chan Chi Hing (陳志卿), aged 42, is the company secretary of our Company. Ms. Chan joined our Group in November 2004 as the director and supervisor of Earthasia (Shanghai) Co., Ltd. until June 2006. She later served in Earthasia Limited in February 2005 as associate (finance) responsible for financial management.

She has been a member of the Association of Chartered Certified Accountants (UK) since June 2010, a member of the Hong Kong Institute Certified Public Accountants since May 2010 and an associate of the Taxation Institute of Hong Kong since April 2011. Ms. Chan obtained her bachelor's degree in accounting from the University of Hong Kong in December 2005.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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 Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the reporting period ended 31 December 2015. The Company reviews its corporate governance practices regularly to ensure compliance with the GC 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 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2015.

BOARD OF DIRECTORS

The Board is responsible for the leadership and monitoring of the Group's businesses, strategic decisions and overall performance. The day-to-day management responsibility is delegated to the executive Directors who perform their daily duties under the leadership of the Chief Executive Officer. The Board currently consists of nine members, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Each executive Director and non-executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently. One of the independent non-executive Directors has the professional qualifications or accounting or related financial management expertise required by the Listing Rules. Throughout the year ended 31 December 2015, the Company has three independent non-executive Directors representing not less than one-third of the Board pursuant to Rule 3.10A of the Listing Rules.

The composition of the Board during the year is as follows:

Executive Directors	Mr. Lau Hing Tat Patrick *(Chairman)* Mr. Chan Yick Yan Andross *(Chief Executive Officer)* 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

Each of Mr. Tian Ming, Mr. Michael John Erickson and Ms. Huang Yaping will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on Wednesday, 18 May 2016, being eligible, offer themselves for re-election pursuant to Article 108(a) of the articles of association of the Company (the "Articles").

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three independent non-executive Directors representing one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he/she has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst the three independent non-executive Directors, Mr. Wong Wang Tai has the appropriate professional qualifications or accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group.

The Board is responsible for the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the cooperate governance policy.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the"Nomination Committee") (collectively, the "Board Committees"). Further details of these committees are set out below.

BOARD MEETING

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings in compliance with paragraph A.1.1 of the CG Code. Agendas and accompanying papers are sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the same.

Ten Board meeting were held during the year ended 31 December 2015. If necessary, ad-hoc meetings will also be convened to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

Corporate Governance Report

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

The members and attendance of the Board meeting are as follows:

Name of Directors	**Attendance/meeting held for the year ended 31 December 2015**
Mr. Lau Hing Tat Patrick *(Chairman)*	10/10
Mr. Chan Yick Yan Andross *(Chief Executive Officer)*	8/10
Mr. Tian Ming	8/10
Mr. John Michael Erickson	8/10
Mr. Ma Lida	9/10
Ms. Huang Yaping	8/10
Mr. Wong Wang Tai	8/10
Ms. Tam Ip Fong Sin	6/10
Mr. Wang Yuncai	8/10

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current Articles provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and that every director shall be subject to retirement by rotation at least once every 3 years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his independence and must provide an annual confirmation of his independency to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Code requires the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The Chairman of the Company is Mr. Lau Hing Tat Patrick and the functions of Chief Executive Officer are performed by Mr. Chan Yick Yan Andross. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate individuals. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the daily business of the Group in all aspects effectively.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company continuously updates the Directors on the Group's business and the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Below is a summary of the training the Directors had received during the year under review:

Name of Director	Attendance/meeting held from the Listing Date to 31 December 2015
Mr. Lau Hing Tat Patrick *(Chairman)*	A & B
Mr. Chan Yick Yan Andross *(Chief Executive Officer)*	A & B
Mr. Tian Ming	A & B
Mr. John Michael Erickson	A & B
Mr. Ma Lida	A & B
Ms. Huang Yaping	A & B
Mr. Wong Wang Tai	A & B
Ms. Tam Ip Fong Sin	A & B
Mr. Wang Yuncai	A & B

A: attending seminars/workshops/forums

B: reading newspaper, journals and updates relating to landscape industry, director's duties, corporate governance practices, legal and regulatory developments

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with written terms of reference which are available for viewing on the website of the Company and the Stock Exchange to assist them in the effective implementation of their functions. Specific responsibilities have been delegated to the above committees.

Audit Committee

The Company has established the Audit Committee on 3 June 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code. The Audit Committee consists of four members namely, Mr. Wong Wang Tai (an independent non-executive Director), Ms. Tam Ip Fong Sin (an independent non-executive Director), Mr. Wang Yuncai (an independent non-executive Director) and Mr. Ma Lida (a non-executive Director). The chairman of the Audit Committee is Mr. Wong Wang Tai.

Corporate Governance Report

The principal responsibilities of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. These include reviewing the Group's interim and annual reports. They also make recommendations to the Board on the appointment and removal of external auditor, review the risks facing the Company and to oversee management in the design, implementation and monitoring of the risk management system.

During the year ended 31 December 2015, the Audit Committee held four meetings to, among others, approve the audit fee for the year ended 31 December 2015, reviewed the Group's internal control, the final results and annual report of the Group for the year ended 31 December 2014 and the interim results and interim report of the Group for the six months ended 30 June 2015, as well as other reports prepared by the external auditor covering major findings in the course of its audit/review before submission to the Board for approval.

The members and attendance of the Audit Committee meeting are as follows:

Name of Director	Attendance/meeting held during the year ended 31 December 2015
Mr. Wong Wang Tai *(Chairman)*	4/4
Ms. Tam Ip Fong Sin	4/4
Mr. Wang Yuncai	3/4
Mr. Ma Lida	0/4

Remuneration Committee

The Company has established the Remuneration Committee on 3 June 2014 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of Mr. Wong Wang Tai (an independent non-executive Director), Mr. Wang Yuncai (an independent non-executive Director), Ms. Tam Ip Fong Sin (an independent non-executive Director) and Mr. Chan Yick Yan Andross (an executive Director). The chairman of the Remuneration Committee is Mr. Wong Wang Tai.

The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration structure and policy as well as the specific remuneration packages for the Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No director will take part in any discussion on his own remuneration.

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

During the year ended 31 December 2015, the Remuneration Committee held one meeting to discuss and approve for recommendation to the Board the bonus (if any) for the year ended 31 December 2014 and salary adjustments (if any) of Directors and senior management for the year ended 31 December 2015.

The members and attendance of the Remuneration Committee meeting are as follows:

Name of Director	**Attendance/meeting held during the year ended 31 December 2015**
Mr. Wong Wang Tai *(Chairman)*	1/1
Mr. Wang Yuncai	1/1
Ms. Tam Ip Fong Sin	1/1
Mr. Chan Yick Yan Andross	1/1

Nomination Committee

The Company has established the Nomination Committee on 3 June 2014 with written terms of reference in compliance with the CG Code. The Nomination Committee consists of Mr. Lau Hing Tat Patrick (an executive Director), Mr. Wang Yuncai (an independent non-executive Director) and Ms. Tam Ip Fong Sin (an independent non-executive Director), a majority of whom are independent non-executive Directors. The chairman of the Nomination Committee is Mr. Lau Hing Tat Patrick.

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.

The Company recognizes and embraces the benefits of having Board diversity to enhance the quality of its performance in compliance with paragraph A.5.6 of the Code. When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations. Qualified candidates will then be recommended to the Board for approval.

During the year ended 31 December 2015, the Nomination Committee held one meeting to review structure, size and composition of the Board as to whether it was sufficient to meet the Company's business needs, and recommended to the Board on the retirement by rotation and re-election of Directors at the 2015 annual general meeting.

The members and attendance of the Nomination Committee meeting are as follows:

Name of Director	Attendance/meeting held during the year ended 31 December 2015
Mr. Lau Hing Tat *(Chairman)*	1/1
Mr. Wang Yuncai	1/1
Ms. Tam Ip Fong Sin	1/1

DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Directors' and chief executive's remuneration and all other emoluments paid or payable to the Directors and chief executive during the year are set out on an individual and named basis in note 8 to the consolidated financial statements of this annual report.

AUDITOR'S REMUNERATION

The fee charged by the Company's external auditor in respect of the audit and non-audit services to the Group during the year is summarized as below:

	Fees paid/payable (HK$'000)	
Services rendered	**2015**	2014
Audit services	**2,743**	3,114
Non-audit services		
(i.e. tax services, incorporation, certification, etc.)	**99**	238
Total	**2,842**	3,352

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure in the corporate governance report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

INTERNAL CONTROL

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board has reviewed the effectiveness of the Group's material internal controls. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility for the preparing the financial statements of the Group according to the statutory requirements and the applicable accounting standards which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. The Board confirms that, to the best of their knowledge, the financial statements for the reporting year have been prepared on a going concern basis. The Board is not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The responsibilities of the external auditors of the Company on the financial statements are set out in the Independent Auditor's Report.

COMPANY SECRETARY

The company secretary is a full time employee of the Company. During the year under review, the company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for directing shareholders' enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and/or email address) to the Company's principal place of business in Hong Kong at Room 1101-2, 11/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong for the attention of the company secretary.

Procedures for convening an extraordinary general meeting by shareholders

Pursuant to Article 64 of the Company's Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at shareholders' meetings

Shareholders are requested to follow Article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for convening an extraordinary meeting by shareholders".

Pursuant to Article 113 of the Articles, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

INVESTOR RELATIONS

During the year, there is no significant change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.

Report of the Directors

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and has its registered office at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Group's principal place of business in Hong Kong is Room 1101-2, 11/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activity of the Group is landscape architecture in Hong Kong, the Mainland China and the Philippines. There were no significant changes in the nature of the Group's principal activity during the reporting year. Discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance are set out on pages 10 to 18. This discussion form part of the report of directors.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2015 are set out in note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 48 to 51. A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 144.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has proposed a final dividend of HK5.5 cents per ordinary share for the year ended 31 December 2015 to shareholders whose names appear on the Company's register of members on Friday, 27 May 2016. Subject to the approval by the shareholders at the forthcoming AGM, such dividend will be payable to the shareholders of the company on or about Monday, 13 June 2016.

