



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6128

## Interim Report 2016





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# 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

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

## NOMINATION COMMITTEE

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

## CORPORATE WEBSITE

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

## AUTHORISED REPRESENTATIVES

Ms. Chan Chi Hing  
Mr. Chan Yick Yan Andross

## ALTERNATES TO AUTHORISED REPRESENTATIVES

Mr. Tian Ming  
Mr. Lau Hing Tat Patrick

## PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Bank of Communication  
The Bank of East Asia  
The Hongkong and Shanghai Banking Corporation  
Standard Chartered Bank

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

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

## LEGAL ADVISER AS TO HONG KONG LAWS

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

## AUDITOR

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

# Financial Highlights

<b>FINANCIAL HIGHLIGHTS</b>				
<b>Results</b>		<b>For the six months ended 30 June</b>		
		<b>2016</b>	2015	Change
Revenue	<i>HK\$'000</i>	<b>103,238</b>	120,118	-14.1%
Gross profit	<i>HK\$'000</i>	<b>57,508</b>	58,889	-2.3%
Net profit attributable to owners				
of the parent	<i>HK\$'000</i>	<b>3,627</b>	13,677	-73.5%
Profit margin	%	<b>3.5</b>	11.4	-7.9pt
Basic earnings per share				
attributable to ordinary				
equity holders of the parent	<i>HK cents</i>	<b>0.9</b>	3.5	-74.3%



# Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>103,238</b>	120,118
Cost of services provided		<b>(45,730)</b>	(61,229)
<b>GROSS PROFIT</b>		<b>57,508</b>	58,889
Other income and gains	4	<b>4,248</b>	7,899
Selling and marketing expenses		<b>(5,106)</b>	(5,421)
Administrative expenses		<b>(44,732)</b>	(40,458)
Other expenses		<b>(3,633)</b>	(2,671)
Finance costs	5	<b>(47)</b>	(145)
Share of loss of a joint venture		<b>(209)</b>	–
Share of loss of an associate		<b>(865)</b>	–
<b>PROFIT BEFORE TAX</b>	6	<b>7,164</b>	18,093
Income tax expense	7	<b>(3,639)</b>	(5,102)
<b>PROFIT FOR THE PERIOD</b>		<b>3,525</b>	12,991
Attributable to:			
Owners of the parent		<b>3,627</b>	13,677
Non-controlling interests		<b>(102)</b>	(686)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	9		
Basic			
– For profit for the period		<b>HK0.9 cents</b>	HK3.5 cents
Diluted			
– For profit for the period		<b>HK0.9 cents</b>	HK3.5 cents

# Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>3,525</b>	12,991
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(1,442)</b>	(309)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,083</b>	12,682
Attributable to:		
Owners of the parent	<b>2,196</b>	13,367
Non-controlling interests	<b>(113)</b>	(685)
	<b>2,083</b>	12,682

# Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Goodwill		3,111	3,111
Property and equipment	10	4,749	5,625
Intangible assets		4,734	5,555
Prepayment and deposits		1,341	888
Investment in a joint venture		–	4,277
Investment in an associate		8,082	–
Available-for-sale investment		2,864	2,864
Deferred tax assets		5,278	5,289
<b>Total non-current assets</b>		<b>30,159</b>	27,609
<b>CURRENT ASSETS</b>			
Amounts due from customers for contract works		72,144	64,624
Trade and bills receivables	11	61,918	56,758
Prepayments, deposits and other receivables		31,694	23,014
Available-for-sale investment		–	23,864
Tax recoverable		3,324	3,235
Pledged deposit		–	30,000
Cash and bank balances		56,133	94,805
<b>Total current assets</b>		<b>225,213</b>	296,300
<b>CURRENT LIABILITIES</b>			
Trade payables	12	1,979	3,624
Other payables and accruals		13,860	30,358
Interest-bearing bank and other borrowings	13	45	30,644
Amounts due to customers for contract works		12,506	17,356
Tax payable		27,969	30,029
Dividend payable		–	108
<b>Total current liabilities</b>		<b>56,359</b>	112,119
<b>NET CURRENT ASSETS</b>		<b>168,854</b>	184,181
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>199,013</b>	211,790
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payable	13	–	299
Retirement benefit obligations		468	405
Deferred tax liabilities		4,923	4,592
<b>Total non-current liabilities</b>		<b>5,391</b>	5,296
<b>NET ASSETS</b>		<b>193,622</b>	206,494

# Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	14	<b>4,200</b>	4,200
Treasury shares		<b>(88)</b>	(140)
Other reserves		<b>189,067</b>	201,895
		<b>193,179</b>	205,955
Non-controlling interests		<b>443</b>	539
<b>TOTAL EQUITY</b>		<b>193,622</b>	206,494

**Lau Hing Tat Patrick**  
*Director*

**Chan Yick Yan Andross**  
*Director*



# Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the parent											Total equity HK\$'000
	Share capital HK\$'000	Treasury shares HK\$'000	Share premium account* HK\$'000	Share award plan reserve* HK\$'000	Share option plan reserve* 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	
At 1 January 2016	4,200	(140)	125,399	1,661	-	5	10,429	(3,096)	67,497	205,955	539	206,494
Profit for the period	-	-	-	-	-	-	-	-	3,627	3,627	(102)	3,525
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(1,431)	-	(1,431)	(11)	(1,442)
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,431)	3,627	2,196	(113)	2,083
Treasury shares purchased	-	(37)	(4,720)	-	-	-	-	-	-	(4,757)	-	(4,757)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	17	17
Final 2015 dividend paid	-	-	-	-	-	-	-	-	(22,650)	(22,650)	-	(22,650)
Equity-settled share based payment	-	89	9,754	(1,661)	-	-	-	-	-	8,182	-	8,182
Equity-settled share option arrangements	-	-	-	-	4,253	-	-	-	-	4,253	-	4,253
Transfer from retained profits	-	-	-	-	-	-	1,005	-	(1,005)	-	-	-
At 30 June 2016 (Unaudited)	4,200	(88)	130,433	-	4,253	5	11,434	(4,527)	47,469	193,179	443	193,622

\* These reserve accounts as at 30 June 2016 comprise the consolidated reserves of HK\$189,067,000 (31 December 2015: HK\$201,895,000) in the condensed consolidated statement of financial position.

# Unaudited Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2015

	Attributable to owners of the parent										
	Share capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Share award plan reserve HK\$'000	Capital reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits <sup>#</sup> HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity 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 for the year	-	-	-	-	-	-	-	13,677	13,677	(686)	12,991
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(310)	-	(310)	1	(309)
Total comprehensive income for the period	-	-	-	-	-	-	(310)	13,677	13,367	(685)	12,682
Treasury shares purchased	-	(1)	(108)	-	-	-	-	-	(109)	-	(109)
Final 2014 dividend paid	-	-	-	-	-	-	-	(19,763)	(19,763)	-	(19,763)
Equity-settled share based payment	-	12	1,021	785	-	-	-	-	1,818	-	1,818
Transfer from retained profits	-	-	-	-	-	1,980	-	(1,980)	-	-	-
At 30 June 2015 (Unaudited)	4,000	(146)	104,241	785	5	8,502	4,340	59,575	181,302	1,094	182,396

<sup>#</sup> Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation.

# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,164	18,093
Adjustments for:		
Finance costs	47	145
Share of loss of a joint venture	209	–
Share of loss of an associate	865	–
Interest income	(2,100)	(518)
Equity-settled share award expense	3,730	1,818
Equity-settled share option expense	4,253	–
Depreciation	1,032	1,704
Amortisation of intangible assets	837	735
Gain on disposal of a subsidiary	(61)	–
Gain on disposal of items of property and equipment	(11)	–
Impairment of provision of trade and bills receivables	1,883	1,984
Impairment of provision of deposits and other receivables	–	116
Payables written back	(404)	–
	<b>17,444</b>	24,077
Increase in amounts due from customers for contract works	(8,971)	(2,510)
Increase in trade and bills receivables	(8,218)	(13,183)
Decrease/(increase) in prepayments, deposits and other receivables	621	(1,494)
Decrease in trade payables	(1,205)	(1,639)
Decrease in other payables and accruals	(12,743)	(4,960)
Decrease in amounts due to customers for contract works	(4,602)	(2,894)
Cash used in operations	(17,674)	(2,603)
Interest element of finance lease rental payments	(24)	–
Interest received	345	–
Income tax paid	(4,933)	(7,274)
<b>Net cash flows used in operating activities</b>	<b>(22,286)</b>	<b>(9,877)</b>

# Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,236	518
Purchases of items of property and equipment	(571)	(1,398)
Proceeds from disposal of items of property and equipment	42	–
Capital contribution to an associate	(4,879)	–
Acquisition of available-for-sale investment	(2,864)	–
(Decrease)/increase in prepayments, deposits and other receivables relating to investment of an entity's equity interest	(942)	6,340
Loan to a joint venture	(8,258)	–
Disposal of a subsidiary	(60)	–
Disposal of available-for-sale investment	23,864	–
Additions to intangible assets	(127)	(2,943)
<b>Net cash flows used in investing activities</b>	<b>7,441</b>	<b>(10,163)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares repurchased	(4,757)	(109)
Proceeds from grant of share award	4,280	–
Repayment of bank loan	(30,000)	–
Repayment of other loan	(315)	–
New bank loan	–	30,000
Dividends paid	(22,758)	(19,655)
Interest paid	(23)	(145)
Decrease/(increase) in pledged time deposit	30,000	(30,000)
Capital element of finance lease rental payments	(570)	–
<b>Net cash flows used in financing activities</b>	<b>(24,143)</b>	<b>(19,909)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(38,988)</b>	<b>(39,949)</b>
Cash and cash equivalents at beginning of period	94,805	121,527
Effect of foreign exchange rate changes, net	316	(64)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>56,133</b>	<b>81,514</b>

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 1. CORPORATE AND GROUP INFORMATION

Earthasia International Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 25 November 2013. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal activity of the Company and its subsidiaries (collectively the “Group”) is landscape architecture in Hong Kong and Mainland China and the others. There were no significant changes in the nature of the Group’s principal activity during the period.

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

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2015. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

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

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

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

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IFRS 11	<i>Joint Arrangements: Accounting for Acquisitions of Interests</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012 – 2014 Cycle	<i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations; IFRS 7 Financial Instruments: Disclosures; IAS 19 Employee Benefit; IAS 34 Interim Financial Reporting</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>



# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

- (a) Residential development projects involve residential club houses, podiums, gardens or recreational areas;
- (b) Infrastructure and public open space projects involve municipal or local government works in relation to infrastructure areas, public parks and public green areas of property developers;
- (c) Commercial and mixed-use development projects involve shopping arcades, office buildings or mixed-use commercial and residential premises, and
- (d) Tourism and hotel projects mainly involve landscape architecture of theme parks, resorts and hotels.

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.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2016 and 2015.

### Six months ended 30 June 2016 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue	45,931	31,716	22,245	3,346	103,238
<b>Segment results</b>	26,019	15,236	12,206	2,164	55,625
<i>Reconciliations:</i>					
Unallocated income					4,248
Unallocated expenses					(51,588)
Share of losses of:					
A joint venture					(209)
An associate					(865)
Finance costs					(47)
Profit before tax					7,164

### Six months ended 30 June 2015 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue	57,606	28,792	19,782	13,938	120,118
<b>Segment results</b>	30,505	10,486	10,445	5,469	56,905
<i>Reconciliations:</i>					
Unallocated income					7,899
Unallocated expenses					(46,566)
Finance costs					(145)
Profit before tax					18,093

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION (Continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2016 and 31 December 2015.

