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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)**

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**UNAUDITED CONSOLIDATED RESULTS 2019**

For the reasons explained below under “Review of Unaudited Annual Results”, the audit process for the final results of Earthasia International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019 has not been completed. The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces the unaudited consolidated results of the Group for the year ended 31 December 2019 together with the comparative figures as follows:

**Financial Highlights**

**Results**

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Revenue	<b>313,941</b>	197,311	+59.1%
Landscape architecture	<b>154,114</b>	156,827	-1.7%
Graphene	<b>123,474</b>	—	+123,474
Catering	<b>36,353</b>	40,484	-10.2%
Adjusted EBITDA	<b>113,019</b>	89,164	+26.8%
Landscape architecture	<b>84,620</b>	83,773	+1.0%
Graphene	<b>18,981</b>	—	+18,981
Catering	<b>9,418</b>	5,391	+74.7%
Loss before tax	<b>(64,802)</b>	(49,087)	-15,715
Loss attributable to owners of the parent	<b>(57,082)</b>	(36,039)	-21,043
	<b>HK cents</b>	<b>HK cents</b>	
Basic loss per share attributable to ordinary equity holders of the parent	<b>(12.9)</b>	(8.5)	-4.4

**Results**

	<b>At 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Total assets	<b>1,151,531</b>	314,167	+266.5%
Net assets	<b>221,147</b>	100,417	+120.2%
Shareholder's equity	<b>220,691</b>	91,639	+140.8%
Cash and bank balances	<b>53,882</b>	85,987	-37.3%
Debt	<b>517,041</b>	107,462	+381.1%

**Consolidated Statement of Profit or Loss**  
*Year ended 31 December 2019*

	Notes	<b>2019</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
<b>REVENUE</b>	5	<b>313,941</b>	197,311
Cost of sales	6	<u><b>(167,582)</b></u>	<u>(83,159)</u>
<b>GROSS PROFIT</b>		<b>146,359</b>	114,152
Other income and gains	5	<b>12,023</b>	16,289
Selling and marketing expenses		<b>(27,433)</b>	(33,272)
Administrative expenses		<b>(142,250)</b>	(100,850)
Impairment losses on financial and contract assets, net	6	<b>(6,617)</b>	(14,104)
Other expenses		<b>(18,393)</b>	(20,587)
Finance costs	7	<b>(27,419)</b>	(9,028)
Share of losses of:			
Joint ventures		—	(3)
Associates		<u><b>(1,072)</b></u>	<u>(1,684)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(64,802)</b>	(49,087)
Income tax (expense)/credit	8	<u><b>(602)</b></u>	<u>2,104</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(65,404)</b></u>	<u>(46,983)</u>
Attributable to:			
Owners of the parent		<b>(57,082)</b>	(36,039)
Non-controlling interests		<u><b>(8,322)</b></u>	<u>(10,944)</u>
		<u><b>(65,404)</b></u>	<u>(46,983)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic			
– For loss for the year		<u><b>HK(12.9 cents)</b></u>	<u>HK(8.5 cents)</u>
Diluted			
– For loss for the year		<u><b>HK(12.9 cents)</b></u>	<u>HK(8.5 cents)</u>

**Consolidated Statement of Comprehensive Income**  
*Year ended 31 December 2019*

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> <i>(Audited)</i>
<b>LOSS FOR THE YEAR</b>	<b>(65,404)</b>	(46,983)
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(3,473)	(2,412)
	(3,473)	(2,412)
<b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b>(3,473)</b>	(2,412)
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive loss:		
Changes in fair value	(2,015)	(1,272)
Income tax effect	46	190
	(1,969)	(1,082)
<b>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>	<b>(1,969)</b>	(1,082)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(5,442)</b>	(3,494)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(70,846)</b>	(50,477)
Attributable to:		
Owners of the parent	(62,742)	(39,463)
Non-controlling interests	(8,104)	(11,014)
	<b>(70,846)</b>	(50,477)

## Consolidated Statement of Financial Position

31 December 2019

	Note	2019 <b>HK\$'000</b> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property and equipment		<b>92,450</b>	16,938
Goodwill		<b>105,051</b>	5,419
Other intangible assets		<b>665,734</b>	36,018
Investments in joint ventures		—	199
Investments in associates		<b>1,212</b>	2,297
Equity investments designated at fair value through other comprehensive income		<b>870</b>	2,885
Prepayments and deposits		<b>3,471</b>	55,480
Deferred tax assets		<b>185</b>	317
Total non-current assets		<b>868,973</b>	119,553
<b>CURRENT ASSETS</b>			
Inventories		<b>24,423</b>	1,331
Trade and bills receivables	11	<b>108,110</b>	50,164
Prepayments, other receivables and other assets		<b>47,283</b>	16,292
Financial assets at fair value through profit or loss		<b>1,194</b>	4,122
Contract assets		<b>47,391</b>	36,592
Tax recoverable		<b>275</b>	126
Cash and bank balances		<b>53,882</b>	85,987
Total current assets		<b>282,558</b>	194,614