The register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2015. The record date will be Friday, 27 May 2016. In order to qualify for the proposed final dividend for the year ended 31 December 2015, all transfer forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on Tuesday, 24 May 2016.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016, both days inclusive, for the purpose of determining the entitlement to attend and vote at the annual general meeting ("AGM") scheduled to be held on Wednesday, 18 May 2016. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("Branch Share Registrar") not later than 4:30 p.m. on Friday, 13 May 2016.

SEGMENT INFORMATION

Details of segment reporting are set out in note 4 to the consolidated financial statement.

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2015, the Group had no material acquisitions, disposals and significant investments.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 10 July 2015, the Company completed to place an aggregate of 20,000,000 new 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 placing price represented a discount of approximately 19.23% to the closing price of HK$1.30 per Share as quoted on the Stock Exchange on the date of the placing agreement. The net proceeds arising from the placing were approximately HK$20 million, before placing expenses. The reasons and benefits of the placing were to provide additional working capital to the Group in carrying on its businesses and would also broaden the capital and shareholder base of the Company.

PROPOSED PLACING OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

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 would be exercisable within one year from the date of the issue of the warrants.

The Board considered that the warrant placing represented a good opportunity to raise additional funds for the Group while broadening the Shareholder and capital base of the Company. In addition, the warrants were not interest bearing and the warrant placing would not result in any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that would be raised upon completion of the warrant placing, further capital would be raised upon the exercise of the subscription rights attaching to the warrants by the holder thereof during the subscription period.

On 7 September 2015, the Board entered into a termination agreement to terminate the placing agreement. Accordingly, all antecedent obligations and liabilities of the parties under the placing agreement shall be fully discharged and released in all aspects and neither the Company nor the Placing Agent would have any claim against the other in respect of the warrant placing. The Board believed that the termination of Placing Agreement and the Warrant Placing contemplated thereunder had no material adverse impact on the financial position and operation of the Group as a whole.

EQUITY-LINKED AGREEMENT

Save as disclosed above and the section headed "Share Option Scheme", no equity-linked agreement were entered into during the year or subsisted at the end of the year ended 31 December 2015.

USE OF PROCEEDS

On 25 June 2014, 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 31 December 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.

On 10 July 2015, the Company completed a placing of an aggregate of 20,000,000 new Shares to not less than six independent placees at a placing price of HK$1.05 per Share. The net proceeds arising from the placing was approximately HK$20 million, which will be used to finance future investment opportunities to be identified by the Company and/or as general working capital of the Group. Up to 31 December 2015, (i) approximately HK$5.47 million was used for developing and operating eco-tourism business and (ii) approximately HK$4.0 million was used for supporting the trading business, (iii) approximately HK$2.86 million was used for investing in approximately 7.41% equity interest in an available-for-sale investment, namely Shenzhen Qianhai Lendbang Internet Financial Services Limited (深圳市前海邦你貸互聯網金融服務有限公司), which is an associate of Pubang principally engaged in the peer-to-peer ("P2P") internet financial services business, and (iv) approximately HK$7.7 million was used for general working capital purpose.

The unused net proceeds arising from the above fund raising activities have been placed as interest bearing time deposits and/or capital protected investment deposits with banks in Hong Kong and the PRC.

DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK$12,000 (2014: HK$1,000,000).

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year are set out in note 13 to the consolidated financial statements in this annual report.

BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2015 are set out in note 24 to the consolidated financial statements in this annual report.

SHARE CAPITAL AND SHARE AWARD SCHEME

Details of the Company's share capital and Share Award Scheme during the year are set out in note 28 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company unless otherwise required by the Stock Exchange.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of all the former and existing directors of the Company is currently in force and was in force throughout the year of 2015.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, to the best knowledge of the Directors of the Company, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 December 2015.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of noncompliance with the applicable rules and regulations. To the best knowledge of the Directors of the Company, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2015.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders of the Company by reason of their holding of the shares of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 41 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (as amended) of the Cayman Islands, amounted to approximately HK$99.2 million, of which approximately HK$22.4 million has been proposed as a final dividend for the year after the reporting period. The amount of HK$99.2 million includes the Company's share premium account of approximately HK$125.4 million in aggregate at 31 December 2015, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 144 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 18.9% of the Group's turnover and sales to the Group's largest customer was approximately 7.3% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 5.7% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 2.3% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had interests in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors	Mr. Lau Hing Tat Patrick *(Chairman)* Mr. Chan Yick Yan Andross *(Chief Executive Officer)* Mr. Tian Ming
Non-executive Directors	Mr. Michael John Erickson Mr. Ma Lida Ms. Huang Yaping

Independent non-executive Directors	Mr. Wong Wang Tai Ms. Tam Ip Fong Sin Mr. Wang Yuncai

Pursuant to Article 108(a), Mr. Tian Ming, Mr. Michael John Erickson and Ms. Huang Yaping will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of their independence from the Group. Based on such confirmations, the Company considers that each of such Directors to be independent from the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 19 to 25 of this annual report.

DIRECTORS' 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 ended 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.

(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 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 one year commencing 25 June 2015) 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, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

CONTRACT OF SIGNIFICANCE

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 31 December 2015 or at any time during the year ended 31 December 2015.

DIRECTORS' INTERESTS 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 year ended 31 December 2015.

DIRECTORS' REMUNERATION

Details of the Directors emoluments are set out in note 8 to the consolidated financial statements in this annual report. The Directors' remunerations are determined subject to the recommendations of the Remuneration Committee and the Board's approval with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 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

		Number of ordinary Shares					
Name of Director	Capacity	Personal interest	Family interest	Corporate interest	Other interest	Total	Approximate % of shareholding
Chan Yick Yan Andross	Beneficial owner, interest of controlled corporation	244,000	–	132,006,887 (Note 1)	–	132,250,887	31.49%
Lau Hing Tat Patrick	Beneficial owner, interest of child or spouse, interest of controlled corporation	584,000	300,000	66,003,444 (Note 2)	–	66,887,444	15.93%

Notes:

1. Such interests are held by CYY Holdings Limited, a company incorporated in the British Virgin Islands, of which Mr. Chan Yick Yan Andross is interested in the entire issued share capital.

2. Such interests are held by LSBJ Holdings Limited, a company incorporated in the British Virgin Islands, of which Mr. Lau Hing Tat Patrick is interested in the entire issued share capital.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31 December 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 of shareholder	Capacity/nature of interest	Number of Shares	Approximate % of shareholding
CYY Holdings Limited (Note 1)	Beneficial owner	132,006,887	31.43%
PBLA Limited (Note 2)	Beneficial owner	101,989,669	24.28%
Pubang Landscape Architecture (HK) Company Limited (Note 2)	Interest in a controlled corporation	101,989,669	24.28%
Pubang (Note 2)	Interest in a controlled corporation	101,989,669	24.28%
Mr. Tu Shan Zhong (Note 2)	Interest in a controlled corporation	101,989,669	24.28%
LSBJ Holdings Limited	Beneficial owner	66,003,444	15.72%

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 29.16% 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.

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 year ended 31 December 2015, there has been no option granted under the Share Option Scheme.

Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transaction

Save for the continuing connected transactions as disclosed below, during the year ended 31 December 2015, the Group has not carried out any connected transactions that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules.

Continuing connected transactions

The Group has entered into the following non-exempted continuing connected transactions:

During the year ended 31 December 2015, the Group had conducted the following connected transactions and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Transactions	2015 HK$'000	2014 HK$'000
Non-exempt continuing connected transactions		
(i) Contract revenue from Pubang, a substantial shareholder of the Company	**1,537**	3,188
(ii) Subcontracting and referral fee to Pubang	**1,205**	–

Details of the continuing connected transactions in relation to the Cooperation Agreement entered into between the Group and Pubang Landscape Architecture Company Limited (廣州普邦園林股份有限公司) ("Pubang") have been disclosed in the announcement and circular of the Company dated 30 July 2014 and 21 August 2014 respectively, which was approved by the independent Shareholders at the EGM on 8 September 2014. The continuing connected transactions did not exceed the approved annual cap.

Annual review of the continuing connected transactions

The Directors (including all independent non-executive Directors) have reviewed the continuing connected transaction and confirmed that this transaction was entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreement governing it and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group in its normal course of business are set out in note 35 to the consolidated financial statements. For those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules, they are set out in the paragraph headed "Connected Transactions and Continuing Connected Transactions" on pages 44 to 45. It has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under the Deed of Non-competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, at least 25% of the Company's total issued share capital was held by public as required under the Listing Rules.

AUDITOR

The financial statements of the Company for the year ended 31 December 2015 was audited by Ernst & Young. A resolution will be proposed at the AGM to re-appoint Ernst & Young as the auditor of the Company.

On behalf of the Board
Lau Hing Tat Patrick
Chairman

Hong Kong, 30 March 2016

Independent Auditors' Report

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真:+852 2868 4432
ey.com

To the shareholders of Earthasia International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Earthasia International Holdings Limited (the "Company") and its subsidiaries set out on pages 48 to 143, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**237,703**	241,365
Cost of services provided	6	**(110,636)**	(113,108)
GROSS PROFIT		**127,067**	128,257
Other income and gains	5	**8,564**	9,918
Selling and marketing expenses		**(7,299)**	(8,424)
Administrative expenses		**(82,156)**	(85,482)
Finance costs	7	**(457)**	(25)
Other expenses		**(10,863)**	(3,167)
Share of losses of joint ventures	4	**(1,011)**	–
PROFIT BEFORE TAX	6	**33,845**	41,077
Income tax expense	10	**(11,491)**	(11,478)
PROFIT FOR THE YEAR		**22,354**	29,599
Attributable to:			
Owners of the parent		**23,527**	28,020
Non-controlling interests		**(1,173)**	1,579
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic			
– For profit for the year		**HK6.1 cents**	HK8.1 cents
Diluted			
– For profit for the year		**HK6.1 cents**	HK8.1 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**22,354**	29,599
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,813)**	93
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**14,541**	29,692
Attributable to:		
Owners of the parent	**15,781**	28,103
Non-controlling interests	**(1,240)**	1,589
	14,541	29,692