### 30 June 2016 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>66,823</b>	<b>35,359</b>	<b>25,679</b>	<b>6,201</b>	<b>134,062</b>
<i>Reconciliations:</i>					
Unallocated assets					<b>121,310</b>
<b>Total assets</b>					<b>255,372</b>
<b>Segment liabilities</b>	<b>4,317</b>	<b>2,745</b>	<b>6,030</b>	<b>1,044</b>	<b>14,136</b>
<i>Reconciliations:</i>					
Unallocated liabilities					<b>47,614</b>
<b>Total liabilities</b>					<b>61,750</b>

### 31 December 2015 (Audited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment assets</b>	<b>62,140</b>	<b>25,939</b>	<b>26,222</b>	<b>7,081</b>	<b>121,382</b>
<i>Reconciliations:</i>					
Unallocated assets					<b>202,527</b>
<b>Total assets</b>					<b>323,909</b>
<b>Segment liabilities</b>	<b>7,434</b>	<b>2,865</b>	<b>6,416</b>	<b>1,535</b>	<b>18,250</b>
<i>Reconciliations:</i>					
Unallocated liabilities					<b>99,165</b>
<b>Total liabilities</b>					<b>117,415</b>

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present other segment information for the Group's operating segments for the six months ended 30 June 2016 and 2015.

### Six months ended 30 June 2016 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Other segment information</b>					
Impairment of provision for trade and bills receivables	1,280	595	143	(135)	1,883
Unallocated: Depreciation and amortisation					1,869
Capital expenditure*: Unallocated					412

### Six months ended 30 June 2015 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Other segment information</b>					
Impairment of provision for trade and bills receivables	(194)	2,080	(488)	586	1,984
Unallocated: Depreciation and amortisation					2,439
Capital expenditure*: Unallocated					3,945

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

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Revenue</b>		
Service contracts	<b>103,238</b>	120,118
<b>Other income</b>		
Service income	<b>1,558</b>	3,707
Interest income	<b>2,100</b>	518
Government grants	<b>114</b>	3,026
	<b>3,772</b>	7,251
<b>Gains</b>		
Payables written back	<b>404</b>	–
Gain on disposal of a subsidiary	<b>61</b>	–
Gain on disposal of items of property and equipment	<b>11</b>	–
Foreign exchange gains	<b>–</b>	648
	<b>476</b>	648
	<b>4,248</b>	7,899

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 Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on bank loan	23	145
Interest on finance lease	24	–
	<b>47</b>	145

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of services provided	45,730	61,229
Depreciation	1,032	1,704
Amortisation of intangible assets	837	735
Research and development costs: Current period expenditure	3,535	3,726
Minimum lease payments under operating leases	6,814	4,161
Auditors' remuneration	651	795
Employee benefit expense		
– Wages and salaries	42,448	47,816
– Equity-settled share award plan expense	3,730	1,818
– Equity-settled share option expense	4,253	–
– Pension scheme contributions	6,203	6,873
– Pension scheme cost (defined benefit scheme)	66	–
– Welfare and other benefits	3,170	3,589
	<b>59,870</b>	60,096
Foreign exchange differences, net	933	(648)
Impairment of provision for trade and bills receivables	1,883	1,984
Impairment of provision for deposits and other receivables	–	116
Interest income	(2,100)	(518)
Gain on disposal of items of property and equipment	(11)	–
Gain on disposal of a subsidiary	(61)	–



# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

泛亞景觀設計（上海）有限公司, a subsidiary of the Company, was granted with the High and New Technology Enterprises qualification 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 (six months ended 30 June 2015: 15%).

前海泛亞景觀設計（深圳）有限公司, a subsidiary of the Company, is entitled to a preferential corporate income tax rate of 15% (six months ended 30 June 2015: 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 the statutory corporate income tax rate of 25% for the period (six months ended 30 June 2015: 25%) under the income tax rules and regulations in the People's Republic of China ("PRC").

EA Group International, Inc, a subsidiary of the Company located in the Philippines, was subject to the income tax rate of 30% on the estimated taxable income during the period (six months ended 30 June 2015: 30%).

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current – Hong Kong	1,430	1,606
Current – Mainland China	1,978	4,770
Current – the Philippines	7	94
	3,415	6,470
Deferred	224	(1,368)
Total tax charge for the period	3,639	5,102

## 8. DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend (six months ended 30 June 2015: Nil) for the six months ended 30 June 2016.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 390,689,652 (six months ended 30 June 2015: 385,301,000) in issue during the period, as adjusted to reflect the shares repurchased for the purpose of awarding shares to eligible person under share award scheme during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2016 in respect of a dilution as the impact of the share option plan had an anti-diluted effect on the basic earnings per share presented.