	Notes	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	12	22,246	10,883
Other payables and accruals		90,672	59,908
Lease liabilities		13,718	—
Interest-bearing other borrowings		94,919	66,968
Tax payable		31,439	25,807
Dividends payable		4	4
		<hr/>	<hr/>
Total current liabilities		252,998	163,570
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		29,560	31,044
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		898,533	150,597
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Promissory note		281,307	—
Interest-bearing other borrowings		140,815	40,494
Lease liabilities		65,063	—
Consideration payable		86,500	—
Deferred tax liabilities		103,701	9,686
		<hr/>	<hr/>
Total non-current liabilities		677,386	50,180
		<hr/>	<hr/>
<b>NET ASSETS</b>		221,147	100,417
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		4,823	4,343
Treasury shares		(99)	(95)
Other reserves		215,967	87,391
		<hr/>	<hr/>
		220,691	91,639
<b>Non-controlling interests</b>		456	8,778
		<hr/>	<hr/>
<b>Total equity</b>		221,147	100,417
		<hr/> <hr/>	<hr/> <hr/>

## 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 11/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

The principal activity of the Group is landscape architecture mainly in Hong Kong and Mainland China, catering business in Mainland China and Italy, and graphene business in Mainland China.

## 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 the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. 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.

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's 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 announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **IFRS 16, Leases**

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases-Incentives* and SIC 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.

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

	<b>Carrying amount at 31 December 2018 <i>HK\$'000</i></b>	<b>Capitalisation of operating lease contracts <i>HK\$'000</i></b>	<b>Carrying amount at 1 January 2019 <i>HK\$'000</i></b>
<b>Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:</b>			
Plant and equipment	16,938	27,942	44,880
<b>Total non-current assets</b>	<b>119,553</b>	<b>27,942</b>	<b>147,495</b>
Lease liabilities (current)	—	10,365	10,365
<b>Current liabilities</b>	<b>163,570</b>	<b>10,365</b>	<b>173,935</b>
<b>Net current assets</b>	<b>31,044</b>	<b>(10,365)</b>	<b>20,679</b>
<b>Total assets less current liabilities</b>	<b>150,597</b>	<b>17,577</b>	<b>168,174</b>
Lease liabilities (non-current)	—	17,577	17,577
<b>Total non-current liabilities</b>	<b>50,180</b>	<b>17,577</b>	<b>67,757</b>
<b>Net assets</b>	<b>100,417</b>	<b>—</b>	<b>100,417</b>



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

	<b>1 January 2019 HK\$'000</b>
Operating lease commitments as at 31 December 2018	<b>40,131</b>
Less: commitments relating to lease exempt from capitalisation – short term leases and other leases with remaining lease term ending on or before 31 December 2019	<u><b>(10,334)</b></u>
	<b>29,797</b>
Less: total future interest expenses	<u><b>(1,855)</b></u>
Present value of remaining lease payments, discounted using the incremental borrowing rate of 4.53% at 1 January 2019 and total lease liabilities recognised at 1 January 2019	<u><u><b>27,942</b></u></u>

There is no impact on the opening balance of the Group's equity as at 1 January 2019 on the initial application of IFRS 16.

#### **4. OPERATING SEGMENT INFORMATION**

During the year, the Group commenced the business engaging in manufacture and sale of graphene products along with the acquisition of Think High Global Limited, and it is considered as a new operating and reportable segment by the management.

For management purposes, the Group is organised into business units based on their services and has six 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;
- (e) The catering business focuses on the operation of restaurants; and
- (f) Manufacture and sale of graphene products.

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.

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

Year ended 31 December 2019 (Unaudited)

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 5)</b>							
Revenue	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>
<b>Segment results</b>	<b>42,713</b>	<b>15,461</b>	<b>16,499</b>	<b>5,161</b>	<b>(4,283)</b>	<b>(19,758)</b>	<b>55,793</b>
<i>Reconciliation</i>							
Unallocated income and gains							6,415
Unallocated expenses							(102,560)
Finance costs							(24,450)
Loss before tax							<u>(64,802)</u>
<b>Adjusted EBITDA (note (i))</b>	<u><b>44,931</b></u>	<u><b>17,214</b></u>	<u><b>17,631</b></u>	<u><b>4,844</b></u>	<u><b>18,981</b></u>	<u><b>9,418</b></u>	<u><b>113,019</b></u>
<b>Segment assets</b>	<b>45,412</b>	<b>18,981</b>	<b>21,131</b>	<b>7,499</b>	<b>904,806</b>	<b>58,854</b>	<b>1,056,683</b>
<i>Reconciliation</i>							
Elimination of intersegment receivables							(62,346)
Unallocated assets							<u>157,194</u>
Total assets							<u><u>1,151,531</u></u>
<b>Segment liabilities</b>	<b>28,248</b>	<b>3,807</b>	<b>5,834</b>	<b>2,000</b>	<b>189,975</b>	<b>26,588</b>	<b>256,452</b>
<i>Reconciliation</i>							
Elimination of intersegment payables							(62,346)
Unallocated liabilities							<u>736,278</u>
Total liabilities							<u><u>930,384</u></u>

Note:

- (i) Adjusted EBITDA is defined as earnings before interest expense, taxation, depreciation and amortisation, and excludes fair value change on financial assets at fair value through profit or loss, impairment loss/(reversal of impairment loss) on trade receivables, contract assets, intangible assets and property and equipment.