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Goodwill	14	**3,111**	3,111
Property and equipment	13	**5,625**	5,827
Intangible assets	15	**5,555**	4,034
Prepayments and deposits	19	**888**	2,272
Investments in joint ventures	16	**4,277**	–
Available-for-sale investment	17	**2,864**	–
Deferred tax assets	26	**5,289**	4,281
Total non-current assets		**27,609**	19,525
CURRENT ASSETS			
Amounts due from customers for contract works	20	**64,624**	65,211
Trade and bills receivables	18	**56,758**	53,829
Prepayments, deposits and other receivables	19	**23,014**	6,517
Available-for-sale investment	17	**23,864**	–
Tax recoverable		**3,235**	3,184
Pledged deposit	21	**30,000**	–
Cash and bank balances	21	**94,805**	121,527
Total current assets		**296,300**	250,268
CURRENT LIABILITIES			
Trade payables	22	**3,624**	2,862
Other payables and accruals	23	**30,358**	17,132
Interest-bearing bank and other borrowings	24	**30,644**	–
Amounts due to customers for contract works	20	**17,356**	30,873
Tax payable		**30,029**	28,961
Dividend payable		**108**	–
Total current liabilities		**112,119**	79,828
NET CURRENT ASSETS		**184,181**	170,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**211,790**	189,965

Consolidated Statement of Financial Position (continued)

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Finance lease payable	25	**299**	–
Retirement benefit obligations	27	**405**	–
Deferred tax liabilities	26	**4,592**	2,197
Total non-current liabilities		**5,296**	2,197
NET ASSETS		**206,494**	187,768
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	28	**4,200**	4,000
Treasury shares	28	**(140)**	(157)
Other reserves	29	**201,895**	182,146
		205,955	185,989
Non-controlling interests		**539**	1,779
Total equity		**206,494**	187,768

Lau Hing Tat Patrick
Director

Chan Yick Yan Andross
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the parent									
	Share capital (note 28) HK$'000	Treasury shares (note 28) HK$'000	*Share premium account (note 28) HK$'000	*Capital reserve HK$'000	*Reserve funds HK$'000	*Exchange fluctuation reserve HK$'000	*Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	–	–	–	5	1,975	4,567	79,168	85,715	191	85,906
Profit for the year	–	–	–	–	–	–	28,020	28,020	1,579	29,599
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	83	–	83	10	93
Total comprehensive income for the year	–	–	–	–	–	83	28,020	28,103	1,589	29,692
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	(1)	(1)
Capitalisation issue	3,000	–	(3,000)	–	–	–	–	–	–	–
Issue of shares	1,000	–	134,000	–	–	–	–	135,000	–	135,000
Shares repurchased	–	(157)	(16,056)	–	–	–	–	(16,213)	–	(16,213)
Share issue expenses	–	–	(11,616)	–	–	–	–	(11,616)	–	(11,616)
Final 2013 dividend declared	–	–	–	–	–	–	(35,000)	(35,000)	–	(35,000)
Transfer from retained profits	–	–	–	–	4,547	–	(4,547)	–	–	–
At 31 December 2014	4,000	(157)	103,328	5	6,522	4,650	67,641#	185,989	1,779	187,768

Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2015

	Notes	Attributable to owners of the parent										
		Share capital	Treasury shares	*Share premium account	*Share award plan reserve	*Capital reserve	*Reserve funds	*Exchange fluctuation reserve	*Retained profits	Total	Non-controlling interests	Total equity
		(note 28)	(note 28)	(note 28)								
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2015		4,000	(157)	103,328	–	5	6,522	4,650	67,641	185,989	1,779	187,768
Profit/(loss) for the year		–	–	–	–	–	–	–	23,527	23,527	(1,173)	22,354
Other comprehensive income for the year: Exchange differences on translation of foreign operations		–	–	–	–	–	–	(7,746)	–	(7,746)	(67)	(7,813)
Total comprehensive income for the year		–	–	–	–	–	–	(7,746)	23,527	15,781	(1,240)	14,541
Issue of shares	28(d)	200	–	20,800	–	–	–	–	–	21,000	–	21,000
Shares repurchased	28(f)	–	(1)	(108)	–	–	–	–	–	(109)	–	(109)
Share issue expenses		–	–	(737)	–	–	–	–	–	(737)	–	(737)
Final 2014 dividend declared		–	–	–	–	–	–	–	(19,764)	(19,764)	–	(19,764)
Equity-settled share based payment	28(g)	–	18	2,116	1,661	–	–	–	–	3,795	–	3,795
Transfer from retained profits		–	–	–	–	–	3,907	–	(3,907)	–	–	–
At 31 December 2015		4,200	(140)	125,399	1,661	5	10,429	(3,096)	67,497	205,955	539	206,494

* These reserve accounts comprise the consolidated other reserves of HK$201,895,000 (2014: HK$182,146,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**33,845**	41,077
Adjustments for:			
Finance costs	7	**457**	25
Share of losses of joint ventures		**1,133**	–
Expenses related to the listing of the Company's shares	6	**–**	15,863
Interest income	5	**(1,241)**	(615)
Gain on disposal of items of property and equipment	6	**(415)**	(5)
Depreciation	6	**3,063**	3,024
Amortisation of intangible assets	6	**1,606**	869
Expense related to defined benefit plan	27	**418**	–
Impairment of provision of trade and bills receivables	6	**4,170**	2,222
Impairment of provision of deposits and other receivables	6	**182**	110
Equity-settled share award expense	6	**3,795**	–
		47,013	62,570
Increase in amounts due from customers for contract works		**(2,391)**	(1,351)
Increase in trade and bills receivables		**(9,984)**	(8,014)
Decrease/(increase) in prepayments, deposits and other receivables		**(5,836)**	2,851
Increase in trade payables		**883**	1,723
Increase/(decrease) in other payables and accruals		**13,083**	(1,559)
Decrease in amounts due to customers for contract works		**(12,246)**	(28,456)
Cash generated from operations		**30,522**	27,764
Interest element of finance lease rental payments	7	**(20)**	–
Income tax paid		**(7,599)**	(8,771)
Net cash flows from operating activities		**22,903**	18,993

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6	**1,145**	615
Purchases of items of property and equipment		**(2,633)**	(2,652)
Proceeds from disposal of items of property and equipment		**914**	12
Acquisition of a subsidiary	31	**–**	96
Increase in prepayments, deposits and other receivables relating to investment of an entity's equity interest		**(6,168)**	–
Capital contribution to a joint venture		**(5,370)**	–
Loan to a joint venture		**(4,000)**	–
Addition of available-for-sale investment		**(23,864)**	–
Additions to intangible assets		**(5,023)**	(1,938)
Net cash flows used in investing activities		**(44,999)**	(3,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**21,000**	120,000
Shares repurchased		**(109)**	(16,213)
New bank loan		**30,000**	–
New other loan		**557**	–
Expenses paid relating to listing of the Company's shares		**–**	(26,235)
Share issue expenses		**(737)**	–
Repayment of other loan		**(232)**	(480)
Dividends paid		**(19,656)**	(35,000)
Interest paid		**(437)**	(25)
Increase in pledged time deposit		**(30,000)**	–
Capital element of finance lease rental payments		**(413)**	–
Net cash flows (used in)/from financing activities		**(27)**	42,047
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(22,123)**	57,173
Cash and cash equivalents at beginning of year		**121,527**	64,364
Effect of foreign exchange rate changes, net		**(4,599)**	(10)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**94,805**	121,527

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**75,986**	81,478
Non-pledged time deposits with original maturity of less than three months when acquired	21	**18,819**	40,049
Cash and bank balances as stated in the consolidated statement of financial position		**94,805**	121,527
Cash and cash equivalents as stated in the statement of cash flows		**94,805**	121,527

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION

Earthasia International Holdings Limited 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 the subsidiaries (collectively the "Group") is landscape architecture in Hong Kong, Mainland China and the others. There were no significant changes in the nature of the Group's principal activity during the year.

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ establishment	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Earthasia Holdings Limited*	British Virgin Islands 27 November 2013	US$100	100%	–	Investment Holding
Earthasia (International) Limited* ("EAI")	Hong Kong 2 June 2004	HK$5,000	–	100.00%	Landscape architecture
泛亞景觀設計(上海)有限公司* ("Earthasia (Shanghai) Co., Ltd.") #	Mainland China 9 December 2004	US$5,000,000	–	100.00%	Landscape architecture
Earthasia Limited*	Hong Kong 27 February 1981	HK$10,000	–	100.00%	Landscape architecture
泛亞景觀設計(廣州)有限公司* ("Earthasia (Guangzhou) Co., Ltd.") #	Mainland China 30 July 2013	RMB1,000,000	–	100.00%	Dormant
泛亞國際環境設計(廈門)有限公司* ("Earthasia (Xiamen) Co., Ltd.") #	Mainland China 5 March 2013	RMB1,000,000	–	75.00%	Landscape architecture
EA Group International, Inc. ("EAM")	Philippines 16 October 2007	PHP1,000,000	–	99.95%	Design and drawing support services
泛亞城市規劃設計(上海)有限公司* ("Earthasia Design (Shanghai) Co., Ltd.") #	Mainland China 20 November 2013	RMB 1,000,000	–	100.00%	Landscape architecture
前海泛亞景觀設計(深圳)有限公司* ("Earthasia (QianHai) Limited ")#	Mainland China 14 November 2014	HK$ 1,000,000	–	100.00%	Interior design and landscape
Earthasia Watersource Limited*	Hong Kong 29 October 2014	HK$100	–	55.00%	Waterscape consultancy
Earthasia Lightech Limited*	Hong Kong 19 December 2014	HK$100	–	55.00%	Nightscape consultancy

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place of incorporation/ establishment	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Earthasia Buildscape Limited*	British Virgin Islands 3 March 2015	USD$100	100.00%	–	Investment Holding
Earthasia Garden Limited*	Hong Kong 10 March 2015	HK$100	–	100.00%	Dormant
Earthasia Farm Limited*	Hong Kong 30 April 2015	HK$100	–	100.00%	Dormant
蘇州泛亞農場有限公司* ("Earthasia Suzhou Farm Limited")#	Mainland China 12 June 2015	RMB10,000,000	–	100.00%	Dormant
上海景築投資管理有限公司* ("Shanghai Jingzhu Investment Management Limited")#	Mainland China 18 June 2015	RMB1,000,000	–	100.00%	Dormant
上海水泉水處理科技有限公司* ("Shanghai Water Science Limited")#	Mainland China 25 June 2015	RMB1,000,000	–	100.00%	Dormant
上海境亮燈光設計有限公司* ("Shanghai Jingliang Lightech Limited")#	Mainland China 29 June 2015	RMB1,000,000	–	100.00%	Dormant
Earthasia Farm Investment Limited*	Hong Kong 2 December 2015	HK$100	–	70.00%	Investment Holding
寧波市圓美設計諮詢有限公司* ("Ningbo Yuanmei Design and Consulting Limited")#	Mainland China 17 July 2015	RMB1,000,000	–	100.00%	Landscape architecture

Earthasia (Shanghai) Co, Ltd., Earthasia (Xiamen) Co., Earthasia (Guangzhou) Co, Ltd., Earthasia Design (Shanghai) Co., Ltd. and Earthasia (QianHai) Limited, Earthasia Suzhou Farm Limited, Shanghai Jingzhu Investment Management Limited, Shanghai Water Science Limited, Shanghai Jingliang Lightech Limited, Ningbo Yuanmei Design and Consulting Limited are registered as foreign-owned enterprises under law of the People's Republic of China (the "PRC").