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

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

	<b>For the six months ended 30 June</b>	
	<b>2016 (Unaudited) HK\$'000</b>	<b>2015 (Unaudited) HK\$'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<b>3,627</b>	13,677

	<b>Number of shares For the six months ended 30 June</b>	
	<b>2016 (Unaudited)</b>	<b>2015 (Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>390,689,652</b>	385,301,000
Effect of dilution – weighted average number of ordinary shares: share awarded	–	1,117,449
	<b>390,689,652</b>	386,418,449

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 10. PROPERTY AND EQUIPMENT

	For the six months ended 30 June 2016 (Unaudited) HK\$'000
At 1 January	5,625
Additions	285
Depreciation	(1,032)
Disposal	(31)
Exchange alignment	(98)
At 30 June	4,749

## 11. TRADE AND BILLS RECEIVABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade and bills receivables	79,752	73,084
Impairment	(17,834)	(16,326)
	<b>61,918</b>	56,758

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is two months, extending up to six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 11. TRADE AND BILLS RECEIVABLES (Continued)

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 6 months	<b>37,903</b>	40,980
Over 6 months but within 1 year	<b>14,450</b>	8,596
Over 1 year but within 2 years	<b>6,718</b>	6,177
Over 2 years	<b>2,847</b>	1,005
	<b>61,918</b>	56,758

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

	For the six months ended 30 June 2016 (Unaudited) HK\$'000
At 1 January	<b>16,326</b>
Impairment during the period (note 5)	<b>1,883</b>
Exchange alignment	<b>(375)</b>
At 30 June	<b>17,834</b>

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK\$15,496,000 (31 December 2015: HK\$15,404,000) with a carrying amount before provision of HK\$16,017,000 (31 December 2015: HK\$15,404,000).

The individually impaired trade and bills receivables relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 11. TRADE AND BILLS RECEIVABLES (Continued)

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Neither past due nor impaired	28,205	31,273
Less than 30 days past due	2,812	2,324
30 to 120 days past due	2,643	5,687
121 to 300 days past due	708	3,172
Over 300 days past due	1,168	2,056
	<b>35,536</b>	44,512

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.

## 12. TRADE PAYABLES

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

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 1 year	1,735	2,955
Over 1 year but within 2 years	121	575
Over 2 years but within 3 years	45	–
Over 3 years	78	94
	<b>1,979</b>	3,624

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

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Analysed into:		
Bank loan repayable:		
On demand	–	30,000
	–	30,000
Other borrowings repayable:		
Within one year	45	644
In the second year	–	299
	45	943
	45	30,943

Notes:

- The Group's bank loan is secured by the pledge of certain of the Group's time deposit amounting to HK\$30,000,000 as at 31 December 2015. The Group repaid the loan in January 2016. The Group's bank loan bore 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 approximated to its fair value.
- The Group's other loan was 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 30 June 2016 of HK\$614,000 (31 December 2015: HK\$705,000).

## 14. SHARE CAPITAL

Shares

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Issued and fully paid		
420,000,000 (2015: 420,000,000) ordinary shares	4,200	4,200



# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 15. 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.

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.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 15. SHARE OPTION SCHEME (Continued)

On 4 January 2016, 14,290,000 share options were granted to directors and employee under the Share Option Scheme. The exercise price of the options is HK\$1.27. 50% of these share options granted vested on 4 January 2016 with an exercise period ranging from 4 January 2016 to 3 January 2018. The remaining 50% of these share options will vest on 4 January 2017 with an exercise period ranging from 4 January 2017 to 3 January 2018. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2016 was estimated on the date of grant using the following assumptions:

	First 50% portion		Second 50% portion	
	Directors	Employee	Directors	Employee
Dividend yield (%)	4.76	4.76	4.76	4.76
Expected volatility (%)	67.23	67.23	67.23	67.23
Risk-free interest rate (%)	0.51	0.51	0.51	0.51
Exercise multiple	2.47	2.47	1.60	1.60
Fair value of the share options (HK\$ per share)	0.40	0.35	0.41	0.39

The fair value of the share options granted during the six month ended 30 June 2016 was HK\$5,752,000. For the six months ended 30 June 2016, the Group recognised share option expense of HK\$4,253,000 (30 June 2015: Nil) in the statement of profit or loss.

