



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 2019



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Financial Highlights

FINANCIAL HIGHLIGHTS

Results		For the six months ended 30 June		
		2019	2018	Change
Revenue	<i>HK\$'000</i>	92,013	99,336	-7.4%
Landscape architecture	<i>HK\$'000</i>	76,225	82,052	-7.1%
Catering	<i>HK\$'000</i>	15,788	17,284	-8.7%
Gross profit	<i>HK\$'000</i>	53,524	59,152	-9.5%
Landscape architecture	<i>HK\$'000</i>	41,903	46,307	-9.5%
Catering	<i>HK\$'000</i>	11,621	12,845	-9.5%
(Loss)/profit before tax	<i>HK\$'000</i>	(29,682)	1,527	-31,209
(Loss)/profit attributable				
to owners of the parent	<i>HK\$'000</i>	(27,272)	2,090	-29,362
Basic (loss)/earnings per share				
attributable to ordinary				
equity holders of the parent	<i>HK cents</i>	(6.42)	0.49	-6.91

Financial Position		At 30 June	At 31 December	Change
		2019	2018	
Total assets	<i>HK\$'000</i>	334,201	314,167	+6.4%
Net assets	<i>HK\$'000</i>	68,535	100,417	-31.7%
Shareholder's equity	<i>HK\$'000</i>	62,484	91,639	-31.8%
Cash and bank balances	<i>HK\$'000</i>	73,205	85,987	-14.9%
Debt	<i>HK\$'000</i>	135,924	107,462	+26.5%
Net debt	<i>HK\$'000</i>	62,719	21,475	+41,244

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Hing Tat Patrick
Mr. Chan Yick Yan Andross
Mr. Tian Ming
Mr. Yang Liu
Mr. Qiu Bin

Non-executive Director

Mr. Ma Lida

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Kwok Ka Hei

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

AUTHORISED REPRESENTATIVES

Mr. Kwok Ka Hei
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
Industrial Bank Co., Ltd.
The Hongkong and Shanghai Banking

PRINCIPAL SHARE REGISTRAR OFFICE

Estera Trust (Cayman) Ltd.
(formerly named "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 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER AS TO HONG KONG

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
(retired on 3 June 2019)

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
REVENUE	3	92,013	99,336
Cost of sales		(38,489)	(40,184)
GROSS PROFIT		53,524	59,152
Other income and gains	5	3,902	13,538
Selling and marketing expenses		(12,309)	(11,891)
Administrative expenses		(60,889)	(52,145)
Other expenses		(7,354)	(1,507)
Finance costs	6	(5,809)	(4,373)
Share of loss of associates		(747)	(1,247)
(LOSS)/PROFIT BEFORE TAX	7	(29,682)	1,527
Income tax expense	8	(145)	(323)
(LOSS)/PROFIT FOR THE PERIOD		(29,827)	1,204
Attributable to:			
Owners of the parent		(27,272)	2,090
Non-controlling interests		(2,555)	(886)
		(29,827)	1,204
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
– For (loss)/profit for the period		HK(6.42) cents	HK0.49 cents
Diluted			
– For (loss)/profit for the period		HK(6.42) cents	HK0.49 cents

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(29,827)	1,204
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that maybe reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(2,055)	(1,378)
	(2,055)	(1,378)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(2,055)	(1,378)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(2,055)	(1,378)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(31,882)	(174)
Attributable to:		
Owners of the parent	(29,155)	766
Non-controlling interests	(2,727)	(940)
	(31,882)	(174)

Unaudited Interim Condensed Consolidated Statement of Financial Position

		30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Goodwill		5,090	5,419
Property and equipment		45,128	16,938
Intangible assets		29,401	36,018
Prepayment and deposits		55,478	55,480
Investments in joint ventures	11	199	199
Investments in associates	12	1,558	2,297
Equity instruments at fair value through other comprehensive income		2,881	2,885
Deferred tax assets		309	317
Total non-current assets		140,044	119,553
CURRENT ASSETS			
Inventories		765	1,331
Contract assets		41,843	36,592
Trade and bills receivables	13	50,306	50,164
Prepayments, deposits and other receivables		24,482	16,292
Tax recoverable		–	126
Financial assets at fair value through profit or loss		3,556	4,122
Cash and bank balances		73,205	85,987
Total current assets		194,157	194,614
CURRENT LIABILITIES			
Interest-bearing other borrowings	15	105,788	66,968
Trade payables	14	6,713	10,883
Other payables and accruals		24,825	27,940
Contract liabilities		35,951	31,968
Lease liabilities		12,075	–
Tax payable		24,539	25,807
Dividend payable		4	4
Total current liabilities		209,895	163,570
NET CURRENT (LIABILITIES)/ASSETS		(15,738)	31,044
TOTAL ASSETS LESS CURRENT LIABILITIES		124,306	150,597

Unaudited Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings	15	30,136	40,494
Lease liabilities		16,232	–
Deferred tax liabilities		9,403	9,686
Total non-current liabilities		55,771	50,180
NET ASSETS		68,535	100,417
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	4,343	4,343
Treasury shares		(95)	(95)
Other reserves		58,236	87,391
		62,484	91,639
Non-controlling interests		6,051	8,778
TOTAL EQUITY		68,535	100,417

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the parent										
	Share capital	Treasury shares	*Share	*Fair	*Capital reserve	*Reserve funds	*Exchange fluctuation reserve	*Retained profits	Non-controlling interests	Total equity	
			premium account	value reserve							Total
			HK\$'000	HK\$'000							HK\$'000
At 1 January 2019											
As previously reported	4,343	(95)	151,543	151	5	10,701	(7,709)	(67,300)	91,639	8,778	100,417
Loss for the period	-	-	-	-	-	-	-	(27,272)	(27,272)	(2,555)	(29,827)
Other comprehensive-loss for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,883)	-	(1,883)	(172)	(2,055)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,883)	(27,272)	(29,155)	(2,727)	(31,882)
Transfer from retained profits	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2019 (Unaudited)	4,343	(95)	151,543	151	5	10,701	(9,592)	(94,572)	62,484	6,051	68,535