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies do not register any official English names.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Notes to Financial Statements

31 December 2015

2.1 BASIS OF PREPARATION (Continued)

BASIS OF CONSOLIDATION (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. 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 of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans with contributions from employees or third parties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: 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 amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year.

Notes to Financial Statements

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the financial statements.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[5]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[5]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2017
6 No mandatory effective date determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Notes to Financial Statements

31 December 2015

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the lessee and the lessor to a contract. For lessee, IFRS 16 introduces a single accounting model for all leases, with certain exemptions, which requires lessees to recognise most leases on their balance sheets. For lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing its impact upon adoption.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

In January 2016, the IASB published Amendments to IAS 7. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The disclosure requirement also applies to changes in financial assets if cash flows from those financial assets were, or future cash flows will, included in cash flows from financing activities. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2017 and is currently assessing the impact upon adoption.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS AND GOODWILL (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than service contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RELATED PARTIES (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT AND DEPRECIATION (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of three to five years.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, available-for-sale financial investments. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Available-for-sale financial investments (Continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DERECOGNITION OF FINANCIAL ASSETS (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on the classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the reporting period of the future expenditures excepted to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the each of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

CONTRACTS FOR SERVICES

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRACTS FOR SERVICES (Continued)

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHARE-BASED PAYMENTS (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

OTHER EMPLOYEE BENEFITS

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 14% to 21% of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Defined benefit plan

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Notes to Financial Statements

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OTHER EMPLOYEE BENEFITS (Continued)

Defined benefit plan (Continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries joint ventures are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Finance lease – Group as lessee

The Group has entered into a finance lease arrangement on certain of the Group's motor vehicle. The Group has determined that it retains all the significant risks and rewards of ownership of the motor vehicle under such finance lease arrangement.

Research and development costs

The Group determines whether costs of research and development qualify for capitalisation, and has developed criteria in making that judgement. Therefore, the Group considers whether costs of research and development to be capitalised generates future cash flows, and whether the Group has the technical feasibility of completing the development so that the item under research and development will be available for use or sale and the Group has the intention to complete the development. The Group also considers the ability in measuring development expenditure during the development.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Percentage of completion of rendering of service

The Group recognises revenue according to the percentage of completion of individual contracts of services, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Estimation of total budgeted costs and cost to completion for service contracts

Total budgeted costs for service contracts comprise (i) direct material costs, (ii) costs of subcontracting and direct labour, and (iii) an appropriation of variable and fixed service overheads. In estimating the total budgeted costs for service contracts, management makes reference to information such as (i) current offers from sub-contractors and suppliers, and (ii) recent offers agreed with sub-contractors and suppliers.

Estimated useful lives of property and equipment and intangible assets

The Group's management determines the useful lives and related depreciation/amortisation charges for the Group's property and equipment, and intangible assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charges where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable/amortisable lives and therefore depreciation/amortisation in the future periods.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was HK$3,111,000 (2014: HK$3,111,000). Further details are given in note 14.

Notes to Financial Statements

31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits and temporary differences. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimate, such differences will impact on the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

Provision for impairment of trade and other receivables

The provision policy for impairment of trade and other receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

4. 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.

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, 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 cost, as well as head office and corporate income and expenses are excluded from such measurement.

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.

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.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the year.

Notes to Financial Statements

31 December 2015

4. OPERATING SEGMENT INFORMATION (Continued)

YEAR ENDED 31 DECEMBER 2015

	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	116,174	53,703	45,677	22,149	237,703
Segment results	68,014	20,809	25,574	8,500	122,897
Reconciliation					
Unallocated income and gains					8,564
Unallocated expense					(96,148)
Share of losses of:					
Joint ventures					(1,011)
Finance costs					(457)
Profit before tax					33,845
Segment assets:	62,140	25,939	26,222	7,081	121,382
Reconciliation					
Unallocated assets					202,527
Total assets					323,909
Segment liabilities	7,434	2,865	6,416	1,535	18,250
Reconciliation					
Unallocated liabilities					99,165
Total liabilities					117,415
Other segment information					
Impairment of trade and bills receivables	598	1,922	187	1,463	4,170
Unallocated:					
Depreciation and amortisation					4,669
Investments in joint ventures					4,277
Capital expenditures*					
Unallocated					7,071

* Capital expenditures consists of the additions of property and equipment and intangible assets.

4. OPERATING SEGMENT INFORMATION (Continued)

YEAR ENDED 31 DECEMBER 2014

	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	122,975	53,653	41,510	23,227	241,365
Segment results	69,437	31,745	14,940	12,135	128,257
Reconciliation					
Unallocated income					9,918
Unallocated expense					(97,073)
Finance costs					(25)
Profit before tax					41,077
Segment assets:	53,607	29,520	22,028	13,885	119,040
Reconciliation					
Unallocated assets					150,753
Total assets					269,793
Segment liabilities	19,864	4,493	7,213	1,756	33,326
Reconciliation					
Unallocated liabilities					48,699
Total liabilities					82,025
Other segment information					
Impairment of trade and bills receivables	(446)	641	1,800	227	2,222
Unallocated:					
Depreciation and amortisation					3,893
Capital expenditures*					
Unallocated					6,000

* Capital expenditures consists of the additions of property and equipment and intangible assets.

Notes to Financial Statements

31 December 2015

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
Hong Kong	**26,597**	20,665
Mainland China	**210,007**	218,724
Others	**1,099**	1,976
	237,703	241,365

The revenue information above is based on the locations of the customers.

During the years ended 31 December 2015 and 2014, other than Mainland China and Hong Kong, the Group derived revenue from Macau and the Philippines.

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**930**	957
Mainland China	**9,982**	8,579
Others	**268**	325
	11,180	9,861

The non-current asset information above is based on the locations of the assets and excludes goodwill, investments in joint ventures, an available-for-sale investment, non-current prepayments and deposits and deferred tax assets.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue of approximately HK$17,346,000 (2014: HK$18,366,000) was derived from services to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue of service contracts during the year.

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

	2015 HK$'000	2014 HK$'000
Revenue		
Service contracts	**237,703**	241,365
Other income		
Service income	**3,922**	6,159
Interest income	**1,241**	615
Government grants	**2,986**	2,768
	8,149	9,542
Gains		
Foreign exchange gain	**–**	371
Gain on disposals of items of property and equipment	**415**	5
	415	376
	8,564	9,918

Government grants were received for tax subsidy and for promoting the Group's business in the local area. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Financial Statements

31 December 2015

6. PROFIT BEFORE TAX

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

	Notes	2015 HK$'000	2014 HK$'000
Cost of services provided		**110,636**	113,108
Depreciation	13	**3,063**	3,024
Amortisation of intangible assets	15	**1,606**	869
Research and development costs:			
Current year expenditure		**7,691**	7,881
Minimum lease payments under operating leases		**15,009**	12,926
Auditors' remuneration		**2,842**	3,352
Employee benefit expense (including directors' and chief executive's remuneration (note 8))			
Wages and salaries		**101,180**	100,314
Equity-settled share award plan expense		**3,795**	–
Pension scheme contributions		**14,883**	13,408
Welfare and other benefits		**5,033**	4,200
		124,891	117,922
Foreign exchange differences, net		**2,395**	(371)
Impairment of trade and bills receivables	18	**4,170**	2,222
Impairment of deposits and other receivables	19	**182**	110
Interest income		**(1,241)**	(615)
Gain on disposal of items of property and equipment		**(415)**	(5)
Expenses related to the listing of the Company's shares*		**–**	15,863
Expenses related to defined benefit plan obligation	27	**418**	–

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on a bank loan	**437**	25
Interest on finance lease	**20**	–
	457	25

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2015 HK$'000	2014 HK$'000
Fees	**360**	180
Other emoluments:		
Salaries, allowances and benefits in kind	**10,444**	9,061
Pension scheme contributions and other benefits	**155**	206
	10,599	9,267
	10,959	9,447

Notes to Financial Statements

31 December 2015

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(A) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2015 **HK$'000**	2014 HK$'000
Fong Sin Tam Ip	**120**	60
Wang Tai Wong	**120**	60
Yuncai Wang	**120**	60
	360	180

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(B) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE

	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions and other benefits HK$'000	Total HK$'000
2015			
Executive directors:			
Patrick Lau	**2,520**	**18**	**2,538**
Ming Tian	**2,004**	**33**	**2,037**
	4,524	**51**	**4,575**
Non-executive directors:			
Michael John Erickson	**1,678**	**54**	**1,732**
Lida Ma	**600**	**–**	**600**
Yaping Huang	**600**	**–**	**600**
	2,878	**54**	**2,932**
Chief executive:			
Andross Chan	**3,042**	**50**	**3,092**
	10,444	**155**	**10,599**
2014			
Executive directors:			
Patrick Lau	2,160	17	2,177
Ming Tian	1,852	65	1,917
	4,012	82	4,094
Non-executive directors:			
Michael John Erickson	1,831	64	1,895
Lida Ma	300	–	300
Yaping Huang	300	–	300
	2,431	64	2,495
Chief executive:			
Andross Chan	2,618	60	2,678
	9,061	206	9,267

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

31 December 2015

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 3 directors and 1 chief executive (2014: 3 directors and 1 chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining 1 (2014: 1) highest paid employee who is neither a director nor a chief executive of the Company are as follows:

	2015	2014
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,316**	1,551
Pension scheme contributions and other benefits	**50**	60
	1,366	1,611

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	–
	1	1

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

泛亞景觀設計（上海）有限公司 was granted with the High and New Technology Enterprises ("HNTE") qualification on 27 February 2015 and is entitled to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2014 (2014: 15%).