Year ended 31 December 2019 (Unaudited)

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information</b>							
Share of losses of:							
Associate							
Unallocated							(1,072)
Impairment loss recognised							
in the statement of profit							
or loss	2,413	1,883	1,269	—	—	17,384	22,949
Reversal of impairment losses	(195)	(130)	(137)	(317)	—	—	(779)
<i>Reconciliation</i>							
Unallocated							—
Total							<u>22,170</u>
Depreciation and amortisation	—	—	—	—	21,033	8,128	29,161
<i>Reconciliation</i>							
Unallocated							13,815
Total							<u>42,976</u>
Finance cost							
Allocated	—	—	—	—	2,231	738	2,969
Fair value losses, net	—	—	—	—	—	2,926	2,926
Investments in an associate							
Unallocated							1,212
Capital expenditures*	—	—	—	—	4,193	13,093	17,286
<i>Reconciliation</i>							
Unallocated							24,464
Total							<u>41,750</u>

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

Year ended 31 December 2018 (Audited)

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 5)</b>							
Revenue	<u>80,097</u>	<u>33,695</u>	<u>28,651</u>	<u>14,384</u>	<u>—</u>	<u>40,484</u>	<u>197,311</u>
<b>Segment results</b>	42,956	14,665	13,511	8,137	—	(28,960)	50,309
<i>Reconciliation</i>							
Unallocated income and gains							13,721
Unallocated expenses							(104,277)
Finance costs							<u>(8,840)</u>
Loss before tax							<u>(49,087)</u>
<b>Adjusted EBITDA</b>	<u>44,848</u>	<u>14,953</u>	<u>15,327</u>	<u>8,645</u>	<u>—</u>	<u>5,391</u>	<u>89,164</u>
<b>Segment assets</b>	39,301	18,310	17,117	6,321	—	70,377	151,426
<i>Reconciliation</i>							
Elimination of intersegment receivables							(57,266)
Unallocated assets							<u>220,007</u>
Total assets							<u>314,167</u>
<b>Segment liabilities</b>	18,355	5,696	5,365	2,520	—	80,347	112,283
<i>Reconciliation</i>							
Elimination of intersegment payables							(57,266)
Unallocated liabilities							<u>158,733</u>
Total liabilities							<u>213,750</u>

Year ended 31 December 2018 (Audited)

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information</b>							
Share of losses of:							
Joint ventures	—	—	—	—	—	(3)	(3)
Share of losses of:							
Associate							
Unallocated							(1,684)
Impairment losses recognised in the statement of profit or loss	1,892	590	1,949	508	—	26,075	31,014
Impairment losses reversed in the statement of profit or loss	—	(302)	(133)	—	—	—	(435)
<i>Reconciliation</i>							
Unallocated							347
Total							<u>30,926</u>
Depreciation and amortisation	—	—	—	—	—	6,056	6,056
<i>Reconciliation</i>							
Unallocated							3,909
Total							<u>9,965</u>
Finance cost							
Allocated	—	—	—	—	—	188	188
Fair value losses, net	—	—	—	—	—	2,032	2,032
Investments in a joint venture	—	—	—	—	—	199	199
Investments in an associate							
Unallocated							2,297
Capital expenditures*	—	—	—	—	—	14,473	14,473
<i>Reconciliation</i>							
Unallocated							4,297
Total							<u>18,770</u>

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

## Geographical information

### (a) Revenue from external customers

	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
Hong Kong	20,112	20,602
Mainland China	278,928	163,130
Others	14,901	13,579
	<u>313,941</u>	<u>197,311</u>

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

During the years ended 31 December 2019 and 2018, other than Mainland China and Hong Kong, the Group derived revenue from Italy and Macau.

### (b) Non-current assets

	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
Hong Kong	9,282	52,608
Mainland China	745,777	52,088
Italy	8,678	9,121
	<u>763,737</u>	<u>113,817</u>

The non-current asset information above is based on the locations of the assets and excludes goodwill and deferred tax assets.