* These reserve accounts as at 30 June 2019 comprise the consolidated reserves of HK\$58,236,000 (31 December 2018: HK\$87,391,000) in the condensed consolidated statement of financial position.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the parent										
	Share capital HK\$'000	Treasury shares HK\$'000	*Share premium account 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	Total equity HK\$'000
At 1 January 2018											
As previously reported	4,220	(88)	133,728	4,977	5	10,616	(5,131)	(26,152)	122,175	19,667	141,842
Impact of adopting IFRS 9	-	-	-	-	-	-	-	(5,562)	(5,562)	-	(5,562)
As restated	4,220	(88)	133,728	4,977	5	10,616	(5,131)	(31,714)	116,613	19,667	136,280
Profit for the period	-	-	-	-	-	-	-	2,090	2,090	(886)	1,204
Other comprehensive-loss for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,324)	-	(1,324)	(54)	(1,378)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,324)	2,090	766	(940)	(174)
Disposal of a subsidiary	-	-	-	-	-	-	(236)	236	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(130)	(130)	130	-
Issue of shares	123	-	15,486	-	-	-	-	-	15,609	-	15,609
Equity-settled share option arrangements	-	-	4,977	(4,977)	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	384	-	(384)	-	-	-
At 30 June 2018 (Unaudited)	4,343	(88)	154,191	-	5	11,000	(6,691)	(29,902)	132,858	18,857	151,715

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(29,682)	1,527
Adjustments for:		
Finance costs	5,809	4,373
Share of loss of associates	747	1,247
Interest income	(2,314)	(1,200)
Depreciation	8,009	2,014
Amortisation of intangible assets	2,219	2,887
Dividend income from equity instruments at fair value through other comprehensive income	(427)	(456)
Loss on disposal of items of property and equipment	–	1
Provision for impairment of trade receivables	1,265	918
Provision for impairment of contract assets	1,020	2,324
Impairment of intangible assets	4,757	–
Written off of goodwill	329	–
Fair value loss on financial assets at fair value through profit or loss	574	–
Impairment of other receivables and other assets	245	–
Write-down of inventory	398	–
Exchange loss	90	457
Gain on disposal of a shareholding in an associate	–	(3,915)
	(6,961)	10,177
Increase in contract assets	(6,305)	(6,255)
Decrease/(increase) in inventories	167	(718)
Increase in trade and bills receivables	(1,458)	(5,961)
Decrease in prepayments, deposits and other receivables	41	3,810
(Decrease)/increase in trade payables	(4,158)	1,699
Decrease in other payables and accruals	(4,545)	(7,081)
Increase/(decrease) in contract liabilities	4,020	(2,306)
Cash used in operations	(19,199)	(6,635)
Interest received	71	50
Income tax received	126	1,752
Income tax paid	(1,690)	(1,178)
Net cash flows used in operating activities	(20,692)	(6,011)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,402	744
Purchases of items of property and equipment	(3,178)	(7,887)
Proceeds from disposal of a shareholding in an associate	–	8,304
Repayment of a loan to a joint venture	28,410	29,275
Loan advanced to joint ventures	(31,700)	(30,514)
Loan advanced to an associate	–	(3,045)
Disposal of a subsidiary	–	152
Prepayment for acquisition of a subsidiary	–	(50,000)
Additions to intangible assets	(400)	(228)
Dividend from equity instruments at fair value through other comprehensive income	427	456
Loan to a third-party	(4,360)	(4,920)
Net cash flows used in investing activities	(9,399)	(57,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	–	9,983
Proceeds from issue of corporate bonds	31,500	41,500
Corporate bond issue expense	(1,265)	(5,500)
New other borrowings	–	2,656
Repayment of other borrowing	(2,842)	–
Capital injection by non-controlling shareholders	–	(308)
Interest paid	(3,276)	–
Repayment of lease liabilities	(4,761)	–
Net cash generated from financing activities	19,356	48,331
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,735)	(15,343)
Cash and cash equivalents at beginning of period	85,987	112,794
Effect of foreign exchange rate changes, net	(2,047)	(437)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	73,205	97,014
ANALYSIS OF BALANCES OF CASH CASH AND CASH EQUIVALENTS		
Cash and bank balances	73,205	97,014
CASH AND BANK BALANCES AS STATED IN THE UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	73,205	97,014
CASH AND CASH EQUIVALENTS AS STATED IN THE UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	73,205	97,014

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

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 catering business in Mainland China and Italy. 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 2019 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 2018. 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 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 audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs", which also include International Accounting Standards ("IASs") and interpretations) that are relevant to the Group's operation for the preparation of the Group's interim condensed consolidated financial statements:

IFRS 16	<i>Leases</i>
IFRIC – Int 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to IFSs	<i>Annual Improvements to IFRSs 2015-2017 Cycles</i>

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

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

(Continued)

2.2. New standards and amendments adopted by the Group (Continued)

IFRS 16, Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-Int 15 Operating Leases-Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application on 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings on 1 January 2019, and the comparative information 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economics benefits from use of the identified asset and the right to use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

(a) Nature of the effect of adoption IFRS 16

The Group has operating lease contracts for buildings, which were used by the Group for operation. As a lessee, the Group previously classified lease as operating lease based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for the lease.

(b) Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate on 1 January 2019.