前海泛亞景觀設計（深圳）有限公司 has been provided at the rate of 15% (2014: 15%) on the estimated assessable profits as its main principal activities, namely interior design and landscape, are recognised as encouraged industries in Qianhai district, Shenzhen in Mainland China.

Other subsidiaries located in Mainland China were subject to corporate income tax at the statutory rate of 25% for the year (2014: 25%) under the income tax rules and regulations in the PRC.

EA Group International, Inc. was subject to Philippines income tax at the rate of 30% on the estimated taxable income during the year. Starting from the fourth taxable year after the year the business operations commenced, entities incorporated in the Philippines are required to pay tax equivalent to the higher of 30% regular corporate income tax ("RCIT") on taxable income and the 2% minimum corporate income tax ("MCIT") on gross income. Gross income is equivalent to revenue less direct costs. Any excess of the MCIT over RCIT can be carried forward and credited against RCIT for three succeeding taxable years.

	2015 **HK$'000**	2014 HK$'000
Current – Hong Kong:	**1,840**	1,879
Current – Mainland China	**8,425**	11,011
Current – the Philippines	**134**	157
	10,399	13,047
Deferred (note 26)	**1,092**	(1,569)
Total tax charge for the year	**11,491**	11,478

Notes to Financial Statements

31 December 2015

10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2015

	Hong Kong		Mainland China		Philippines		Others		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	24,113		36,081		636		(26,985)		33,845	
Tax at the statutory tax rate	3,979	16.5	9,020	25.0	191	30.0	–	–	13,190	39.0
Lower tax rate for specific provinces or enacted by local authority	–	–	(4,611)	(12.8)	–	–	–	–	(4,611)	(13.6)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	3,452	14.3	–	–	–	–	–	–	3,452	10.2
Income not subject to tax	(3,515)	(14.6)	–	–	(232)	(36.5)	–	–	(3,747)	(11.1)
Expense not deductible for tax	256	1.1	1,160	3.2	173	27.2	–	–	1,589	4.7
Tax losses utilised from previous periods	–	–	(2)	–	–	–	–	–	(2)	–
Tax losses not recognised	62	0.3	1,558	4.3	–	–	–	–	1,620	4.8
Tax charge at the Group's effective rate	4,234	17.6	7,125	19.7	132	20.7	–	–	11,491	34.0

10. INCOME TAX (Continued)

2014

	Hong Kong		Mainland China		Philippines		Others		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	35,082		54,722		278		(49,005)		41,077	
Tax at the statutory tax rate	5,786	16.5	13,681	25.0	83	30.0	–	–	19,550	47.6
Lower tax rate for specific provinces or enacted by local authority	–	–	(4,508)	(8.2)	–	–	–	–	(4,508)	(11.0)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	420	1.2	–	–	–	–	–	–	420	1.0
Effect on opening deferred tax of decrease in rate	–	–	1,359	2.5	–	–	–	–	1,359	3.3
Income not subject to tax	(5,627)	(16.0)	–	–	–	–	–	–	(5,627)	(13.7)
Expenses not deductible for tax	(49)	(0.1)	83	0.2	84	30.2	–	–	118	0.3
Tax losses not recognised	64	0.2	102	0.2	–	–	–	–	166	0.4
Tax charge at the Group's effective rate	594	1.7	10,717	19.6	167	60.2	–	–	11,478	27.9

The share of tax attributable to joint ventures amounting to HK$1,011,000 (2014: Nil) is included in "Share of losses of joint ventures" in the consolidated statement of profit and loss.

11. DIVIDENDS

	2015	2014
	HK$'000	HK$'000
Interim	**–**	35,000
Proposed final – HK 5.5 cents (2014: HK5.1 cents) per ordinary share	**22,445**	19,760
	22,445	54,760

The proposed final dividend for the year ended 31 December 2015 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Notes to Financial Statements

31 December 2015

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 385,635,897 (2014: 346,550,722) in issue during the year, as adjusted to reflect the shares repurchased for the purpose of awarding shares to eligible persons under the share award scheme during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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 Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2014.

The calculation of basic and diluted earnings per share is based on:

	2015 **HK$'000**	2014 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**23,527**	28,020

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**385,635,897**	346,550,722
Effect of dilution – weighted average number of ordinary shares:		
Shares awarded	**1,912,325**	–
	387,548,222	346,550,722

13. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2015				
At 31 December 2014, and at 1 January 2015:				
Cost	4,304	12,520	3,957	20,781
Accumulated depreciation	(3,225)	(9,202)	(2,527)	(14,954)
Net carrying amount	1,079	3,318	1,430	5,827
At 1 January 2015, net of accumulated depreciation	1,079	3,318	1,430	5,827
Additions	1,045	824	1,795	3,664
Depreciation	(1,029)	(1,456)	(578)	(3,063)
Disposal	–	(17)	(482)	(499)
Exchange realignment	(60)	(136)	(108)	(304)
At 31 December 2015,net of accumulated depreciation	1,035	2,533	2,057	5,625
At 31 December 2015:				
Cost	5,103	12,073	2,693	19,869
Accumulated depreciation	(4,068)	(9,540)	(636)	(14,244)
Net carrying amount	1,035	2,533	2,057	5,625

Notes to Financial Statements

31 December 2015

13. PROPERTY AND EQUIPMENT (Continued)

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2014				
At 1 January 2014				
Cost	3,671	9,927	3,345	16,943
Accumulated depreciation	(2,307)	(6,742)	(1,931)	(10,980)
Net carrying amount	1,364	3,185	1,414	5,963
At 1 January 2014, net of accumulated depreciation	1,364	3,185	1,414	5,963
Additions	640	1,394	618	2,652
Acquisition of a subsidiary (note 31)	–	269	–	269
Depreciation	(918)	(1,509)	(597)	(3,024)
Disposal	–	(7)	–	(7)
Exchange realignment	(7)	(14)	(5)	(26)
At 31 December 2014, net of accumulated depreciation	1,079	3,318	1,430	5,827
At 31 December 2014:				
Cost	4,304	12,520	3,957	20,781
Accumulated depreciation	(3,225)	(9,202)	(2,527)	(14,954)
Net carrying amount	1,079	3,318	1,430	5,827

The net carrying amount of the Group's fixed assets held under finance lease included in the total amounts of motor vehicles at 31 December 2015 was HK$886,000 (2014: Nil) (note 25).

At 31 December 2015, certain of the Group's motor vehicles with a net carrying amount of approximately HK$705,000 (2014: Nil) was pledged to secure the other loan (note 24).

14. GOODWILL

	HK$'000
At 1 January 2014	
Cost	–
Acquisition of a subsidiary (note 31)	3,111
At 31 December 2014 and 1 January 2015	3,111
At 31 December 2015	
Cost	**3,111**
Net carrying amount	**3,111**

IMPAIRMENT TESTING OF GOODWILL

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a ten-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 14% (2014: 14%).

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.

Notes to Financial Statements

31 December 2015

15. INTANGIBLE ASSETS

	Software HK$'000
31 December 2015	
Cost at 1 January 2015, net of accumulated amortisation	**4,034**
Additions	**3,407**
Amortisation provided during the year	**(1,606)**
Exchange realignment	**(280)**
At 31 December 2015	**5,555**
At 31 December 2015	
Cost	**11,378**
Accumulated amortisation	**(5,823)**
Net carrying amount	**5,555**
31 December 2014	
At 1 January 2014	
Cost	4,623
Accumulated amortisation	(3,081)
Net carrying amount	1,542
Cost at 1 January 2014, net of accumulated amortisation	1,542
Additions	3,348
Amortisation provided during the year	(869)
Exchange realignment	13
At 31 December 2014	4,034
At 31 December 2014	
Cost	7,971
Accumulated amortisation	(3,937)
Net carrying amount	4,034

16. INVESTMENTS IN JOINT VENTURES

	2015 HK$'000	2014 HK$'000
Share of net assets	**4,277**	–

The Group's trade receivable balance due from the joint venture is disclosed in note 18 to the financial statements.

The Group's other receivable balance due from the joint venture and loan to the joint venture are disclosed in note 19 to the financial statements.

The Group's other payable balance due to the joint venture is disclosed in note 23 to the financial statements.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held/ paid-up capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
上海泰迪朋友投資管理有限公司 (Shanghai Teddy Friends Investment Management Limited*) ("Teddy")	Registered capital of RMB10,000,000	Mainland China	45	45	45	Investment holding
Earthasia Worldwide Holdings Limited ("EA Trading")	Issued shares of HK$100	Hong Kong	30	50	30	Trading business
蘇州蘇迪投資發展有限公司 (Suzhou Sudi Investment and Development Limited*) ("Sudi")#	Registered capital of RMB20,000,000	Mainland China	36	36	36	Operating a theme park facility in Mainland China

The above investments are indirectly held by the Company.

* The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies do not register any official English names.

\# Sudi is a subsidiary of Teddy and is a joint venture of the Company. Teddy holds 81% shares in Sudi.

Notes to Financial Statements

31 December 2015

16. INVESTMENTS IN JOINT VENTURES (Continued)

Teddy, which is considered a material joint venture of the Group, operates a theme park facility in Mainland China and is accounted for using the equity method.

EA Trading, which is considered a material joint venture of the Group, operates trading business in Hong Kong and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Teddy and EA Trading adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

2015	Teddy HK$'000	EA Trading HK$'000
Cash and cash equivalents	5,772	395
Other current assets	886	10,238
Current assets	6,658	10,633
Non-current assets	6,787	–
Current liabilities	(2,932)	(9,934)
Net assets	10,513	699
Net assets – excluding non-controlling interests	9,311	699
Reconciliation to the Group's interests in the joint ventures:		
Proportion of the Group's ownership	45%	30%
Carrying amount of the investments	4,190	209
Revenue	382	6,556
Profit and total comprehensive income for the year	(3,342)	695
Profit and total comprehensive income for the year attributable to owner	(2,710)	695

Teddy and EA Trading were newly set up during the year.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Current:		
Bank structure product, at cost	**23,864**	–

	2015 HK$'000	2014 HK$'000
Non-current:		
Unlisted equity investment, at cost	**2,864**	–

The balance represented principal-protected bank structure product with maturity within 44 days.