At the end of the reporting period, the Company had 14,290,000 share options outstanding under the Share Option Scheme, which represented approximately 3.40% 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 shares issue expenses).

## 16. PLEDGE OF ASSETS

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

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2016

## 17. OPERATING LEASE ARRANGEMENTS

### As lessee

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

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within one year	8,193	13,433
In the second to fourth years, inclusive	6,347	4,221
	<b>14,540</b>	17,654

## 18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Capital injection for investment in an associate	4,142	–
	<b>4,142</b>	–

## 19. EVENTS AFTER THE REPORTING PERIOD

On 27 April 2016, 泛亞景觀設計(廣州)有限公司, a subsidiary of the Company, had cancelled its business license in Guangzhou Administration for Industry & Commerce. The whole cancellation procedures have not finished till the reporting date.

## 20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

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

# Management Discussion and Analysis

## BUSINESS REVIEW

The first half of 2016 was a challenging period to the Group due to the economic slowdown and weakened property market in the PRC.

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

For the six months ended 30 June 2016, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 44.5% (six months ended 30 June 2015: 48.0%) of the total revenue of the Group. Infrastructure and public open space projects represented the second largest segment in terms of revenue, which accounted for approximately 30.7% (six months ended 30 June 2015: 24.0%) of the total revenue of the Group.

For the six months ended 30 June 2016, the Group entered into 84 new contracts with a total contract sums of approximately HK\$80.2 million.

Despite a challenging period, 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 decreased to approximately HK\$103.2 million for the six months ended 30 June 2016, representing a decrease of approximately 14.1%, as compared with that of approximately HK\$120.1 million for the same period in 2015. The decrease was mainly attributable to (i) the slowdown of residential property development projects from property developer clients, and (ii) decrease in number of new contracts and new contract sum compared with the same period in 2015.

### Cost of services

Cost of services decreased to approximately HK\$45.7 million for the six months ended 30 June 2016, representing a decrease of approximately 25.3%, as compared with that of approximately HK\$61.2 million for the same period in 2015. The decrease was generally in line with the decrease in revenue as a result of the decrease in headcount of the number of employees of the Group.

### Gross profit and gross profit margin

Gross profit decreased to approximately HK\$57.5 million for the six months ended 30 June 2016, representing a decrease of approximately 2.3%, as compared with that of approximately HK\$58.9 million for the same period in 2015.

Gross profit margin increased by approximately 6.7 percentage points to approximately 55.7% for the six months ended 30 June 2016, as compared with that of approximately 49.0% for the same period in 2015.

# Management Discussion and Analysis

## Administrative and other expenses

Administrative and other expenses increased to approximately HK\$48.4 million for the six months ended 30 June 2016, representing an increase of approximately of 12.1%, as compared with that of approximately HK\$43.1 million for the same period in 2015. The increase was primarily attributable to the increase in equity-settled share award plan expense and the one-time recognition of equity-settled share option expense.

## Net profit

As a result of the foregoing, profit attributable to owners of the Company decreased to approximately HK\$3.6 million for the six months ended 30 June 2016, representing a decrease of approximately 73.5%, as compared with that of approximately HK\$13.7 million for the same period in 2015.

Profit margin decreased by approximately 7.9 percentage points to approximately 3.5% for the six months ended 30 June 2016, as compared with that of approximately 11.4% for the same period in 2015.

## Liquidity and financial resources

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Current assets	<b>225,213</b>	296,300
Current liabilities	<b>56,359</b>	112,119
Current ratio	<b>4.0</b>	2.6

The current ratio of the Group at 30 June 2016 was approximately 4.0 times as compared to that of approximately 2.6 times at 31 December 2015.

At 30 June 2016, the Group had total cash and bank balances of approximately HK\$56.1 million (31 December 2015: HK\$94.8 million).

At 30 June 2016, the Group's gearing ratio (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%) amounted to approximately zero (31 December 2015: 15.0%).

## Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2016.

## Pledge of assets

The Group had no significant pledge of assets as at 30 June 2016.