The right-of-use assets were included in property, plant and equipment and measured at the amount of the lease liability, adjusted by the amount of accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

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

(Continued)

2.2. New standards and amendments adopted by the Group (Continued)

IFRS 16, *Leases* (Continued)

(b) Impacts on transition (Continued)

The impacts arising from the adoption of IFRS 16 at 1 January 2019 are as follows:

	HK\$'000
Assets	
Increase in property, plant and equipment	24,641
Increase in total assets	24,641
Liabilities	
Increase in lease liabilities	24,641
Increase in total liabilities	24,641

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK\$'000
Operating lease commitments as at 31 December 2018	40,131
Less:	
Commitments relating to lease exempt from capitalisation	(13,523)
Total future interest expense	(1,967)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	24,641
Total lease liabilities recognised at 1 January 2019	24,641

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

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

(Continued)

2.2. New standards and amendments adopted by the Group (Continued)

IFRS 16, *Leases* (Continued)

(c) Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

3. REVENUE

Revenue represents an appropriate proportion of contract revenue from service contracts during the period. An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Type of goods or service		
– Landscape design services	76,225	82,052
– Catering revenue	13,954	15,291
– Catering management services	1,834	1,993
Total revenue	92,013	99,336
Geographical markets		
– Hong Kong	11,276	10,972
– Mainland China	73,873	80,791
– Others	6,864	7,573
Total revenue	92,013	99,336
Timing of revenue recognition		
– Goods transferred at a point in time	13,954	15,291
– Services transferred over time	78,059	84,045
Total revenue	92,013	99,336

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five 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;
- (d) Tourism and hotel projects mainly involve landscape architecture of theme parks, resorts and hotels; and
- (e) The catering business focusing on operation of restaurants.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other 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 2019

4. OPERATING SEGMENT INFORMATION (Continued)

The following tables present revenue and profit/loss information for the Group's operating segments for the six months ended 30 June 2019 and 2018.

Six months ended 30 June 2019 (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	Catering HK\$'000	Total HK\$'000
Segment revenue						
Revenue	38,899	15,480	15,710	6,136	15,788	92,013
Segment results	20,623	8,078	8,544	3,393	(13,097)	27,541
<i>Reconciliations:</i>						
Unallocated income and gains						3,701
Unallocated expenses						(54,368)
Finance costs						(5,809)
Share of losses of associates						(747)
Loss before tax						(29,682)

Six months ended 30 June 2018 (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	Catering HK\$'000	Total HK\$'000
Segment revenue						
Revenue	40,005	18,654	14,866	8,527	17,284	99,336
Segment results	22,596	9,915	8,477	4,401	(1,624)	43,765
<i>Reconciliations:</i>						
Unallocated income and gains						12,815
Unallocated expenses						(49,433)
Finance costs						(4,373)
Share of losses of associates						(1,247)
Profit before tax						1,527

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

4. OPERATING SEGMENT INFORMATION (Continued)

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2019 and 31 December 2018.

30 June 2019 (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	Catering HK\$'000	Total HK\$'000
Segment assets	44,775	17,366	23,091	6,075	69,797	161,104
Reconciliations:						
Elimination of inter-segment receivables						(55,506)
Unallocated assets						228,603
Total assets						334,201
Segment liabilities	25,614	3,361	5,217	1,759	37,996	73,947
Reconciliations:						
Elimination of inter-segment receivables						(55,506)
Unallocated liabilities						247,225
Total liabilities						265,666

31 December 2018 (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	Catering HK\$'000	Total HK\$'000
Segment assets	39,301	18,310	17,117	6,321	70,377	151,426
Reconciliations:						
Elimination of inter-segment receivables						(57,266)
Unallocated assets						220,007
Total assets						314,167
Segment liabilities	18,355	5,696	5,365	2,520	80,347	112,283
Reconciliations:						
Elimination of inter-segment receivables						(57,266)
Unallocated liabilities						158,733
Total liabilities						213,750

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4. OPERATING SEGMENT INFORMATION (Continued)

The following tables present other segment information for the Group's operating segments for the six months ended 30 June 2019 and 2018.

Six months ended 30 June 2019 (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	Catering HK\$'000	Total HK\$'000
Other segment information						
Provision for impairment of trade receivables	751	260	141	113	–	1,265
Impairment of other receivables and other assets	–	–	–	–	245	245
Depreciation and amortisation	–	–	–	–	3,724	3,724
Capital expenditure*:	–	–	–	–	936	936
<i>Reconciliation</i>						
Unallocated						2,285
Total						3,221

Six months ended 30 June 2018 (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	Catering HK\$'000	Total HK\$'000
Other segment information						
Provision for impairment of trade receivables	653	–	210	55	–	918
Depreciation and amortisation	–	–	–	–	2,863	2,863
Capital expenditure*:	–	–	–	–	5,987	5,987
<i>Reconciliation</i>						
Unallocated						816
Total						6,803

* Capital expenditure consists of additions of property and equipment and intangible assets, exclude of right-of-use assets.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Other income		
Service income	1,077	4,636
Interest income	2,314	1,200
Government grants	84	2,716
Dividend income from equity instruments at fair value through other comprehensive income	427	456
	3,902	9,008
Gains		
Gain on disposal of an associate*	–	3,915
Payables written back	–	615
	–	4,530
	3,902	13,538

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.