The above investment consists of an investment in equity securities which was designated as an available-for-sale financial asset and has no fixed maturity date or coupon rate.

The unlisted equity investment is a shareholding in 深圳市前海邦你貸互聯網金融服務有限公司 ("Lendbang"), a subsidiary of 廣州普邦園林股份有限公司 ("Pubang") which is a shareholder of the Company. Details are set out in note 35 (a) (vii) to the financial statements.

As at 31 December 2015, the unlisted equity investment and bank structure product were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

The Group does not intend to dispose of the unlisted equity investment within one year.

Notes to Financial Statements

31 December 2015

18. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	**73,084**	66,884
Impairment	**(16,326)**	(13,055)
	56,758	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. 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 the trade and bills receivables at the end of each of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 HK$'000	2014 HK$'000
Within 6 months	**40,980**	43,303
Over 6 months but within 1 year	**8,596**	6,327
Over 1 year but within 2 years	**6,177**	3,432
Over 2 years	**1,005**	767
	56,758	53,829

18. TRADE AND BILLS RECEIVABLES (Continued)

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

	2015 HK$'000	2014 HK$'000
At 1 January	**13,055**	10,854
Impairment losses recognised (note 6)	**4,170**	2,222
Exchange alignment	**(899)**	(21)
At 31 December	**16,326**	13,055

Included in the above provision for the impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$15,404,000 (2014: HK$14,213,000) with a carrying amount before provision of HK$15,404,000 (2014: HK$14,585,000).

The individually impaired trade and bills receivables relate to customers that were in financial difficulties or were in default 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:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**31,273**	29,083
Less than 30 days past due	**2,324**	5,170
30 to 120 days past due	**5,687**	9,051
121 to 300 days past due	**3,172**	1,365
Over 300 days past due	**2,056**	1,599
	44,512	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.

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.

Included in the Group's trade and bills receivables is an amount due from the Group's a joint venture of HK$71,000 (2014: Nil), which is repayable on credit terms similar to those offered to the major customers of the Group.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	**1,996**	3,238
Deposits and other receivables	**18,186**	5,662
Loan to a joint venture* (note 35)	**4,000**	–
Impairment	**(280)**	(111)
	23,902	8,789

	2015 HK$'000	2014 HK$'000
Current:		
Prepayments	**1,834**	3,238
Deposits and other receivables	**17,460**	3,390
Loan to a joint venture* (note 35)	**4,000**	–
Impairment	**(280)**	(111)
	23,014	6,517
Non-current:		
Prepayments	**162**	–
Deposits	**726**	2,272
	888	2,272
Total	**23,902**	8,789

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The movements in provision for impairment of prepayments, deposits and other receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**111**	–
Impairment during the year (note 6)	**182**	110
Exchange alignment	**(13)**	1
At 31 December	**280**	111

The financial assets included in the above balances relate to receivables for which there was no recent history of default.

* The Group granted a loan of HK$4,000,000 to a joint venture to support its business operation with a one-year term which is unsecured, interest of 2.5% per annual.

Included in the Group's deposits and other receivables is an amount due from a Group's joint venture of HK$19,000 (2014: Nil), which is repayable within two months, interest free and unsecured.

20. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	2015 HK$'000	2014 HK$'000
Gross amounts due from customers for contract works	**64,624**	65,211
Gross amounts due to customers for contract works	**(17,356)**	(30,873)
	47,268	34,338
Contract costs incurred plus recognised profits less recognised losses to date	**544,600**	657,905
Less: Progress billings	**(497,332)**	(623,567)
	47,268	34,338

Included in the amounts due from customers for contract works is an amount of HK$6,175,000 with Pubang for the services rendered by the Group. An amount of HK$2,917,000 with provision was made due to termination of certain service contracts.

Notes to Financial Statements

31 December 2015

21. CASH AND BANK BALANCES AND PLEDGED DEPOSIT

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**75,986**	81,478
Time deposits	**48,819**	40,049
	124,805	121,527
Less: Pledged time deposit		
Pledged for a bank loan (note 24 (a))	**30,000**	–
Cash and bank balances	**94,805**	121,527

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

	2015		2014	
	Original currency in'000	HK$ equivalent in'000	Original currency in'000	HK$ equivalent in'000
Cash and bank balances:				
RMB	**54,601**	**65,160**	31,618	40,076
PHP	**2,207**	**363**	2,310	400
USD	**1,519**	**11,772**	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.

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 deposit are deposited with creditworthy banks with no recent history of default.

Notes to Financial Statements

31 December 2015

22. TRADE PAYABLES

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

	2015 HK$'000	2014 HK$'000
Within 1 year	**2,955**	2,309
Over 1 year but within 2 years	**575**	459
Over 3 years	**94**	94
	3,624	2,862

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

Included in the Group's trade payables is an amount due to Pubang of HK$1,166,000 (2014: Nil).

23. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Other payables	**28,186**	11,039
Accruals	**2,063**	6,093
Due to a director (note 35)	**81**	–
Due to a joint venture (note 35)	**28**	–
	30,358	17,132

Other payables are non-interest-bearing and have an average term of three months.

The amounts due to a director and a joint venture are unsecured, interest free and repayable on demand.

Notes to Financial Statements

31 December 2015

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Finance lease payables (note 25)	**12.63**	**2016**	**319**	–	–	–
Bank loan – secured	**1.89 – 1.96**	**2016**	**30,000**	–	–	–
Secured other loan	**–**	**2016**	**325**	–	–	–
			30,644			–
Non-current						
Finance lease payables (note 25)	**12.63**	**2017**	**299**	–	–	–
			299			–
			30,943			–

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loan repayable: On demand	**30,000**	–
	30,000	–
Other borrowings repayable:		
Within one year	**644**	–
In the second year	**299**	–
	943	–
	30,943	–

24. INTEREST-BEARING BANK AND OTHER BORROWING (Continued)

Notes:

(a) 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 Group's bank loan bears interest at 1.7% per annum over the Hong Kong Inter Bank Offered Rate or the interest rate of supporting deposit plus 1% per annum, whichever is higher.

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

(b) The Group's other loan is interest free and are repayable by 12 monthly equal instalments commencing on 9 July 2015 and is secured by a mortgage over a motor vehicle of the Group with a carrying value at 31 December 2015 of HK$705,000.

(c) The Group's finance lease payables is secured by a mortgage over a motor vehicle of the Group, with a carrying value at 31 December 2015 of HK$886,000, and is guaranteed by Ming Tian, a director of the Company.

(d) Except for the other loan and finance lease payables which are denominated in Renminbi, other borrowings are denominated Hong Kong dollars.

Notes to Financial Statements

31 December 2015

25. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicle for its business. That lease is classified as a finance lease and has a remaining lease term of three years.

At 31 December 2015, the total future minimum lease payments under the finance lease and its present value was as follows:

	Minimum lease payments 2015 HK$'000	Minimum lease payments 2014 HK$'000	**Present value of minimum lease payments 2015 HK$'000**	Present value of minimum lease payments 2014 HK$'000
Amounts payable:				
Within one year	**380**	–	**319**	–
In the second year	**327**	–	**299**	–
Total minimum finance lease payments	**707**	–	**618**	–
Future finance charges	**(89)**	–		
Total net finance lease payables	**618**	–		
Portion classified as current liabilities (note 24)	**(319)**	–		
Non-current portion (note 24)	**299**	–		

26. DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

DEFERRED TAX ASSETS

	2015 **HK$'000**	2014 HK$'000
At 1 January	**4,281**	3,989
Acquisition of a subsidiary	**–**	21
Credited to profit or loss during the year	**1,303**	284
Exchange realignment	**(295)**	(13)
At 31 December	**5,289**	4,281

DEFERRED TAX LIABILITIES

	2015 **HK$'000**	2014 HK$'000
At 1 January	**2,197**	3,482
(Credited)/charged to profit or loss during the year	**2,395**	(1,285)
At 31 December	**4,592**	2,197

Notes to Financial Statements

31 December 2015

26. DEFERRED TAX (Continued)

DEFERRED TAX ASSETS

	Accruals	Depreciation	Accumulated losses	Impairment provision	MCIT	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014	464	–	92	3,433	–	3,989
Acquisition of a subsidiary	–	–	–	–	21	21
Credited to profit or loss	(450)	–	(91)	844	(19)	284
Exchange realignment	(5)	–	(1)	(5)	(2)	(13)
At 31 December 2014 and 1 January 2015	**9**	**–**	**–**	**4,272**	**–**	**4,281**
Credited to profit or loss	**162**	**50**	**–**	**1,091**	**–**	**1,303**
Exchange realignment	**(6)**	**(2)**	**–**	**(287)**	**–**	**(295)**
At 31 December 2015	**165**	**48**	**–**	**5,076**	**–**	**5,289**

DEFERRED TAX LIABILITIES

	Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries
	HK$'000
At 1 January 2014	3,482
Credited to profit or loss during the year	(1,285)
At 31 December 2014 and 1 January 2015	**2,197**
Charged to profit or loss during the year	**2,395**
At 31 December 2015	**4,592**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is liable for withholding taxes of 5% on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

26. DEFERRED TAX (Continued)

DEFERRED TAX LIABILITIES (Continued)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

The Group has tax losses arising in Mainland China of HK$6,994,000 (2014: HK$776,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries newly established and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in Hong Kong of HK$764,000 (2014: HK$388,000) for offsetting against future taxable profits indefinitely. Deferred tax assets have not been recognised in respect of these losses and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

27. DEFINED BENEFIT OBLIGATIONS

EAM operates an unfunded defined benefit plan for all its qualifying employees in the Philippines. Under the plan, the employees are entitled to retirement benefits at one-half month's salary for every year of Credited Service on attainment of a retirement age of 60.

