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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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "**Board**") of directors (the "**Directors**") of Earthasia International Holdings Limited (the "**Company**") is pleased to announce the unaudited interim consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding period in 2014 which have been reviewed by the independent auditor and audit committee of the Company as follows:

FINANCIAL HIGHLIGHTS

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**120,118**	110,390
Cost of sales		**(61,229)**	(48,497)
GROSS PROFIT		**58,889**	61,893
Other income and gains	*4*	**7,899**	6,310
Selling and marketing expenses		**(5,421)**	(3,620)
Administrative expenses		**(40,458)**	(30,221)
Other expenses		**(2,671)**	(15,787)
Finance costs		**(145)**	(26)
PROFIT BEFORE TAX	*5*	**18,093**	18,549
Income tax expense	*6*	**(5,102)**	(11,118)
PROFIT FOR THE PERIOD		**12,991**	7,431
Attributable to:			
Owners of the Company		**13,677**	7,049
Non-controlling interests		**(686)**	382
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic			
– For profit for the period		**HK3.5 cents**	HK2.3 cents
Diluted			
– For profit for the period		**HK3.5 cents**	HK2.3 cents

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

1. CORPORATE AND GROUP INFORMATION

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 Group is landscape architecture in Hong Kong and Mainland China. There were no significant changes in the nature of the Group's principal activity during the period.

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

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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

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

2.2. Revised standards adopted by the Group

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

Although these revised standards apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. Each revised standard or amendment is stated below:

Amendments to *IAS 19 Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle
IFRS 8 *Operating Segments*
IAS 16 *Property, Plant and Equipment and* IAS 38 *Intangible Assets*
IAS 24 *Related Party Disclosures*
Annual Improvements 2011-2013 Cycle
IFRS 3 *Business Combinations*
IFRS 13 *Fair Value Measurement*
IAS 40 *Investment Property*

3. OPERATING SEGMENT INFORMATION

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

(a) Residential development projects involve residential club houses, podiums, gardens or recreational area;

(b) Infrastructure and public open space projects involve municipal or local government works in relation to infrastructure areas, public parks and public green areas of property developers;

(c) Commercial and mixed-use development projects involve shopping arcades, office buildings or mixed-use commercial and residential premises, and

(d) Tourism and hotel projects mainly involve landscape architecture of theme parks, resorts and hotels.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment gross profit.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the service prices used for sales made to third parties at the then prevailing market prices.

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

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

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

Six months ended 30 June 2015 (Unaudited)

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

Six months ended 30 June 2014 (Unaudited)

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue	46,959	29,058	23,610	10,763	110,390
Segment results	25,589	19,352	11,029	5,161	61,131
Reconciliations:					
Unallocated income					6,310
Unallocated expenses					(48,866)
Finance costs					(26)
Profit before tax					18,549

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

30 June 2015 (Unaudited)

	Residential development projects *HK$'000*	**Infrastructure and public open space projects** *HK$'000*	**Commercial and mixed-use development projects** *HK$'000*	**Tourism and hotel projects** *HK$'000*	**Total** *HK$'000*
Segment assets	**63,216**	**31,934**	**25,894**	**11,406**	**132,450**
Reconciliations:					
Unallocated assets					**151,205**
Total assets					**283,655**
Segment liabilities	**13,998**	**6,787**	**7,609**	**1,232**	**29,626**
Reconciliations:					
Unallocated liabilities					**71,633**
Total liabilities					**101,259**

31 December 2014 (Audited)

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Segment assets	53,607	29,520	22,028	13,885	119,040
Reconciliations:					
Unallocated assets					150,753
Total assets					269,793
Segment liabilities	19,864	4,493	7,213	1,756	33,326
Reconciliations:					
Unallocated liabilities					48,699
Total liabilities					82,025

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

Six months ended 30 June 2015 (Unaudited)

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

Six months ended 30 June 2014 (Unaudited)

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

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of service contracts and the value of services rendered during the period.

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

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Service contracts	**120,118**	110,390
Other income		
Service income	**3,707**	5,824
Interest income	**518**	293
Government grants	**3,026**	99
	7,251	6,216
Gains		
Foreign exchange gains	**648**	94
	7,899	6,310

5. PROFIT BEFORE TAX

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

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

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

6. INCOME TAX

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

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

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

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

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

7. DIVIDEND

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

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

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

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

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

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

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

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

9. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

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

10. TRADE AND BILLS RECEIVABLES

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

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

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

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

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

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

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

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

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

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

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

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.

11. TRADE PAYABLES

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

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Within 1 year	**1,024**	2,309
Over 1 year but within 2 years	**124**	459
Over 2 years but within 3 years	**25**	–
Over 3 years	**47**	94
	1,220	2,862

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

12. INTEREST-BEARING BANK BORROWING

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

Notes:

(a) The Group's banking facility amounting to HK$30,000,000 (2014: Nil), of which HK$30,000,000 (2014: Nil) had been utilised as at 30 June 2015.

(b) The Group's bank loan is secured by the pledge of certain of the Group's time deposit amounting to HK$30,000,000 (2014: Nil).