* In the six-month period ended 30 June 2018, HK\$3,915,000 represented the gain on disposal partially the equity interest in an associate company, Shanghai Teddy Friend Investment Management Limited.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest on corporate bonds	5,023	4,373
Interest on lease liabilities	786	–
	5,809	4,373

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7. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Cost of sales	38,489	40,184
Depreciation	8,009	2,014
– owned assets	2,307	2,014
– right-of-use assets	5,702	–
Amortisation of intangible assets	2,219	2,887
Research and development costs: Current period expenditure	2,204	3,462
Minimum lease payments under operating leases	4,422	10,475
Auditor's remuneration	345	2,444
Employee benefit expense		
– Wages and salaries	39,630	47,658
– Pension scheme contributions (defined contribution scheme)	6,633	5,134
– Welfare and other benefits	2,594	2,634
	48,857	55,426
Foreign exchange differences, net	(26)	654
Provision for impairment of contract assets, net**	1,020	2,324
Provision for impairment of trade receivables, net*	1,265	918
Fair value loss on financial asset at fair value through profit or loss*	574	–
Written off of goodwill*	329	–
Impairment of other receivables and other assets*	245	–
Write-down of inventory*	398	–
Impairment of intangible assets*	4,757	–
Loss on disposal of items of property and equipment	–	1

* Fair value loss on financial asset at fair value through profit or loss, written off of goodwill, provision for impairment of trade receivable, net, impairment of other receivables and other assets, impairment of intangible assets and write-down of inventory are included in "other expenses" in consolidated statement of profit or loss.

** The provision for impairment of contract asset, net is included in "cost of sale" in the consolidated statement of profit or loss.

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8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 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 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 23 November 2017 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 2017 (six months ended 30 June 2018: 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 2018: 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 period (six months ended 30 June 2018: 25%) under the income tax rules and regulations in the People's Republic of China ("PRC").

Thai Gallery SRL is required to pay tax equivalent to 27.9% of taxable income, including 24% for the standard rate of Italy corporate tax ("IRES") and 3.9% for the Italian regional production tax rate ("IRAP").

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current – Hong Kong	98	(1,417)
Current – Mainland China	320	1,960
Deferred	418 (273)	543 (220)
Total tax charge for the period	145	323

9. DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend (six months ended 30 June 2018: Nil) for the six months ended 30 June 2019.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2019

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 424,764,725 (six months ended 30 June 2018: 425,440,725) in issue during the period.

The calculation of the diluted loss per share amount is based on the loss for the period 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 period, as used in the basic (loss)/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.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2019 in respect of a dilution as the impact of the share option plan had an anti-diluted effect on the basic loss per share presented.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2019. The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	(27,272)	2,090

	Number of shares For the six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/loss per share calculation	424,764,725	425,440,725
Effect of dilution – weighted average number of ordinary shares: share options exercised	–	–
	424,764,725	425,440,725

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11. INVESTMENTS IN JOINT VENTURES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Share of net assets	199	199

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			Principal activity
			Ownership interest	Voting power	Profit sharing	
Earthasia Worldwide Holdings Limited ("EA Trading")	Issued shares of HK\$100	Hong Kong	30	50	30	Trading business
Earthasia International (Japan) Limited ("Japan Trading")	Issued shares of JPY50,000,000	Japan	30	50	30	Trading business
Earthasia (HK) Limited ("EAHK")	Issued shares of HK\$100	Hong Kong	18	50	18	Dormant
Earthasia Worldwide Limited	Issued shares of HK\$1,000	British Virgin Islands	30	50	30	Investment holdings
EAHS Limited	Issued shares of HK\$100	Hong Kong	18	50	18	Dormant
大連鵬亞國際貿易有限公司 (Dalian Pengya Co., Ltd) ("Dalian Trading")	Registered capital of RMB100,000	Mainland China	30	50	30	Trading business
上海扣熊餐飲管理合夥企業 (Shanghai Kouxiang Food Management LLP#) ("Kouxiang")	Registered capital of RMB300,000	Mainland China	59	50	59	Catering in Mainland China

The above investments are indirectly held by the Company.

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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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11. INVESTMENTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Share of the joint ventures' loss for the period	–	(3)
Share of the joint ventures' total comprehensive period	–	(3)
Aggregate carrying amount of the Group's investments in the joint ventures	(199)	(199)

The Group has discontinued the recognition of its share of losses of a joint venture, EA Trading, because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses and other comprehensive income of EA Trading for the six months ended 30 June 2019 and accumulated were HK\$61,000 (six months ended 30 June 2018: HK\$415,000) and HK\$1,789,000 (six months ended 30 June 2018: HK\$1,445,000), respectively.

12. INVESTMENTS IN ASSOCIATES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Share of net assets	1,558	2,297

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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12. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held/paid-up capital	Place of registration and business	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
上海泰迪朋友投資管理有限公司 (Shanghai Teddy Friends Investment Management Limited#) ("Teddy")	Registered capital of RMB27,000,000	Mainland China	20	20	20	Investment holding
蘇州蘇迪投資發展有限公司 (Suzhou Sudi Investment and Development Limited#) ("Sudi")	Registered capital of RMB28,000,000	Mainland China	10	10	10	Operating a theme park facility in Mainland China

Teddy and its subsidiary, Sudi, are indirectly held by the Company.

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

The Group has 20% equity interest in Teddy, and but the Group accounts for Teddy as an associate as the Group still has the significant influence on the board of directors as well as the operating and financial policies of this entity.

Teddy and Sudi, which are considered as material associates of the Group, are accounted for using the equity method.