## Information about major customers

Revenue of approximately HK\$28,303,000 (2018: HK\$10,216,000) was derived from sales to a single customer.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
<i>Revenue for contracts with customers</i>		
Landscape design services	154,114	156,827
Sales of graphene products	123,474	—
Catering revenue	25,087	31,270
Catering management service	11,266	9,214
	<u>313,941</u>	<u>197,311</u>

### Revenue for contracts with customers

#### (i) Disaggregated revenue information

For the year ended 31 December 2019 (Unaudited)

Segments	Residential	Infrastructure	Commercial	Tourism	Graphene	Catering	Total
	development	and public	and	and hotel			
	projects	open space	mixed-use	projects			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Type of goods or services</i>							
Landscape design services	77,013	30,731	35,457	10,913	—	—	154,114
Sales of graphene products	—	—	—	—	123,474	—	123,474
Catering revenue	—	—	—	—	—	25,087	25,087
Catering management services	—	—	—	—	—	11,266	11,266
Total Revenue	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>
<i>Geographical markets</i>							
Hong Kong	6,489	9,082	4,381	160	—	—	20,112
Mainland China	70,524	21,649	31,076	8,743	123,474	23,462	278,928
Others	—	—	—	2,010	—	12,891	14,901
Total Revenue	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>
<i>Timing of revenue recognition</i>							
Goods transferred at a point in time	—	—	—	—	123,474	25,087	148,561
Services transferred over time	77,013	30,731	35,457	10,913	—	11,266	165,380
Total Revenue	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>



Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

**For the year ended 31 December 2019 (Unaudited)**

Segments	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>							
External customers	77,013	30,731	35,457	10,913	123,474	36,353	313,941
Intersegment sales	—	—	—	—	—	—	—
	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>
Intersegment adjustments and eliminations	—	—	—	—	—	—	—
Total revenue from contracts with customers	<u>77,013</u>	<u>30,731</u>	<u>35,457</u>	<u>10,913</u>	<u>123,474</u>	<u>36,353</u>	<u>313,941</u>

**For the year ended 31 December 2018 (Audited)**

Segments	Residential	Infrastructure	Commercial	Tourism	Graphene	Catering	Total
	development	and public	and	and hotel			
	projects	open space	mixed-use	projects			
	HK\$'000	HK\$'000	development	projects	HK\$'000	HK\$'000	HK\$'000
		projects	projects	HK\$'000			
<b>Type of goods or services</b>							
Landscape design services	80,097	33,695	28,651	14,384	—	—	156,827
Catering revenue	—	—	—	—	—	31,270	31,270
Catering management services	—	—	—	—	—	9,214	9,214
<b>Total Revenue</b>	<b>80,097</b>	<b>33,695</b>	<b>28,651</b>	<b>14,384</b>	<b>—</b>	<b>40,484</b>	<b>197,311</b>
<b>Geographical markets</b>							
Hong Kong	6,309	11,635	1,522	1,136	—	—	20,602
Mainland China	73,788	22,060	27,129	13,154	—	26,999	163,130
Others	—	—	—	94	—	13,485	13,579
<b>Total Revenue</b>	<b>80,097</b>	<b>33,695</b>	<b>28,651</b>	<b>14,384</b>	<b>—</b>	<b>40,484</b>	<b>197,311</b>
<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	—	—	—	—	—	31,270	31,270
Services transferred over time	80,097	33,695	28,651	14,384	—	9,214	166,041
<b>Total Revenue</b>	<b>80,097</b>	<b>33,695</b>	<b>28,651</b>	<b>14,384</b>	<b>—</b>	<b>40,484</b>	<b>197,311</b>

**For the year ended 31 December 2018 (Audited)**

Segments	Residential development projects <i>HK\$'000</i>	Infrastructure and public open space projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotel projects <i>HK\$'000</i>	Graphene <i>HK\$'000</i>	Catering <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>							
External customers	80,097	33,695	28,651	14,384	—	40,484	197,311
Intersegment sales	—	—	—	—	—	—	—
	<u>80,097</u>	<u>33,695</u>	<u>28,651</u>	<u>14,384</u>	<u>—</u>	<u>40,484</u>	<u>197,311</u>
Intersegment adjustments and eliminations	—	—	—	—	—	—	—
Total revenue from contracts with customers	<u>80,097</u>	<u>33,695</u>	<u>28,651</u>	<u>14,384</u>	<u>—</u>	<u>40,484</u>	<u>197,311</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Landscape design service	<u>10,269</u>	<u>16,460</u>

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Landscape design services*

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

*Sale of graphene related products*

The performance obligation is satisfied upon delivery of the graphene products and payment is generally due within two months to four months from delivery, except for new customers, where payment in advance is normally required.

*Catering services*

The performance obligation is satisfied upon delivery of catering products and payment at the same time.

*Management services*

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year, or are billed based on the time incurred.

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<b>(Audited)</b>
<u>Other income</u>		
Service income	<b>5,226</b>	4,635
Dividend income from equity investments at fair value through other comprehensive income	<b>420</b>	440
Interest income	<b>3,356</b>	3,280
Government grants	<b>1,567</b>	2,666
	<b>10,569</b>	11,021
<u>Gains</u>		
Payables written back	<b>1,075</b>	593
Gain on disposal of a subsidiary	—	96
Gain on disposal of an associate	—	3,777
Others	<b>379</b>	802
	<b>1,454</b>	5,268
	<b>12,023</b>	16,289