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

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

13. SHARE CAPITAL

Shares	No. of shares of HK$0.01 each	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Authorised		
Ordinary shares of HK$0.01 each	**780,000,000**	780,000,000

Issued and fully paid	**30 June 2015**		31 December 2014	
	No. of shares of HK$0.01 each	***HK$'000***	No. of shares of HK$0.01 each	*HK$'000*
Ordinary shares	**400,000,000**	**4,000**	400,000,000	4,000

14. EVENTS AFTER THE REPORTING PERIOD

(a) On 10 July 2015, the Company placed an aggregate of 20,000,000 ordinary shares of HK$0.01 each to independent institutional, professional or private investors, at a placing price of HK$1.05 per share, pursuant to a placing agreement the Company entered into on 30 June 2015. The net proceeds arising from the placing were approximately HK$20 million, before placing expenses.

(b) On 20 July 2015, the Company entered into a placing agreement with a placing agent to place not less than six third-parties to subscribe for up to 54,000,000 warrant shares at the issue price of HK$0.2 per warrant. The subscription price of the warrant shares was HK$2.30 per share. The subscription rights attaching to the warrants will be exercisable within one year from the date of the issue of the warrants.

(c) On 22 July 2015, the Company granted an aggregate of 648,249 ordinary shares of HK$0.01 each of the Company to 5 employees pursuant to the share award scheme of the Company set up on 21 August 2014. The vesting date of the awarded shares was 22 July 2015.

(d) On 24 July 2015, the Company granted a total of 21,500,000 share options of the Company to certain eligible employees of the Company pursuant to the share option scheme adopted by the Company on 3 June 2014. Each share option entitled the participants to subscribe for one share at an exercise price of HK$2.5 per share. The validity period of the share option was from 24 July 2015 to 23 January 2017.

(e) On 29 July 2015, Earthasia Buildscape Limited, a wholly-owned subsidiary of the Company, entered into a supplemental agreement with Mr. Zhang Genlang, who has 89% equity interest in 寧波市花園園林建設有限公司 ("寧波花園"), a company established in the PRC, to amend certain terms and provisions of the equity transfer agreement dated 13 April 2015 relating to the acquisition of the 49% equity interest in 寧波花園. Earthasia Buildscape Limited and Mr. Zhang Genlang agreed to extend the long stop date from 30 July 2015 to 30 October 2015, and change the compensation threshold from RMB11.25 million to RMB7.5 million. Pursuant to the equity transfer agreement, a condition exists when the audited net profit of 寧波花園 in respect of the financial year ending 31 December 2015 is lower than RMB 15 million but is equal to or higher than the compensation threshold, such shortfall between the threshold and audited net profit of 寧波花園 shall be compensated by Mr. Zhang Genlang subject to certain conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

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

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

Financial Review

Revenue

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

Cost of services

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

Gross profit and gross profit margin

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

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

Administrative and other expenses

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

Net profit

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

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

Liquidity and financial resources

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

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

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

At 30 June 2015, the Group's gearing ratio (represented by total interest-bearing bank borrowing at the end of the period divided by total equity at the end of the respective period multiplied by 100%) amounted to approximately 16.4% (31 December 2014: 0%).

Contingent liabilities

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

Pledge of assets

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

Foreign exchange exposure

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As at 30 June 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human resources and employees' remuneration

As at 30 June 2015, the Group employed around 487 employees (31 December 2014: 510 employees). Employees are remunerated according to nature of the job, market trend, and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

The Group offers competitive remuneration and benefit package to employees. Employee benefits include mandatory provident fund, employee pension schemes in the PRC, contributions to social security system, medical coverage, insurance, training and development programs.

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

On 21 August 2014, the Company has also adopted a share award scheme (the "Share Award Scheme"). The principal objectives of the Share Award Scheme are (i) to recognise the contributions by employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Details of the Share Award Scheme were set out in the announcements of the Company dated 21 August 2014 and 5 January 2015. On 16 January 2015, the Group granted an aggregate 3,353,000 shares of the Company to 330 employees at nil consideration, subject to the acceptance and fulfillment of vesting condition by the grantees.

Outlook

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

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

Use of Proceeds

The actual net proceeds raised from the initial public offering were approximately HK$88.8 million, after deduction of all actual underwriting commission, fees and expenses relating to the listing of the Company's shares. The Directors applied the net proceeds to finance the Group's capital expenditure in accordance with those stated in the prospectus of the Company. Up to 30 June 2015, (i) approximately HK$35.1 million was used to increase the registered capital of Earthasia (Shanghai) Co. Ltd. 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, which have been applied in the manner consistent with those stated in the prospectus of the Company. The unused net proceeds have been placed as interest-bearing deposits with banks in Hong Kong.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2015 have been reviewed by the audit committee of the Company that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The unaudited interim consolidated financial information has been reviewed by external auditor.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.ea-dg.com. The interim report for the six months ended 30 June 2015 will be available on the above websites in due course.

By Order of the Board
Earthasia International Holdings Limited
Lau Hing Tat Patrick
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the executive Directors are Mr. Lau Hing Tat Patrick, Mr. Chan Yick Yan Andross and Mr. Tian Ming; the non-executive Directors are Mr. Michael John Erickson, Mr. Ma Lida and Ms. Huang Yaping; and the independent non-executive Directors are Ms. Tam Ip Fong Sin, Mr. Wong Wang Tai and Mr. Wang Yuncai.