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12. INVESTMENTS IN ASSOCIATES (Continued)

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

	30 June 2019 Teddy (Unaudited) HK\$'000
Cash and cash equivalents	1,070
Other current assets	9,560
Current assets	10,630
Non-current assets	31,573
Current liabilities	(25,881)
Non-controlling interest	(8,532)
Equity attributable to the owners of the parent	7,790
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	20%
Carrying amount of the investment	1,558
Revenue	2,196
Share of loss and total comprehensive loss for the period	(739)
	31 December 2018 Teddy (Audited) HK\$'000
Cash and cash equivalents	2,523
Other current assets	16,642
Current assets	19,165
Non-current assets	32,325
Current liabilities	(28,656)
Non-controlling interests	(10,744)
Equity attributable to the owners of the parent	12,090
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	20%
Carrying amount of the investment	2,418
Offset related party transactions	(121)
Carrying amount of the investment	2,297

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12. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	30 June 2018 (Unaudited) HK\$'000
Share of the associates' loss for the period	(917)
Share of the associates' total comprehensive loss	(917)
Aggregate carrying amount of the Group's investments in the associates	651

13. TRADE AND BILLS RECEIVABLES

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Trade and bills receivables	84,309	82,902
Impairment	(34,003)	(32,738)
	50,306	50,164

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

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

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 6 months	25,390	34,037
Over 6 months but within 1 year	13,866	6,542
Over 1 year but within 2 years	5,946	6,439
Over 2 years	5,104	3,146
	50,306	50,164

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14. TRADE PAYABLES

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

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 1 year	3,411	8,345
Over 1 year but within 2 years	2,926	1,343
Over 2 years but within 3 years	323	648
Over 3 years	53	547
	6,713	10,883

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\$1,025,000 (31 December 2018: HK\$1,027,000).

15. INTEREST-BEARING OTHER BORROWINGS

		30 June 2019 (Unaudited)		
		Effective interest rate (%)	Maturity	HK\$'000
Current				
Other borrowing – unsecured	(a)	4.75	2019	2,228
Corporate bonds – unsecured	(b)	9-9.13	2019	62,726
Corporate bonds – unsecured	(b)	9.13	2020	40,834
				105,788
Non-current				
Corporate bonds – unsecured	(b)	9.13	2021	29,891
Other borrowing – unsecured	(a)	Free	2023	245
				30,136

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15. INTEREST-BEARING OTHER BORROWINGS (Continued)

		31 December 2018 (Audited)			
		Effective	Maturity		HK\$'000
		interest rate			
		(%)			
Current					
Other borrowing – unsecured	(a)	4.75	2019		2,230
Other borrowing – unsecured	(a)	Free	2019		2,845
Current portion of corporate bonds – unsecured	(b)	9-9.13	2019		61,893
					66,968
Non-current					
Corporate bonds – unsecured	(b)	9.13	2020		40,249
Other borrowing – unsecured	(a)	Free	2023		245
					40,494

The corporate bonds recognised in the consolidated financial statements are calculated as follows:

	HK\$ 6% Corporate Bonds due 2019 HK\$'000	HK\$ 6% Corporate Bonds due 2020 HK\$'000	HK\$ 6% Corporate Bonds due 2021 HK\$'000	HK\$ 9% Corporate Bonds due 2019 HK\$'000	Total HK\$'000
Carrying amount as at 1 January 2019	56,893	40,249	–	5,000	102,142
Issuance during the year	–	–	31,500	–	31,500
Transaction costs	–	–	(1,733)	–	(1,733)
Interest charged	2,573	1,820	405	225	5,023
Interest paid and interest payable included in other payables and accruals	(1,740)	(1,235)	(281)	(225)	(3,481)
Carrying amount as at 30 June 2019	57,726	40,834	29,891	5,000	133,451

Note:

- (a) The Group's all other borrowings were unsecured. Of which, HK\$2,228,000 was denominated in Renminbi, with duration of one year from the date issued. HK\$245,000 was denominated in Hong Kong dollars, with duration of five years from the date issued.
- (b) The Group's corporate bonds were denominated in Hong Kong dollars, with duration of two years from the date subscribed.

On 21 September 2017, the Company issued HK\$10,000,000 9% corporate bonds with a nominal value of HK\$10,000,000. The bonds carry interest at a rate of 9% per annum which is payable annually after the end of every year. As at 31 December 2017, a total of HK\$5,000,000 was subscribed, and the management had confirmed that the rest of the Bonds had been terminated for subscription.

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15. INTEREST-BEARING OTHER BORROWINGS (Continued)

Note: (Continued)

- (b) On 28 November 2017, the Company issued HK\$100,000,000 corporate bonds with a nominal value of HK\$100,000,000, of which HK\$58,500,000 and HK\$41,500,000 were received in 2017 and 2018, respectively. The bonds carry interest at a rate of 6%, which is accumulated daily on the 365 daily basis and payable annually after the period. At 31 December 2018, the Group has paid interests of HK\$3,960,000.

On 7 December 2018, the Company issued HK\$110,000,000 corporate bonds with a nominal value of HK\$110,000,000, of which HK\$31,500,000 was received in 2019. The bonds carry interest at a rate of 6% which is accumulated daily on the 365 daily basis and payable annually after the period.

The effective interest rates of HK\$41,500,000 6% Corporate Bonds due in 2020, HK\$58,500,000 6% Corporate Bonds due in 2019 and HK\$31,500,000 6% Corporate Bonds due in 2021, are 9.13%.

16. SHARE CAPITAL AND TREASURY SHARES

Shares

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Issued and fully paid 434,290,000 ordinary shares	4,343	4,343

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
At 1 January 2018	422,000,000	4,220	142,742
Share options exercised (note (a))	12,290,000	123	20,463
As at 31 December 2018 and 30 June 2019	434,290,000	4,343	163,205

Note:

- (a) On 2 January 2018, the grantees exercise an aggregate of 12,290,000 share options into 12,290,000 shares of the Company of HK\$0.01 each for a total consideration of HK\$15,609,000. The consideration received in excess of the par value of these allotted shares of approximately HK\$15,486,000 was credited to the share premium account.