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

## 6. LOSS BEFORE TAX

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

	Note	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Audited)
Cost of inventories sold		98,087	10,105
Cost of services provided		69,495	73,054
Cost of sales		<u>167,582</u>	<u>83,159</u>
Depreciation		20,341	4,142
– owned assets		5,449	4,142
– right-of-use assets		14,892	—
Amortisation of intangible assets		22,635	5,823
Research and development costs:			
Current year expenditure		16,809	6,740
Written off of goodwill*		2,307	1,760
Impairment of property and equipment*		3,522	5,618
Impairment of other intangible asset*		9,272	8,774
Share of losses of associate		1,072	—
Fair value losses, net:*			
Financial assets at fair value through profit or loss		2,926	2,032
Minimum lease payments under operating leases		—	21,187
Lease payments for lease less than 12 months		6,977	—
Auditor's remuneration		4,905	4,632
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		103,090	98,746
Pension scheme contributions (defined contribution scheme)		18,371	11,882
Welfare and other benefits		2,372	4,757
		<u>123,833</u>	<u>115,385</u>
Foreign exchange differences, net		366	1,819
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	11	3,622	2,125
Impairment of contract assets, net		1,164	2,379
Impairment of financial assets included in prepayments, other receivables and other assets		1,831	9,600
		<u>6,617</u>	<u>14,104</u>
Loss on disposal of items of property and equipment		61	—
Write-down of inventories to net realisable value**		391	670

\* The impairment of other intangible assets, property and equipment, the written off of goodwill, and fair value losses, net are included in “Other expenses” in the consolidated statement of profit or loss.

\*\* The write-down of inventories to net realisable value is included in “cost of sales” in the consolidated statement of profit or loss.

## 7. FINANCE COSTS

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on interest-bearing other borrowings	14,348	9,028
Interest on promissory note	9,655	—
Interest on lease liabilities	3,416	—
	<u>27,419</u>	<u>9,028</u>

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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 continued to be granted with the qualification of High and New Technology Enterprises (“HNTE”) 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 (2018: 15%).

前海泛亞景觀設計 (深圳) 有限公司 was provided at the rate of 15% (2018: 15%) on the estimated assessable profits as its main principal activities, of engaging in interior design and landscape, are recognised as encouraged industries in Qianhai district, Shenzhen in Mainland China.

黑龍江省牡丹江農墾炭奧石墨烯深加工有限公司 was granted with the qualification of HNTE on 3 December 2019 and is entitled to a preferential corporate tax rate of 15% for a period of three years commencing from the year ended 31 December 2019.

Other subsidiaries located in Mainland China were subject to corporate income tax at the statutory rate of 25% for the year (2018: 25%) under the income tax rules and regulations in the 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”).

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <b>HK\$'000</b> <b>(Audited)</b>
Current – Hong Kong	—	(1,260)
Current – Mainland China	<b>5,268</b>	2,464
Current – Italy	<b>194</b>	274
	<b>5,462</b>	1,478
Deferred	<b>(4,860)</b>	(3,582)
Total tax charge/(credit) for the year	<b>602</b>	(2,104)

## 9. DIVIDEND

	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 <b>HK\$'000</b> <b>(Audited)</b>
Proposed final – Nil (2018: Nil) per ordinary share	—	—

The Board does not recommend the payment of any final dividend in respect for the year ended 31 December 2019.



## 10. LOSS 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 443,803,793 (2018: 425,223,678) 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.

The calculation of the diluted loss per share amount is based on the loss 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 loss 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 year ended 31 December 2019 and 2018 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share presented.

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

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
Loss		
Loss attributable to ordinary equity holders of the parent	<b><u>(57,082)</u></b>	<u>(36,039)</u>

	<b>Number of shares</b>	
	<b>2019</b> <i>(Unaudited)</i>	2018 <i>(Audited)</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculations	<b><u>443,803,793</u></b>	<u>425,223,678</u>
Effect of dilution – weighted average number of ordinary shares:		
Shares awarded	—	—
	<b><u>443,803,793</u></b>	<u>425,223,678</u>

## 11. TRADE AND BILLS RECEIVABLES

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
Trade and bills receivables	<b>143,796</b>	82,902
Impairment	<b><u>(35,686)</u></b>	<u>(32,738)</u>
	<b><u>108,110</u></b>	<u>50,164</u>

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.

Included in the Group's trade and bills receivables were amounts billed of HK\$100,097,000 (2018: HK\$47,948,000) and billable of HK\$43,699,000 (2018: HK\$34,954,000).

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

	<b>2019</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
Within 6 months	<b>79,938</b>	34,037
Over 6 months but within 1 year	<b>21,320</b>	6,542
Over 1 year but within 2 years	<b>5,893</b>	6,439
Over 2 years but within 3 years	<b>959</b>	3,146
	<b>108,110</b>	50,164

Included in the Group's trade and bill receivables are an amount due from Pubang of HK\$132,000 (2018: HK\$628,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

## 12. TRADE PAYABLES

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

	<b>2019</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 year	<b>18,941</b>	8,345
Over 1 year but within 2 years	<b>2,925</b>	1,343
Over 2 years but within 3 years	<b>295</b>	648
Over 3 years	<b>85</b>	547
	<b>22,246</b>	10,883

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

Included in the Group's trade payables are an amount due to Pubang of HK\$nil (2018: HK\$1,027,000) and an amount due to an associate of HK\$252,000 (2018: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of landscape architectural services in Hong Kong and the PRC, catering business in Italy and the PRC. In August 2019, the Group completed the acquisition of 100% issued share capital of Think High Global Limited and commenced the manufacturing and sales of graphene and related products. Geographically, the Group's revenue was derived from the Mainland China, Hong Kong, Italy and others.