EAM defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The plan has the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plan.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The present value of the defined benefit obligations were carried out on 31 December 2015 by Institutional Synergy, Inc., using the projected unit credit actuarial cost method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2015	2014
Discount rate (%)	**5.19**	–
Expected rate of salary increases (%)	**10.00**	–

Notes to Financial Statements

31 December 2015

27. DEFINED BENEFIT OBLIGATIONS (Continued)

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$'000	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$'000
2015:				
Discount rate	**1**	**340**	**1**	**483**
Future salary increase	**1**	**481**	**1**	**351**

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2015 HK$'000	2014 HK$'000
Current service cost	**105**	–
Past service cost	**313**	–
Net benefit expenses	**418**	–
Recognised in administrative expenses	**418**	–

The movements in the present value of the defined benefit obligations are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**–**	–
Current service cost	**105**	–
Past service cost	**313**	–
At 31 December	**418**	–

27. DEFINED BENEFIT OBLIGATIONS (Continued)

The movements in the defined benefit obligations and the fair value of plan assets are as follows:

2015

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	1 January 2015 HK$'000	Service cost HK$'000	Net interest expense HK$'000	Sub-total included in profit or loss HK$'000	Benefit paid HK$'000	Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in other comprehensive income HK$'000	Translation Adjustment HK'000	31 December 2015 HK$'000
Defined benefit obligations	-	418	-	418	-	-	-	-	-	-	(13)	405
Benefit liability	-	418	-	418	-	-	-	-	-	-	(13)	405

Expected contributions to the defined benefit plan in future years are as follows:

	2015 HK$'000	2014 HK$'000
Within the next 12 months	–	–
Between 2 and 5 years	–	–
Between 5 and 10 years	75	–
Over 10 years	6,440	–
Total expected payments	6,515	–

The average duration of the defined benefit obligations at the end of the reporting period is approximately 21 years (2014: Nil).

Notes to Financial Statements

31 December 2015

28. SHARE CAPITAL AND TREASURY SHARES

SHARES

	2015 HK$'000	2014 HK$'000
Issued and fully paid		
420,000,000 (2014: 400,000,000) ordinary shares	**4,200**	4,000

A summary of movements in the Company's share capital is as follows:

	Number of issued and fully paid shares	Nominal value of shares HK$'000	Share premium account HK$'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	119,000
Share issue expenses	–	–	(11,616)
As at 31 December 2014 and 1 January 2015	**400,000,000**	**4,000**	**119,384**
Issue of new shares (note (d))	**20,000,000**	**200**	**20,800**
Share issue expenses	**–**	**–**	**(737)**
As at 31 December 2015	**420,000,000**	**4,200**	**139,447**

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 742,000,000 additional 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 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 June 2014, 1,000,000,000 new ordinary shares of HK$0.01 each were issued at 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.

(d) On 10 July 2015, the Company placed an aggregate of 20,000,000 ordinary shares of the Company of HK$0.01 each for a total consideration of HK$21,000,000, before share issue expenses. The consideration received in excess of the par value of these placed shares of approximately HK$20,800,000 was credited to the share premium account.

28. SHARE CAPITAL AND TREASURY SHARES (Continued)

TREASURY SHARES

A summary of movements in the Company's treasury shares is as follows:

	Number of issued and fully paid shares	Nominal value of shares HK$'000	Share premium account HK$'000
As at 1 January 2014	–	–	–
Repurchase of ordinary shares (note (e))	(15,694,000)	(157)	(16,056)
As at 31 December 2014 and 1 January 2015	**(15,694,000)**	**(157)**	**(16,056)**
Repurchase of ordinary shares (note (f))	**(136,000)**	**(1)**	**(108)**
Granting of shares under the share award scheme (note (g))	**1,878,249**	**18**	**2,116**
As at 31 December 2015	**(13,951,751)**	**(140)**	**(14,048)**

Notes:

(e) The Company repurchased a total of 15,694,000 ordinary shares of the Company of HK$0.01 each at a total consideration of HK$16,213,000 during the year ended 31 December 2014. The consideration paid in excess of the par value of these repurchased shares of approximately HK$16,056,000 was debited to the share premium account. The repurchased shares have not been cancelled and would be granted to eligible persons under a share award scheme of the Company. Further detail is set out in note 28(g).

(f) 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. The repurchased shares have not been cancelled and would be granted to eligible persons under a award scheme of the Company. Further detail is set out in note 28(g).

(g) On 16 January 2015, the Group granted an aggregate of 3,353,000 shares of the Company to 330 employees for 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. The fair value of 2,123,000 shares at the grant date was HK$1,783,000 of which the Group recognised a share award plan reserve of HK$1,661,000 during the year ended 31 December 2015. The fair value of 1,230,000 shares at grant date of was HK$1,033,000 (HK$0.84 each). The fair value in excess of the par value of these shares of approximately HK$1,021,000 was credited to the share premium account. On 22 July 2015, the Group granted an aggregate of 648,249 shares of the Company to 5 employees for nil consideration pursuant to the share award scheme and the vesting date was on 22 July 2015. The fair value of the 648,249 shares at grant date was HK$1,102,000. The fair value in excess of the par value of these shares of approximately HK$1,095,000 was credited to the share premium account.

Notes to Financial Statements

31 December 2015

28. 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 (the "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.

28. 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.

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.

Notes to Financial Statements

31 December 2015

28. SHARE CAPITAL AND TREASURY SHARES (Continued)

SHARE OPTION SCHEME (Continued)

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 year ended 31 December 2015, there was no option granted under the Share Option Scheme.

Subsequent to the end of the reporting period, on 4 January 2016, a total of 14,290,000 share options were granted to certain of the directors and employees of the Company in respect of their services to the Group in the forthcoming year. 50% of these share options vested on 4 January 2016 and with an exercise period ranging from 4 January 2016 to 3 January 2018. The remaining 50% of these share options vest on 4 January 2017 and with an exercise period ranging from 4 January 2017 to 3 January 2018. All the share options issued have an exercise price of HK$1.27 per share. The price of the Company's shares at the date of grant was HK$1.27 per share.

At the date of approval of these financial statements, the Company had 14,290,000 share options outstanding under the Scheme, which represented approximately 0.03% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 14,290,000 additional ordinary shares of the Company for a total cash proceeds of HK$18,148,000 (before issue expenses).

29. OTHER RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 52 to 53 of the financial statements.

RESERVE FUND

In accordance with the PRC Company Law and the PRC subsidiaries' articles of association, each of the subsidiaries registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined under PRC GAAP (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Earthasia (Xiamen) Co., Ltd.	**25%**	25%

	2015 HK$'000	2014 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Earthasia (Xiamen) Co., Ltd.	**(1,160)**	1,591
Accumulated balances of non-controlling interests at the reporting dates:		
Earthasia (Xiamen) Co., Ltd.	**575**	1,793

Notes to Financial Statements

31 December 2015

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

2015	**Earthasia (Xiamen) Co., Ltd. HK$'000**
Revenue	**2,721**
Total expenses	**(7,361)**
Loss for the year	**(4,640)**
Total comprehensive income for the year	**(4,640)**
Current assets	**4,869**
Non-current assets	**689**
Current liabilities	**(3,259)**
Non-current liabilities	**–**
Net cash flows used in operating activities	**(481)**
Net cash flows used in investing activities	**(530)**
Net cash flows used in financing activities	**–**
Net decrease in cash and cash equivalents	**(1,011)**

2014	**Earthasia (Xiamen) Co., Ltd.** HK$'000
Revenue	16,277
Total expenses	(9,913)
Profit for the year	6,364
Total comprehensive income for the year	6,374
Current assets	12,100
Non-current assets	605
Current liabilities	(5,533)
Non-current liabilities	–
Net cash flows from operating activities	1,251
Net cash flows used in investing activities	4
Net increase in cash and cash equivalents	1,255

Notes to Financial Statements

31 December 2015

31. ACQUISITION OF SUBSIDIARIES

On 2 January 2014, the Group acquired 99.95% of ordinary shares of EAM at a cash consideration of PHP999,500 (equivalent to HK$174,000). EAM is engaged in providing design and drawing support services to the major operating subsidiaries of the Group in Mainland China and Hong Kong. The acquisition was made as part of the Group's strategy to expand its market and to save cost. The purchase consideration for the acquisition was in the form of cash with HK$174,000 paid during 2014.

The fair values 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 bank balances	270
Other payables and accruals	(3,670)
Tax payable	(22)
Total identifiable net assets at fair value	(2,938)
Non-controlling interests	1
	(2,937)
Goodwill on acquisition (note 14)	3,111
Satisfied by cash	174

The fair value of the deposits as at the date of acquisition amounted to HK$194,000. None of goodwill is expected to be deductible for income tax purpose.

Notes to Financial Statements

31 December 2015

31. ACQUISITION OF SUBSIDIARIES (Continued)

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

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

Since the acquisition, EAM contributed HK$110,000 to the Group's consolidated profit for the year ended 31 December 2014.

Had the combination taken place at the beginning of the year ended 31 December 2014, the revenue of the Group and the profit of the Group for the year ended 31 December 2014 would have been HK$241,365,000 and HK$29,599,000, respectively.

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into a finance lease arrangement in respect of property and equipment with a total capital value at the inception of the lease of HK$1,031,000 (2014: Nil).

33. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in notes 21 and 24 to the financial statements.

34. OPERATING LEASE ARRANGEMENTS

AS LESSEE

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging between one and five years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**13,433**	15,330
In the second to fifth years, inclusive	**4,221**	10,824
	17,654	26,154

Notes to Financial Statements

31 December 2015

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2015 HK$'000	2014 HK$'000
Contract revenue from			
Pubang	(i)	**1,537**	3,188
Sudi	(ii)	**1,378**	–
Subcontracting and referral fee to			
Pubang	(i)	**1,205**	–
Purchase of goods			
Sudi	(iii)	**28**	–
Purchase of a software licence from			
Andross Chan	(iv)	**2,282**	–
Rental expenses to directors	(v)		
Andross Chan		**503**	514
Ming Tian		**222**	340
Loan to			
EA Trading	(vi)	**4,000**	–
Capital injection to			
Lendbang	(vii)	**2,864**	–

Notes to Financial Statements

31 December 2015

35. RELATED PARTY TRANSACTIONS (Continued)

Notes

(i) The Company's subsidiary, Earthasia (Shanghai) Co., Ltd., 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. The Group's contract revenue derived from Pubang for the year ended 31 December 2015 amounted to HK$1,537,000 (2014: HK$3,188,000). The Group's subcontracting and referral fee to Pubang for the year ended 31 December 2015 amounted to HK$955,000 (2014: Nil) and HK$250,000 (2014: Nil), respectively.

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

(ii) The Group entered into a landscape design agreement with Sudi on 30 August 2015 to provide design services. The fee has been agreed mutually between the Group and Sudi.