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16. 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	(8,849,275)	(88)	(9,014)
Repurchase of ordinary shares	(676,000)	(7)	(2,648)
As at 31 December 2018 and 1 January 2019	(9,525,275)	(95)	(11,662)
As at 30 June 2019	(9,525,275)	(95)	(11,662)

17. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

	Note	For the six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loan to Earthasia Worldwide Holdings Limited ("EA Trading")	(i)	31,700	29,275
Repayment of Loan from EA Trading	(i)	28,410	29,275
Interest income from EA Trading		1,124	674

- (i) The Group granted a revolving loan in aggregate of HK\$31,700,000 (six months ended 30 June 2018: HK\$29,275,000) during the period to EA Trading, a joint venture of the Group, to support its business operation with a one-year term which is unsecured and bears interest at 12% per annum (six months ended 30 June 2018: 12%). The revolving loan at all times with a balance did not exceed HK\$50,000,000.

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18. EVENTS AFTER THE REPORTING PERIOD

(a) Completion of major transaction in relation to the acquisition of entire issued share capital of Think High Global Limited

On 7 August 2019, Upworth Capital Limited (“Upworth”), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as the purchaser completed the acquisition of 100% issued share capital of Think High Global Limited which entered into a cooperation arrangement with a PRC business partner on the graphene project, details of which was further disclosed in the Company's circular dated 20 December 2018.

At completion, the consideration of HK\$692,000,000 payable by the Company would be settled in the following manner:

- (i) cash in the amount of HK\$210,000,000;
- (ii) the Company issued 48,000,000 consideration shares at the issue price of HK\$2.79 per consideration share to the vendors on 7 August 2019; and
- (iii) the Company issued a promissory note with principal amount of HK\$348,080,000 to the vendors on 7 August 2019. The promissory note is unsecured, bears coupon interest at 2% per annum, repayable on 6 August 2023.

(b) Update on profit guarantee and supplemental agreement in relation to the acquisition of 51% issued share capital of Thai Gallery (HK) Limited

On 23 August 2019, the Group and the vendors entered into a supplemental agreement (the “Supplemental Agreement”) to amend and add certain terms of the profit guarantee that stipulated in the New Acquisition Agreement, in relation to the acquisition of 51% issued share capital of Thai Gallery (HK) Limited that was completed on 30 September 2017. Details are set out in the Company's announcement dated 23 August 2019.

19. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the board of directors on 29 August 2019.

Management Discussion and Analysis

BUSINESS REVIEW

The Group's business model and revenue and cost structure has no significant change during the reporting period. For the six months ended 30 June 2019, the landscape architecture segment and catering segment respectively contributed approximately 82.8% and 17.2% of the total revenue of the Group.

Landscape Architecture Business

The Group maintained its market position as one of the leading landscape architecture service providers 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 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 2019, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 51.0% (six months ended 30 June 2018: 48.8%) of the total revenue among the landscape architecture business. Commercial and mixed-use development projects represented the second largest segment in terms of revenue, which accounted for approximately 20.6% (six months ended 30 June 2018: 18.1%) of the total revenue among the landscape architecture business.

For the six months ended 30 June 2019, the Group entered into 66 new contracts with a total contract sum of approximately HK\$79.3 million for projects located in the PRC and 20 new contracts with a total contract sum of approximately HK\$19.8 million for projects located in Hong Kong and others. Geographically, approximately 80.0% of the new contract sum represented projects located in the PRC and approximately 20.0% represented projects located in Hong Kong in terms of contract sum.

The number of new contracts and contract sum entered by the Group compared with last reporting period are set out as follows:

Six months ended 30 June	No. of new contracts	Contract sum (HK\$'million)
2019	86	99.1
2018	134	137.1

The new contract decreased to approximately HK\$99.1 million for the six months ended 30 June 2019, representing a decrease of approximately 27.7%, as compared with that of approximately HK\$137.1 million for the last reporting period.

Management Discussion and Analysis

Catering Business

The Group's catering business is mainly represented by Thai Gallery (HK) Limited and its subsidiaries (the "Thai Gallery Group") and Suzhou Industrial Park Wenlvge Hotel Management Company Limited (the "Wenlvge").

Thai Gallery Group mainly managed and operated restaurants serving Thai cuisine in the PRC and Italy under the reputable brand "Thai Gallery (泰廊)". The first Thai Gallery restaurant has been launched in Jing'an Park of Shanghai, the PRC and operated for nearly 20 years. Today, the Thai Gallery restaurant in Shanghai has become an attraction spot to both local residents and foreign visitors. It was awarded the Best Southeast Asian Restaurant (Reader's Pick) in 2016 organised by the website Shanghai WOW! It has also been receiving very high popularity and praises in certain food and online restaurant guides such as Dazhong Dianping.

Wenlvge mainly operates restaurants serving Japanese ramen, Japanese curry and other Japanese-style dishes under the brand "Ikaruga (斑鳩拉麵)" in the PRC.

The Group's catering revenue decreased to approximately HK\$15.8 million for the six months ended 30 June 2019, representing a decrease of approximately 8.7%, as compared with that of approximately HK\$17.3 million for the same period in 2018. The overall net decrease reflected the downsize of operations of Wenlvge while it was partly offset by the increase in revenue of the two new Thai Gallery restaurants launched in Chengdu since the second half of 2018 respectively.

FINANCIAL REVIEW

Revenue

Revenue decreased to approximately HK\$92.0 million for the six months ended 30 June 2019, representing a decrease of approximately 7.4%, as compared with that of approximately HK\$99.3 million for the same period in 2018. The decrease was mainly attributable to (i) the decrease in new landscape design contracts awarded to the Group in the contract sum of approximately HK\$99.1 million compared with that of approximately HK\$137.1 million in the last reporting period, representing a drop of approximately 27.7%; (ii) the decrease in revenue from the catering segment mainly due to the downsize of operations of Wenlvge.