#### **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.

In 2019, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 50.0% (2018: 51.1%) 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 23.0% (2018: 18.3%) of the total revenue among the landscape architecture business.

For the year ended 31 December 2019, the Group entered into 144 new contracts with a total contract sum of approximately HK\$165.7 million for projects located in the PRC and 30 new contracts with a total contract sum of approximately HK\$30.1 million for projects located in Hong Kong and others. Geographically, approximately 84.6% of the new contract sum represented projects located in the PRC and approximately 15.4% represented projects located in Hong Kong and others in terms of contract sum.

The number of new contracts and contract sum entered by the Group during 2017 to 2019 are set out as follows:

<b>Year ended 31 December</b>	<b>No. of new contracts</b>	<b>Contract sum (HK\$'million)</b>
2019	174	195.8
2018	257	263.5
2017	160	190.2

In 2019, the Group recorded a drop of new contracts from the landscape architecture segment. The new contract decreased to approximately HK\$195.8 million for the year ended 31 December 2019, representing a decrease of approximately 25.7%, as compared with that of approximately HK\$263.5 million for the year ended 31 December 2018.

### **Catering Business**

The Group's catering business is mainly represented by Thai Gallery (HK) Limited and its subsidiaries (the "Thai Gallery Group") in 2019. 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 has been awarded the Best Southeast Asian Restaurant (Reader's Pick) organised by the website Shanghai WOW! It has also received very high popularity and praises in certain food and online restaurant guides such as Dazhong Dianping.

The Group's catering revenue decreased to approximately HK\$36.4 million for the year ended 31 December 2019, representing a decrease of approximately 10.2%, as compared with that of approximately HK\$40.5 million for the year ended 31 December 2018. The decrease in revenue from the catering segment mainly due to the cease of operations of Suzhou Industrial Park Wenlvge Hotel Management Company Limited (the "Wenlvge") which operates restaurants serving Japanese ramen, Japanese curry and other Japanese-style dishes in the PRC during the year. In addition, the Group also ceased operations of one Thai Gallery restaurant in UPARK, Chengdu and Le Colonial restaurant, which served Vietnamese cuisine in the PRC, during the year due to the worsening operating and market environment.

## **Graphene Business**

The Group completed the acquisition of 100% issued share capital of Think High Global Limited (“Think High”) on 7 August 2019. Think High’s principal businesses include the development, production and sales of graphene products. Think High operated research and development and sales of graphene and carbon-related products in Jixi City, Heilongjiang Province through its wholly-owned subsidiaries, Shanghai Tanao New Material Technology Company Limited\* and Heilongjiang Mudanjiang Agriculture Tanao Graphene Deep Processing Company Limited\*. From 7 August 2019 to 31 December 2019, the graphene segment contributed revenue of approximately HK\$123.5 million, representing approximately 39.3% of the Group’s total revenue, with an adjusted EBITDA of approximately HK\$19.0 million.

Graphene is a thin layer of pure carbon atoms and is the thinnest and hardest nanomaterial known at present. Its features include ultra-thin, ultra-light, ultra-flexible, ultra-high strength, ultra-conductive, excellent thermal conductivity and light transmission. With excellent light transmission, high thermal conductivity, high electron mobility, low resistivity, high mechanical strength, it has broad and huge application potential in electronics, optics, magnetism, biomedicine, catalysis, energy storage and sensors and many other fields. It is a super material that will pilot future high-tech competition. It is called “Black Gold” and “King of New Materials”. As a new type of nanomaterial, graphene has huge application potential and revolutionary changes in many fields such as electronic information, new materials, new energy, biomedicine, environmental protection due to its excellent properties. Various countries and international enterprises have dedicated more resources on research and development, production and application of graphene, aiming to grasp the leading edge of the industry.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue increased to approximately HK\$313.9 million for the year ended 31 December 2019, representing an increase of approximately 59.1%, as compared with that of approximately HK\$197.3 million for the year ended 31 December 2018. The increase was mainly attributable to the acquisition of Think High Global Limited in August 2019 which contributed approximately HK\$123.5 million of revenue to the Group.

The revenue of the landscape architecture segment slightly decreased by approximately 1.7% to approximately HK\$154.1 million in 2019, compared with that of approximately HK\$156.8 million in 2018. The revenue of the catering segment also decreased to approximately HK\$36.4 million from approximately HK\$40.5 million, representing a drop of approximately 10.2%.