# Management Discussion and Analysis

## 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 14 and 13 respectively to the interim condensed consolidated financial statements.

## 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 30 June 2016, the Group employed around 376 employees (31 December 2015: 428 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 six months ended 30 June 2016, there was 14,290,000 share options granted (2015: nil) 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.

## PROSPECTS

The first half of 2016 was challenging 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. Quite a number of our property developer clients has slowed down the pace of property development projects. There was decrease in number of new contracts as well as contract sum awarded to the Group. The Group has also faced prolonged payment cycle for our PRC projects.



# Management Discussion and Analysis

It is very likely that the second half of 2016 will still be challenging to the Group as the PRC continued to experience lower rates of growth whilst the Hong Kong economy also showed signs of weakness. In response to the challenging market environment, the Group will strengthen its marketing team and increase its marketing efforts in bidding new contracts. 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.

## 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 30 June 2016, (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 places 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 30 June 2016, (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 deposits with banks in Hong Kong or the PRC.

## MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2016, the Group had no material acquisitions and disposals of subsidiaries.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

# Other Information

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations

As at 30 June 2016, 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 and underlying Shares

Name of Director	Capacity	Number of Shares				Number of underlying Shares held under the Share Option Scheme	Total	Approximate % of shareholding
		Personal interest	Family interest	Corporate interest	Other interest			
Chan Yick Yan Andross	Beneficial owner, interest of controlled corporation	274,000	-	132,006,887 (Note 1)	-	3,930,000	136,210,887	32.43%
Lau Hing Tat Patrick	Beneficial owner, interest of spouse, interest of controlled corporation	1,078,000	438,000	66,003,444 (Note 2)	-	3,930,000	71,449,444	17.01%
Tian Ming	Beneficial owner	-	-	-	-	3,930,000	3,930,000	0.94%
Ma Lida	Beneficial owner	-	-	-	-	1,000,000	1,000,000	0.24%
Michael John Erickson	Beneficial owner	-	-	-	-	500,000	500,000	0.12%

Notes:

- 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.
- 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.

## Other Information

### Long position in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Number of shares and class of shares held	Approximate % of shareholding
Chan Yick Yan Andross	Earthasia Worldwide Holdings Limited	Personal	50 (ordinary shares)	5.00%
	上海泰迪朋友投資管理 有限公司	Interest of controlled corporation (Note 1)	RMB510,000 (registered capital)	5.10%

Note:

- Such interests are held by 上海泰迪之友投資管理有限公司, which is 100% beneficially owned by 奕仁(上海)投資諮詢有限公司, which is in turn 100% beneficially owned by Teddy Friends Investment and Development Limited, of which Mr. Chan Yick Yan Andross is interested in the entire issued share capital.

Saved as disclosed above, as at 30 June 2016, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' INTERESTS IN COMPETING INTERESTS

Save as Mr. Ma Lida and Ms. Huang Yaping, our non-executive Directors nominated by Pubang Landscape Architecture Co., Ltd., whom are required to declare their conflict of interests and barred from participation or voting on issue if there is any potential conflict of interest between the Group and Pubang Landscape Architecture Co., Ltd., the Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the six months ended 30 June 2016.

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

As at 30 June 2016, 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.

## Other Information

### Long position in the Shares

<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares</b>	<b>Approximate % of shareholding</b>
CYY Holdings Limited (Note 1)	Beneficial owner	132,006,887	31.43%
PBLA Limited (Note 2)	Beneficial owner	105,593,669	25.14%
Pubang Landscape Architecture (HK) Company Limited (Note 2)	Interest in a controlled corporation	105,593,669	25.14%
Pubang Landscape Architecture Company Limited (Note 2)	Interest in a controlled corporation	105,593,669	25.14%
Tu Shan Zhong (Note 2)	Interest in a controlled corporation	105,593,669	25.14%
LSBJ Holdings Limited (Note 3)	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 Landscape Architecture Company Limited. Mr. Tu Shan Zhong is interested in 29.12% of the equity interest of Pubang Landscape Architecture Company Limited. Accordingly, each of Pubang Landscape Architecture (HK) Company Limited, Pubang Landscape Architecture Company Limited 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 OPTIONS

A share option scheme (the "Share Option Scheme") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014.

