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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

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

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

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

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

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

- Final dividend of HK5.5 cents per share is proposed for the year ended 31 December 2015, representing an increase of approximately 7.8% as compared with that of HK5.1 cents for the year ended 31 December 2014.

The board (the "**Board**") of directors (the "**Directors**") of Earthasia International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 together with comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
REVENUE	*4, 5*	**237,703**	241,365
Cost of services provided	*6*	**(110,636)**	(113,108)
GROSS PROFIT		**127,067**	128,257
Other income and gains		**8,564**	9,918
Selling and marketing expenses		**(7,299)**	(8,424)
Administrative expenses		**(82,156)**	(85,482)
Finance costs	*7*	**(457)**	(25)
Other expenses		**(10,863)**	(3,167)
Share of losses of joint ventures		**(1,011)**	–
PROFIT BEFORE TAX	*6*	**33,845**	41,077
Income tax expense	*8*	**(11,491)**	(11,478)
PROFIT FOR THE YEAR		**22,354**	29,599
Attributable to:			
Owners of the parent		**23,527**	28,020
Non-controlling interests		**(1,173)**	1,579
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic			
– For profit for the year		HK**6.1**cents	HK8.1 cents
Diluted			
– For profit for the year		HK**6.1**cents	HK8.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Goodwill		**3,111**	3,111
Property and equipment		**5,625**	5,827
Intangible assets		**5,555**	4,034
Prepayments and deposits		**888**	2,272
Investments in joint ventures		**4,277**	–
Available-for-sale investment		**2,864**	–
Deferred tax assets		**5,289**	4,281
Total non-current assets		**27,609**	19,525
CURRENT ASSETS			
Amounts due from customers for contract works	*12*	**64,624**	65,211
Trade and bills receivables	*11*	**56,758**	53,829
Prepayments, deposits and other receivables		**23,014**	6,517
Available-for-sale investment		**23,864**	–
Tax recoverable		**3,235**	3,184
Pledged deposit	*14*	**30,000**	–
Cash and bank balances		**94,805**	121,527
Total current assets		**296,300**	250,268
CURRENT LIABILITIES			
Trade payables	*13*	**3,624**	2,862
Other payables and accruals		**30,358**	17,132
Interest-bearing bank and other borrowings	*14*	**30,644**	–
Amounts due to customers for contract works	*12*	**17,356**	30,873
Tax payable		**30,029**	28,961
Dividend payable		**108**	–
Total current liabilities		**112,119**	79,828
NET CURRENT ASSETS		**184,181**	170,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**211,790**	189,965

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Finance lease payable	*14*	**299**	–
Deferred tax liabilities		**4,592**	2,197
Retirement benefit obligation		**405**	–
Total non-current liabilities		**5,296**	2,197
NET ASSETS		**206,494**	187,768
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	*15*	**4,200**	4,000
Treasury shares		**(140)**	(157)
Other reserves		**201,895**	182,146
		205,955	185,989
Non-controlling interests		**539**	1,779
Total equity		**206,494**	187,768

1. CORPORATE AND GROUP INFORMATION

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

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

2 BASIS OF PREPARATION

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements. Due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Year ended 31 December 2015

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Segment revenue:					
Revenue	**116,174**	**53,703**	**45,677**	**22,149**	**237,703**
Segment results	**68,014**	**20,809**	**25,574**	**8,500**	**122,897**
Reconciliation					
Unallocated income and gains					**8,564**
Unallocated expense					**(96,148)**
Share of losses of:					
Joint ventures					**(1,011)**
Finance costs					**(457)**
Profit before tax					**33,845**
Segment assets:	**62,140**	**25,939**	**26,222**	**7,081**	**121,382**
Reconciliation					
Unallocated assets					**202,527**
Total assets					**323,909**
Segment liabilities	**7,434**	**2,865**	**6,416**	**1,535**	**18,250**
Reconciliation					
Unallocated liabilities					**99,165**
Total liabilities					**117,415**
Other segment information					
Impairment of trade and bills receivables	**598**	**1,922**	**187**	**1,463**	**4,170**
Unallocated:					
Depreciation and amortisation					**4,669**
Investments in joint ventures					**4,277**
Capital expenditures*					
Unallocated					**7,071**

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

Year ended 31 December 2014

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

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

Geographical information

(a) ***Revenue from external customers***

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

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

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

(b) ***Non-current assets***

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

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

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

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

6. PROFIT BEFORE TAX

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

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. INCOME TAX

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

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

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

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

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

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

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

2015

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

2014

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

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

9. DIVIDENDS

	2015 ***HK$'000***	2014 *HK$'000*
Interim	**–**	35,000
Proposed final – HK5.5 cents (2014: HK5.1 cents) per ordinary share	**22,445**	19,760
	22,445	54,760

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

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

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

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2014.

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

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

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

11. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables	**73,084**	66,884
Impairment	**(16,326)**	(13,055)
	56,758	53,829

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

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

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

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

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

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

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

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**31,273**	29,083
Less than 30 days past due	**2,324**	5,170
30 to 120 days past due	**5,687**	9,051
121 to 300 days past due	**3,172**	1,365
Over 300 days past due	**2,056**	1,599
	44,512	46,268

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

12. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

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

Included in the amounts due from customers for contract works is an amount of HK$9,092,000 (2014: HK$7,618,000) with 廣州普邦園林股份有限公司 ("**Pubang**"), a shareholder of the Company for the services rendered by the Group, of which an amount of HK$2,917,000 (2014:Nil) had been impaired due to termination of the contract.