### **Cost of sales**

Cost of sales increased to approximately HK\$167.6 million for the year ended 31 December 2019, representing an increase of approximately 101.5%, as compared with that of approximately HK\$83.2 million for the year ended 31 December 2018. Cost of sales mainly represented staff cost in respect of the landscape architecture business and cost of inventories in respect of the catering and graphene business. The increase was generally in line with the increase in revenue derived from the manufacturing and sales of graphene and related products.

### **Gross profit and gross profit margin**

As a result, gross profit increased to approximately HK\$146.4 million for the year ended 31 December 2019, representing an increase of approximately 28.2%, as compared with that of approximately HK\$114.2 million for the year ended 31 December 2018.

Gross profit margin decreased by approximately 11.3 percentage points to approximately 46.6% for the year ended 31 December 2019, as compared with that of approximately 57.9% for the year ended 31 December 2018. The overall decrease in gross profit margin was due to the addition of graphene segment, which had a gross profit margin relatively lower than that of the Group's landscape architecture segment and catering segment.

## **Selling, marketing, administrative, impairment and other expenses**

The overall increase in the expenses level in 2019 was due to the addition of the graphene segment which was acquired in August 2019. The amortisation expenses increased to approximately HK\$22.6 million compared with that of approximately HK\$5.8 million in 2018 due to the increase of intangible assets such as trademarks, patents and customer relationships. The research and development costs also accounted for approximately HK\$16.8 million compared with that of approximately HK\$6.7 million in 2018 due to development on application of graphene and related products.

During the year ended 31 December 2019, we have further written down our investment in Wenlvge which had ceased its operation in the first half of 2019. In addition, the Group incurred impairment loss of goodwill, property and equipment, and intangible assets attributable to Thai Gallery's investment because one of the Thai Gallery restaurant in Chengdu had ceased its operations during the year.

## **Net loss**

As a result of the foregoing, the loss attributable to owners of the parent was approximately HK\$57.1 million for the year ended 31 December 2019, as compared with loss attributable to owners of the parent of approximately HK\$36.0 million for the year ended 31 December 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.

	<b>As at 31 December 2019 HK\$'000</b>	As at 31 December 2018 HK\$'000
Current assets	<b>282,558</b>	194,614
Current liabilities	<b>252,998</b>	163,570
Current ratio	<b>1.1x</b>	1.2x

The current ratio of the Group at 31 December 2019 was approximately 1.1 times as compared to that of approximately 1.2 times at 31 December 2018. The decrease was mainly due to a drop of cash and bank balances whilst the 2-year term corporate bonds became mature and rise in lease liabilities, and other payables and accruals.

At 31 December 2019, the Group had a total cash and bank balances of approximately HK\$53.9 million (31 December 2018: HK\$86.0 million). The cash and bank balances were mainly held in HKD and RMB.

At 31 December 2019, the Group's gearing ratio was approximately 233.8% (represented by total interest-bearing other borrowings and promissory note at the end of the period divided by total equity at the end of the respective period multiplied by 100%) (31 December 2018: 107.0%).

The capital structure of the Company mainly comprised issued ordinary shares and debt securities. As of 31 December 2019, the Company had outstanding issued bonds of approximately HK\$195.9 million, issued promissory notes of approximately HK\$281.3 million and 482,290,000 shares ordinary shares in issue.

## **Contingent liabilities**

The Group had no significant contingent liabilities as at 31 December 2019.

## **Pledge of assets**

The Group had no significant pledge of assets as at 31 December 2019.

## **Capital commitment**

The Group had no significant capital commitment as of 31 December 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, receivable management, etc. Save for meeting working capital needs, the Group only holds minimum foreign currency.

## **Human resources and employees' remuneration**

As at 31 December 2019, the Group had around 607 employees (31 December 2018: 596 employees, including managed operations). 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 2019, there was no share option granted (2018: nil share options) under the Share Option Scheme.

On 21 August 2014, the Company has also adopted one 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.

## **UPDATE ON PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF SUZHOU INDUSTRIAL PARK WENLVGE HOTEL MANAGEMENT COMPANY LIMITED**

On 1 December 2017, the Group completed the acquisition of 51% equity interest in Wenlvge from independent third party vendors at a consideration of RMB10,200,000. Pursuant to the acquisition agreement, the aforesaid vendors jointly and severally agree to guarantee to the Group that the audited net profit after tax of Wenlvge for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not be less than RMB2,570,000 (the “Profit Guarantee 2”). Further details are set out in the Company’s announcements dated 29 March 2017, 1 December 2017, 4 December 2017, 3 April 2019 and 2018 annual report.