Cost of sales

Cost of sales decreased to approximately HK\$38.5 million for the six months ended 30 June 2019, representing a decrease of approximately 4.2%, as compared with that of approximately HK\$40.2 million for the same period in 2018. Cost of sales mainly represented project staff cost in respect of landscape architecture business and cost of inventories in respect of catering business. The decrease was generally in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased to approximately HK\$53.5 million for the six months ended 30 June 2019, representing a decrease of approximately 9.6%, as compared with that of approximately HK\$59.2 million for the same period in 2018.

Gross profit margin decreased by approximately 1.3 percentage points to approximately 58.2% for the six months ended 30 June 2019, as compared with that of approximately 59.5% for the same period in 2018.

Management Discussion and Analysis

Selling, marketing and administrative expenses

Selling, marketing and administrative expenses increased to approximately HK\$73.2 million for the period ended 30 June 2019, representing an increase of approximately 14.4%, as compared with that of approximately HK\$64.0 million for the same period in 2018. The increase was mainly due to (i) the overall increase in headcount of both landscape design and catering staff including those from two new Thai Gallery restaurants; and (ii) the general increase in salary, rental and other expenses within the Group.

Other expenses

The other expenses mainly represented the impairment of trade receivables and other assets. The increase was mainly due to the written down of assets of Wenlvge due to its further downsize of operations.

Net loss

As a result of the foregoing, the loss attributable to owners of the Company was approximately HK\$27.3 million for the six months ended 30 June 2019, as compared with that of a profit attributable to owners of the Company of approximately HK\$2.1 million for the same period in 2018.

Liquidity, financial resources and gearing

The Group's objectives for capital management are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure and reduce the cost of capital, while maximising the return to shareholders through improving the debt and equity balance.

	As at 30 June 2019 HK\$'000	As at 31 December 2018 HK\$'000
Current assets	194,157	194,614
Current liabilities	209,895	163,570
Current ratio	0.9x	1.2x

The current ratio of the Group at 30 June 2019 was approximately 0.9 times as compared to that of approximately 1.2 times at 31 December 2018.

At 30 June 2019, the Group had total cash and bank balances of approximately HK\$73.2 million (31 December 2018: HK\$86.0 million).

At 30 June 2019, 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%) was approximately 198.3% (31 December 2018: 107%).

The capital structure of the Company mainly comprises issued ordinary shares and debt securities. As of 30 June 2019, the Company had 434,290,000 ordinary shares in issue and issued corporate bond of HK\$136,500,000 in face value. Of the issued bond, HK\$5,000,000 of which carried a coupon rate of 9% per annum and HK\$131,500,000 of which carried a coupon rate of 6% per annum. Both of them had a duration of two years from the date issued.

Management Discussion and Analysis

The tables below summarise the debt securities of the Group as at 30 June 2019. All the bonds were denominated in HKD.

	Not exceeding 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest-bearing other borrowings	105,000	31,500	–	–	136,500

As at the date of this interim report, the Group had in total issued corporate bonds of HK\$5 million and HK\$194 million with interest rates of 9% per annum and 6% per annum respectively. Both of them had a duration of two years from the date issued.

On 7 August 2019, the Company completed the acquisition of Think High Global Limited and issued 48,000,000 consideration shares at the issue price of HK\$2.79 per consideration share and issued a promissory note with principal amount of HK\$348,080,000 to the vendors as part of the consideration.

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2019.

Pledge of assets

The Group had no significant pledge of assets as at 30 June 2019.

Capital commitment

The Group had no significant capital commitment as of 30 June 2019.

Foreign exchange exposure

The Group mainly operates and invests in Hong Kong, the PRC and Italy but most of the transactions are denominated and settled in HKD and RMB with some Euro. 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. Save for meeting working capital needs, the Group only holds minimum foreign currency.

Human resources and employees' remuneration

As at 30 June 2019, the Group had around 585 employees (31 December 2018: 596 employees), including about 114 employed by managed operations (31 December 2018: 109). 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.

Management Discussion and Analysis

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 2019, there was no share options granted (six months ended 30 June 2018: 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.

ADVANCES TO AN ENTITY

As disclosed in the announcements of the Company dated 20 September 2016, 24 January 2017, 8 December 2017 and 25 June 2019, the Company as the lender has been providing a revolving loan facility to Earthasia Worldwide Holdings Limited as the borrower since 2015. The borrower through its subsidiaries are principally engaged in the trading of Japanese goods which includes foods, cosmetics, groceries, daily necessities etc. between Japan, Hong Kong and the PRC. The borrower is owned as to 30% by the Company and accounted for as an investment in joint venture. Set out below are the principal terms of each of the agreements:

	Loan Agreement	Renewal Agreement (Supersede the Loan Agreement)	Second Renewal Agreement (Supersede the Renewal Agreement)	Third Renewal Agreement (Supersede the Second Renewal Agreement)
Date of agreement:	24 November 2015	24 January 2017	8 December 2017	25 June 2019
Borrower:	Earthasia Worldwide Holdings Limited			
Revolving facility amount:	Up to HK\$14,000,000	Up to HK\$14,000,000	Up to HK\$50,000,000	Up to HK\$50,000,000
Interest rate per annum:	30%	15%	12%	12%
Availability period:	24 November 2015 to 23 January 2017	24 January 2017 to 23 July 2018	8 December 2017 to 30 June 2019	25 June 2019 to 31 December 2021
Repayment term:	One year			
Repayment:	Borrower shall repay the interests with the principal amount at loan maturity			
Early repayment:	The Borrower may prepay all or any part of a drawdown prior to the maturity date without penalty. Any prepayment of a drawdown will refresh the available amount of the revolving loan facility for drawing. Any early repayment shall first settle all interests accrued.			
Collateral:	Nil			
Other terms and conditions:	The lender shall have absolute discretion as to whether to make available any sum for any drawdown under the loan agreement.			