13. TRADE PAYABLES

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

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

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

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

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

Notes:

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

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

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

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

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

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

15. SHARE CAPITAL

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

16. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 14 to the financial statements.

17. OPERATING LEASE ARRANGEMENTS

As lessee

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

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

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

18. COMMITMENTS

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

	2015	2014
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Purchase of an available-for-sale investment	**8,594**	–
	8,594	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business model and revenue and cost structure has remained unchanged during the reporting period and up to the date of issue of this announcement.

The Group maintained its market position as one of the leading landscape architecture service provider predominantly in the PRC and Hong Kong. It offered a wide range of landscape architecture services to clients including governments, public bodies, private property developers, state-owned property developers, town planning companies, architecture companies and engineering companies in the PRC and Hong Kong. The Group continued to undertake the four major types of landscape architecture projects which can be categorised into (i) residential development projects; (ii) infrastructure and public open space projects; (iii) commercial and mixed-use development projects; and (iv) tourism and hotel projects.

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

Cost of services

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

Gross profit and gross profit margin

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

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

Administrative expenses

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

Other expenses

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

Net profit

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

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

Liquidity and Financial Resources

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

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

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

At 31 December 2015, the Group's gearing ratio was approximately 14.8% (represented by total interest-bearing bank and other borrowings at the end of the period divided by total equity at the end of the respective period multiplied by 100%) (31 December 2014: nil).

Contingent Liabilities

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

Capital Structure

There has been no significant change in the capital structure of the Company for the reporting period. The capital structure of the Company comprises only ordinary shares and bank borrowing. For details of share capital and bank borrowing, please refer to note 15 and 14 respectively to the consolidated statement of financial position.

Foreign Exchange Exposure

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

Human Resources and Employees' Remuneration

As at 31 December 2015, the Group employed around 428 employees (31 December 2014: 510 employees). Employees are remunerated according to nature of the job, market trend, and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

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

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014. During the year ended 31 December 2015, there was no share option granted under the Share Option Scheme.

On 21 August 2014, the Company has also adopted a share award scheme (the "**Share Award Scheme**"). The principal objectives of the Share Award Scheme are (i) to recognise the contributions by employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Details of the Share Award Scheme were set out in the announcements of the Company dated 21 August 2014, 5 January 2015 and 7 September 2015. During the year ended 31 December 2015, the Group granted 3,353,000 Shares to 330 awardees and 648,249 Shares to 5 awardees at nil consideration on 16 January 2015 and 22 July 2015 respectively, subject to the acceptance and fulfillment of vesting condition (if any) by the grantees.

EVENTS AFTER THE REPORTING PERIOD

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

PROSPECTS

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

It is likely that 2016 will still be challenging to the Group as the PRC continued to experience lower rates of growth whilst the Hong Kong economy also began to show signs of weakness. In response to the challenging market environment, the Group will continue to leverage its brand, client relationship and industry experience to secure new landscape architecture projects. Besides, the Directors will pay close attention to the cost structure and resources utilization of the Group. As part of a risk management policy, the Group will closely monitor the payment terms of our projects as well as the credit worthiness of our clients.

In April 2015, a wholly-owned subsidiary of the Company entered into the equity transfer agreement with the vendor in relation to the acquisition of the sale interest, which represents 49% of the equity interest of the target company, at an aggregate cash consideration of RMB44.1 million (equivalent to approximately HK$55.1 million). The target company is a company established under the laws of the PRC and is principally engaged in landscape design and construction services in Jiangsu Province, the PRC. In October 2015, as certain conditions precedent to the acquisition had not been satisfied or waived and the long stop date had not been further extended, the equity transfer agreement lapsed on 30 October 2015. There was no material adverse impact on the existing business, operation and financial position of the Group.

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

Eco-tourism Business

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

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

Trading Business

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

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

MATERIAL ACQUISITION AND DISPOSAL

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

USE OF PROCEEDS

On 25 June 2014, the actual net proceeds raised from the initial public offering were approximately HK$88.8 million, after deduction of all actual underwriting commission, fees and expenses relating to the listing of the Company's shares. The Directors applied the net proceeds to finance the Group's capital expenditure in accordance with those stated in the prospectus of the Company. Up to 31 December 2015, (i) approximately HK$35.1 million was used to increase the registered capital of Earthasia (Shanghai) Co. Ltd., a principal operating subsidiary of the Company, from US$0.5 million to US$5 million in preparation for further establishment of new regional offices and branch offices to expand the business coverage in the PRC, (ii) approximately HK$6.3 million was used for the acquisition of equity interest in a PRC landscape company, and (iii) approximately HK$8.9 million was used for general working capital purpose.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company acknowledges the important role of its Board in providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. In the opinion of the Directors the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the reporting period ended 31 December 2015. The Company reviews its corporate governance practices regularly to ensure compliance with the GC Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2015.

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

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

REVIEW OF ANNUAL RESULTS

The Group's audited annual results for the year ended 31 December 2015 have been reviewed by the audit committee of the Company, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

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

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

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

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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report for the will be available on the above websites in due course.

ACKNOWLEDGEMENT

The chairman of the Board would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders of the Company for their support to the Group.

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

Hong Kong, 30 March 2016

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.