According to the auditor’s report of Wenlvge dated 28 February 2019, the audited net loss of Wenlvge for the year ended 31 December 2018 was approximately RMB4.1 million and therefore failed to meet the profit guarantee of RMB2,570,000 to the Group. Since April 2019, Wenlvge has ceased its operations. The vendors shall make compensation of approximately RMB26.3 million to the Group in accordance with the following formula:

$$\text{Compensation} = \left[ \text{RMB2,570,000} - \frac{\text{Actual amount of annual net profit after tax for the relevant financial year}}{\text{RMB2,570,000}} \right] \times \frac{\text{RMB20,000,000}}{\text{RMB2,570,000}} \times 51\%$$

Pursuant to the agreement, the vendors were obliged to make the compensation to the Group within 10 working days after the issuance of auditor’s report. However, the Group has not received any compensation from the vendors despite repeated requests. Having sought the legal advice, the Group has filed a claim of approximately RMB26.3 million towards the vendors for the compensation at the Shanghai International Arbitration Center in May 2019. The arbitration hearing was conducted in September 2019. As of the date of this announcement, the Company has not received the final results from the arbitrator.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development as and when appropriate.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, we did not identify any important events affecting the Group that have occurred since 31 December 2019.

## **PROSPECTS**

It is expected that 2020 will be full of challenges and uncertainties. The recent outbreak of the coronavirus disease to various countries and regions, coupled with the development of China-US trade tensions and a sharp fall in international oil prices, have posed uncertainties on the global economy and business outlook of the Group.

As to landscape architecture segment in Hong Kong and the PRC, the various external and domestic factors that affected the Hong Kong economy last year continue to affect the economic performance during 2020. However, we believe the impact on the Group in this segment is relatively mild given a relatively stable contract backlogs of our design projects which are of continuing and ongoing basis. Our people can work from home during the disruption period. It is expected that the PRC Government may further increase expenditure on public infrastructure to combat the coronavirus which may have positive impact on our design segment.

As to catering segment, the Group has followed the PRC Government policy to temporarily suspend operations of certain restaurants in Chengdu and Shanghai, the PRC for a couple of weeks since the Chinese new year. In March, one of the Group's Thai Gallery restaurant in Milan, Italy was also suspended due to the widespread of the coronavirus disease across Italy. We believe the prospect of our catering segment is full of uncertainties. There may be a weakening demand due to decline of inbound visitors in the next couple of months through tightened border control measures by different governments.

As to graphene segment, the Group completed the acquisition of 100% issued share capital of Think High Global Limited in August 2019 and commenced the graphene business. Despite a suspension of operations of the graphene production factory in Jixi, Heilongjiang province, the PRC in the first quarter, we believe the graphene segment will be the key contributor to the growth of the Group in the future. Meanwhile, many countries around the world have invested

in research, development and production of graphene, and have released or funded a series of graphene related research plans and projects. Several renowned multinational companies have adopted graphene and its application technology as a long-term strategic development direction. Institutions and enterprises specializing in graphene research and development, production and application have also emerged.

The Company currently has 16 patented technologies in this field, and are applying other 5 patents. The main products include nano-sized spherical graphite and high-purity graphite. The main scope of its application includes automotive power batteries and lithium-ion batteries, battery conductive agents, refractory materials for the steel industry, and heat sink materials for precision electronics.

In 2020, the Group will continue to increase its investment in graphene technology and mid-to-upstream products, and plans to launch new products for the production of graphene film heat sink, carbon nanotubes and new battery electrode materials for electric vehicles. Those are expected to enhance the revenue and profit of the Group. Our goal is to be a leading company in the graphene industry. The Group strives to reinforce the graphene industry chain in the future by actively seeking investment opportunities in downstream projects to generate synergies in order to strengthen the Group's position in the graphene industry.

2020 will be full of uncertainties as well as opportunities. The Directors believe the joint efforts of our management and staff can broaden the revenue streams of the Group and will have overall improvements in 2020. The Directors will continue to explore new business and investment opportunities that may generate additional income to the Group.

## **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 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 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. 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 2019.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **CLOSURE OF REGISTER OF MEMBERS FOR AGM**

The register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020, 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 Monday, 15 June 2020. 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (“**Branch Share Registrar**”) not later than 4:30 p.m. on Tuesday, 9 June 2020.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend in respect for the year ended 31 December 2019.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to travel restrictions and quarantine policies to combat the COVID-19 coronavirus outbreak in the PRC, where certain major subsidiaries of the Group are located. The unaudited annual results for the year ended 31 December 2019 presented herein have not been agreed with Crowe (HK) CPA Limited, the Company’s auditor. An announcement relating to the audited results will be made when the auditing process is completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results for the year ended 31 December 2019 contained herein have been reviewed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT**

The Company will make further announcement in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The annual results which have been agreed with the auditor is expected to be announced by mid-April 2020.

## **PUBLICATION OF ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.ea-dg.com](http://www.ea-dg.com). The annual report 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.

**The financial information contained herein in respect of the annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 30 March 2020

*As at the date of this announcement, the executive Directors are Mr. Lau Hing Tat Patrick, Mr. Chan Yick Yan Andross, Mr. Tian Ming, Mr. Yang Liu and Mr. Qiu Bin; the non-executive Director is Mr. Ma Lida; and the independent non-executive Directors are Ms. Tam Ip Fong Sin, Mr. Wong Wang Tai and Mr. Wang Yuncai.*

\* *for identification purpose*