(iii) The Group made purchased from Sudi of which price had been agreed mutually between the Group and Sudi.

(iv) The Group entered into a software licence 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 charged to the Group has been agreed mutually between the Group and Andross Chan.

(v) 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.

(vi) Details of the loan to EA Trading are set out in note 19 to the financial statements.

(vii) The Group injected capital in Lendbang of RMB2.4 million for an equity holding of 7.41%.

(b) Other transaction with related party:

The Group's finance lease payable is guaranteed by Ming Tian at nil consideration (note 24 (c)).

35. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related party:

(i) Details of the Group's trading balances with the Company's shareholder, Pubang, are included in note 20 and 22 to the financial statements.

(ii) Details of the Group's loan to a joint venture are included in note 19 to the financial statements.

(iii) Details of the Group's trading balances with the joint ventures as at the end of the reporting period are disclosed in notes 18, 19 and 23 to the financial statements.

(iv) Details of the Group's balance with its director as at the end of the reporting period are disclosed in note 23 to the financial statements.

(d) Compensation of key management personnel of the Group:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	**12,800**	11,274
Performance related bonuses	**–**	300
Pension scheme contributions	**241**	305
Equity-settled share award plan expense	**644**	–
Total compensation paid to key management personnel	**13,685**	11,879

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

Notes to Financial Statements

31 December 2015

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2015

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	26,728	26,728
Trade and bills receivables	56,758	–	56,758
Financial assets included in prepayments, deposits and other receivables	18,077	–	18,077
Pledged deposit	30,000	–	30,000
Cash and bank balances	94,805	–	94,805
	199,640	26,728	226,368

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	3,624	3,624
Financial liabilities included in other payables and accruals	30,358	30,358
Interest-bearing bank and other borrowings (note 24)	30,943	30,943
Dividend payables	108	108
	65,033	65,033

36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2014

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Trade and bills receivables	53,829	–	53,829
Financial assets included in prepayments, deposits and other receivables	1,786	–	1,786
Cash and bank balances	121,527	–	121,527
	177,142	–	177,142

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	2,862	2,862
Financial liabilities included in other payables and accruals	17,132	17,132
	19,994	19,994

Notes to Financial Statements

31 December 2015

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Finance lease payable	**618**	–	**642**	–
	618	–	**642**	–

Management has assessed that the fair values of cash and bank balances, pledged deposit, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings other than finance lease payables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of finance lease payable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables as at 31 December 2015 was assessed to be insignificant.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Finance lease payables	–	642	–	642
	–	642	–	642

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist mainly of available-for-sale investments, cash and bank balances, pledged deposit, deposits, dividend payables and interest-bearing bank and other borrowings. The main purpose of these financial instruments was to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. Since the interest-bearing bank borrowing with a floating interest rate is within a one year term, there was no significant interest rate risk as at the end of the reporting period.

Notes to Financial Statements

31 December 2015

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from financial instruments such as trade and bills receivables and cash and bank balances by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB, USD or PHP exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in RMB, USD or PHP rate %	Increase/ (decrease) in profit before tax HK$'000
2015		
If the Hong Kong dollar weakens against the RMB	**5**	**1,113**
If the Hong Kong dollar strengthens against the RMB	**(5)**	**(1,113)**
If the Hong Kong dollar weakens against the USD	**5**	**609**
If the Hong Kong dollar strengthens against the USD	**(5)**	**(609)**
If the Hong Kong dollar weakens against the PHP	**5**	**4**
If the Hong Kong dollar strengthens against the PHP	**(5)**	**(4)**
2014		
If the Hong Kong dollar weakens against the RMB	5	438
If the Hong Kong dollar strengthens against the RMB	(5)	(438)
If the Hong Kong dollar weakens against the USD	5	1,588
If the Hong Kong dollar strengthens against the USD	(5)	(1,588)
If the Hong Kong dollar weakens against the PHP	5	4
If the Hong Kong dollar strengthens against the PHP	(5)	(4)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, pledged deposit, financial assets include in prepayments, deposits and other receivables, trade and bills receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade and bills receivables are widely dispersed.

The Group performs ongoing credit evaluations of its customers' financial conditions. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and bills receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from receivables are disclosed in notes 18 and 19 to the financial statements.

LIQUIDITY RISK

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each of the year based on contractual undiscounted payments.

Notes to Financial Statements

31 December 2015

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Group						
31 December 2015						
Finance lease payables	**–**	**95**	**285**	**327**	**–**	**707**
Interest-bearing bank and other borrowings	**–**	**30,161**	**186**	**–**	**–**	**30,347**
Trade payables	**3,624**	**–**	**–**	**–**	**–**	**3,624**
Other payables and accruals	**30,358**	**–**	**–**	**–**	**–**	**30,358**
Dividend payables	**108**	**–**	**–**	**–**	**–**	**108**
	34,090	**30,256**	**471**	**327**	**–**	**65,144**
31 December 2014						
Trade payables	2,862	–	–	–	–	2,862
Other payables	17,132	–	–	–	–	17,132
	19,994	–	–	–	–	19,994

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is total debt representing interest-bearing bank and other borrowings divided by the total equity.

The gearing ratios as at the reporting periods were as follows:

	2015 **HK$'000**	2014 HK$'000
Interest-bearing bank and other borrowings (note 24)	**30,943**	–
Total equity	**206,494**	187,768
Gearing ratio	**15.0%**	0.0%

39. EVENTS AFTER THE REPORTING PERIOD

(a) On 4 January 2016, 14,290,000 share options were granted to certain directors and employees of the Company as set out in note 28 to the financial statements.

(b) Subsequent to the balance sheet date on 30 March 2016, the board of directors of the Company proposed a final dividend of HK5.5 cents per ordinary share. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

40. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

Notes to Financial Statements

31 December 2015

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**9,651**	5,854
CURRENT ASSETS		
Prepayments and other receivables	**4,287**	425
Amounts due from subsidiaries	**75,138**	40,138
Pledged deposit	**30,000**	–
Cash and cash equivalents	**26,554**	50,757
Total current assets	**135,979**	91,320
CURRENT LIABILITIES		
Interest-bearing bank borrowing	**30,000**	–
Other payables and accruals	**209**	308
Amount due to a subsidiary	**4,526**	4,808
Dividend payable	**108**	–
Total current liabilities	**34,843**	5,116
NET CURRENT ASSETS	**101,136**	86,204
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	**110,787**	92,058
EQUITY		
Equity attributable to owners of the parent:		
Share capital: nominal value	**4,200**	4,000
Treasury shares	**(140)**	(157)
Other reserves (note)	**106,727**	88,215
TOTAL EQUITY	**110,787**	92,058

Lau Hing Tat Patrick
Director

Chan Yick Yan Andross
Director

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's other reserves is as follows:

	Share premium account HK$'000	Share award plan reserve HK$'000	Accumulated losses HK$'000	Capital reserve HK$'000	Total HK$'000
Balance at 1 January 2014	–	–	(2,695)	5,854	3,159
Issue of shares	131,000	–	–	–	131,000
Share issue expenses	(11,616)	–	–	–	(11,616)
Shares repurchased (note 28)	(16,056)	–	–	–	(16,056)
Total comprehensive loss for the year	–	–	(18,272)	–	(18,272)
At 31 December 2014	**103,328**	**–**	**(20,967)**	**5,854**	**88,215**
Final 2014 dividend declared	**–**	**–**	**(19,765)**	**–**	**(19,765)**
Total comprehensive income for the year	**–**	**–**	**14,545**	**–**	**14,545**
Issue of shares (note 28)	**20,800**	**–**	**–**	**–**	**20,800**
Shares repurchased (note 28)	**(108)**	**–**	**–**	**–**	**(108)**
Share issue expenses (note 28)	**(737)**	**–**	**–**	**–**	**(737)**
Equity-settled share-based payment	**2,116**	**1,661**	**–**	**–**	**3,777**
At 31 December 2015	**125,399**	**1,661**	**(26,187)**	**5,854**	**106,727**

The Company's capital reserve represents the difference between the then share of net assets of EAI acquired over the par value of shares issued by the Company in consideration and in exchange for the entire share capital of EAI.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.

Five-Year Financial Summary

	Year ended December 31				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Revenue	**237,703**	241,365	217,048	172,045	179,232
Cost of sales	**(110,636)**	(113,108)	(97,790)	(88,036)	(80,981)
Gross Profit	**127,067**	128,257	119,258	84,369	98,251
Other income and gains	**8,564**	9,918	6,143	8,752	1,267
Selling and marketing expenses	**(7,299)**	(8,424)	(6,007)	(4,912)	(6,357)
Administrative expenses	**(82,156)**	(85,482)	(62,736)	(48,527)	(41,505)
Finance costs	**(457)**	(25)	(57)	(507)	(52)
Other expenses	**(10,863)**	(3,167)	(2,387)	(4,297)	(3,653)
Share of losses of joint ventures	**(1,011)**	–	–	–	–
Profit before tax	**33,845**	41,077	54,214	34,878	47,951
Income tax expense	**(11,491)**	(11,478)	(16,446)	(8,934)	(13,632)
Profit for the period	**22,354**	29,599	37,768	25,944	34,319
Attributable to:					
Owners of the Company	**23,527**	28,020	37,893	25,944	34,319
Non-controlling interests	**(1,173)**	1,579	(125)	–	–
Other comprehensive income/(loss)	**(7,813)**	93	1,505	(24)	2,358
Total comprehensive income for the period	**14,541**	29,692	39,273	25,920	36,677
Attributable to:					
Owners of the Company	**15,781**	28,103	39,400	25,920	36,677
Non-controlling interests	**(1,240)**	1,589	(127)	–	–
ASSETS AND LIABILITIES					
Non-current assets	**27,609**	19,525	12,827	11,049	10,077
Current assets	**296,300**	250,268	189,861	123,575	121,018
Total assets	**323,909**	269,793	202,688	134,624	131,095
Non-current liabilities	**5,296**	2,197	3,778	2,392	2,443
Current liabilities	**112,119**	79,828	113,004	70,802	78,742
Total liabilities	**117,415**	82,025	116,782	73,194	81,185
Net assets	**206,494**	187,768	85,906	61,430	49,910
Total equity attributable to owners of the Company	**205,955**	185,989	85,715	61,430	49,910