Management Discussion and Analysis

The advance was made on the basis of the Company's credit assessments on the borrower's financial strength, repayment history and the tenure of the advance. The Company considered that the risks and return involved in the advance to the borrower are justifiable. For further details, please refer to the Announcements. As of 30 June 2019, there was a loan balance of approximately HK\$3.3 million due from the borrower to the Company.

In relation to the provision of financial assistance by the Company to the borrower, a combined statement of financial position of the Borrower as at 30 June 2019 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

2019	HK\$'000
Cash and cash equivalents	11,501
Other current assets	60,804
Current assets	72,305
Non-current assets	295
Current liabilities	84,389
Net assets/(deficiency in assets)	(12,495)
Reconciliation to the Group's interests in the joint venture:	
Proportion of the Group's ownership	30.0%
Carrying amount of the investment	–
Revenue	112,474
Interest expense	4,000
Profit/(loss) for the year	(203)
Profit/(loss) and total comprehensive loss for the year	(203)

PROSPECTS

It is expected that 2019 will be challenging. The economic outlook is subject to increasing downside risks in 2019. The US-China trade tensions and recent protests in Hong Kong has adversely affect the market confidence of our clients in Hong Kong and the PRC. The Group's business will also be adversely impacted by a weaker RMB. We believe the negative impact on the Group's business could become more apparent.

As to landscape architecture segment, the Group will closely monitor the cost structure and leverage the Category A of Specific Landscape Engineering Design Qualification in landscape architecture in an effort to capture more sizable landscape projects, in particular the large-scale municipal and government sectors projects. As to catering segment, the Group will slow down the pace of launching of new restaurants. The Group will downsize and even cease operations of restaurants that were in loss position whilst consolidate the success experience of Thai Gallery restaurant in Shanghai.

On 7 August 2019, the Company completed the acquisition of Think High Global Limited at a consideration of HK\$692,000,000 which is engaged in the graphene business. Graphene is known as the thinnest materials in the world but 200 times stronger than steel. Graphene is also a superb electrical and thermal conductor. The Directors believe that it represents a prime investment opportunity that may generate additional revenue stream and income to the Group in future.

Management Discussion and Analysis

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 2019, (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, to US\$5.2 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 30 June 2019, (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 equity instruments at fair value through other comprehensive income, 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 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.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Investments

The Group held certain investments in joint ventures and associates during the financial year. For detailed performance of these investments, please refer to notes 11 and 12 to the consolidated financial statements in this interim report. The abovementioned investments were in start-up stage which may require further capital injection and more time to nurture their business development. Nevertheless, our Directors considered that the investments represented good investment opportunities that may generate additional return to the shareholders of our Company in future.

Acquisitions

In January 2018, the Group entered into an agreement to acquire 100% issued share capital of Think High Global Limited at a consideration of HK\$692,000,000, through which our Group will have an opportunity to invest in the graphene business. Pursuant to the acquisition agreement, the vendors agreed to guarantee to the Company that the audited consolidated profit after tax (according to Hong Kong Financial Reporting Standards) of the target group for each of the three years ending 31 December 2021 shall not be less than HK\$35,000,000. The acquisition was completed on 7 August 2019. Further details are set out in the Company's announcements dated 31 January 2018, 24 October 2018, and 7 August 2019; and circular dated 20 December 2018.

Save for those disclosed in this interim report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the period under review. Apart from those disclosed in this interim report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this interim report.

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 2019, 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				Other interest	Share Option Scheme	Total	Approximate % of shareholding
		Personal interest	Family interest	Corporate interest					
Chan Yick Yan Andross	Beneficial owner, interest of controlled corporation	4,204,000	–	94,006,887 ¹	–	–	98,210,887	22.61%	
Lau Hing Tat Patrick	Beneficial owner, interest of spouse, interest of controlled corporation	5,008,000	1,980,000	46,003,444 ²	–	–	52,991,444	12.20%	
Tian Ming	Beneficial owner	3,930,000	–	–	–	–	3,930,000	0.90%	
Ma Lida	Beneficial owner	1,160,000	–	–	–	–	1,160,000	0.27%	

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 Limited	Personal	99 (ordinary shares)	9.90%

Saved as disclosed above, as at 30 June 2019, 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.

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

As at 30 June 2019, 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

Name of shareholder	Capacity/nature of interest	Number of Shares	Approximate % of shareholding
CYY Holdings Limited ¹	Beneficial owner	94,006,887	21.65%
PBLA Limited ²	Beneficial owner	75,223,669	17.32%
Pubang Landscape Architecture (HK) Company Limited ²	Interest in a controlled corporation	75,223,669	17.32%
Pubang Landscape Architecture Company Limited ²	Interest in a controlled corporation	75,223,669	17.32%
Gao Xin	Beneficial owner	47,996,000	11.05%
LSBJ Holdings Limited ³	Beneficial owner	46,003,444	10.59%

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. Accordingly, each of Pubang Landscape Architecture (HK) Company Limited and Pubang Landscape Architecture Company Limited 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.

Other Information

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Save as Mr. Ma Lida, our non-executive Director nominated by Pubang Landscape Architecture Co., Ltd., whom is required to declare his 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 2019.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors are set out below:

Directors	Details of Changes
Tam Ip Fong Sin	Ceased to be a solicitor of S.W. Wong of Associates in April 2019

SHARE OPTION SCHEME

The Company has adopted one share option scheme (the "Share Option Scheme") on 3 June 2014 which became effective on 25 June 2014. During the six months ended 30 June 2019, there were no share option granted. As at 30 June 2019, the Company had nil share options outstanding 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 2019. The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Other Information

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 2019 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

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, 29 August 2019