On 4 January 2016, 14,290,000 share options were granted to directors and employee under the Share Option Scheme. The exercise price of the options is HK\$1.27. 50% of these share options granted vested on 4 January 2016 with an exercise period ranging from 4 January 2016 to 3 January 2018. The remaining 50% of these share options will vest on 4 January 2017 with an exercise period ranging from 4 January 2017 to 3 January 2018. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2016 was estimated on the date of grant using the following assumptions:

## Other Information

	First 50% portion		Second 50% portion	
	Directors	Employee	Directors	Employee
Dividend yield (%)	4.76	4.76	4.76	4.76
Expected volatility (%)	67.23	67.23	67.23	67.23
Risk-free interest rate (%)	0.51	0.51	0.51	0.51
Exercise multiple	2.47	2.47	1.60	1.60
Fair value of the share options (HK\$ per share)	0.40	0.35	0.41	0.39

According to HKFRS 2, the fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using binomial pricing model, taking into account the terms and conditions upon which the options were granted.

Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Since the binomial pricing model requires input of highly subjective assumptions, any change in the subjective input assumptions may materially affect the estimation of the fair value of an option.

The fair value of the share options granted during the six month ended 30 June 2016 was HK\$5,752,000. For the six months ended 30 June 2016, the Group recognised share option expense of HK\$4,253,000 (30 June 2015: Nil) in the statement of profit or loss.

At the end of the reporting period, the Company had 14,290,000 share options outstanding under the Share Option Scheme, which represented approximately 3.40% 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 approximately HK\$18,148,000 (before shares issue expenses).

## Other Information

A summary of the movements of the outstanding share options during the six months ended 30 June 2016 are as follows:

Grantee	Date of grant	Vesting and exercisable period	Exercise price (HK\$)	As at 01/01/2016	Number of Share Options			As at 30/06/2016
					Granted	Exercised	Cancelled/Lapsed	
<b>Directors</b>								
Chan Yick Yan Andross	4/1/2016	4/1/2016-3/1/2018	1.27	-	1,965,000	-	-	1,965,000
		4/1/2017-3/1/2018	1.27		1,965,000			1,965,000
Lau Hing Tat Patrick	4/1/2016	4/1/2016-3/1/2018	1.27	-	1,965,000	-	-	1,965,000
		4/1/2017-3/1/2018	1.27		1,965,000			1,965,000
Tian Ming	4/1/2016	4/1/2016-3/1/2018	1.27	-	1,965,000	-	-	1,965,000
		4/1/2017-3/1/2018	1.27		1,965,000			1,965,000
Ma Lida	4/1/2016	4/1/2016-3/1/2018	1.27	-	500,000	-	-	500,000
		4/1/2017-3/1/2018	1.27		500,000			500,000
Michael John Erickson	4/1/2016	4/1/2016-3/1/2018	1.27	-	250,000	-	-	250,000
		4/1/2017-3/1/2018	1.27		250,000			250,000
Other employee(s)	4/1/2016	4/1/2016-3/1/2018	1.27	-	500,000	-	-	500,000
		4/1/2017-3/1/2018	1.27		500,000			500,000
<b>Total</b>				-	14,290,000	-	-	14,290,000

The closing price of the Shares immediately before the date on which the options were granted was HK\$1.34.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement that enabled the Directors or any of their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

All the options forfeited before expiry of the Share Option Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Share Option Scheme.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") stated in Appendix 14 to the Listing Rules during the six months ended 30 June 2016. The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

# Other Information

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2016.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## AUDIT COMMITTEE

The Company has established the Audit Committee to review and supervise the financial reporting process and internal Control procedures of the Group with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG 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.

## REVIEW OF INTERIM RESULTS

The Group’s interim results for the six months ended 30 June 2016 have not been reviewed by external auditor but have been reviewed by the audit committee of the Company that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## APPRECIATION

Finally, we would like to express our gratitude to the Shareholders, business partners, subconsultants and customers for their continuous support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

**Lau Hing Tat Patrick**

*Chairman*

Hong Kong, 30 August 2016