

**EARTHASIA INTERNATIONAL HOLDINGS LTD:
NOT THE GREATEST INVENTION SINCE
THE BREAD-SLICING MACHINE**

Earthasia International Holdings Ltd () (Code 6128, Main Board, The Stock Exchange of Hongkong Ltd) is a smallish company that appears to be destined to remain as a smallish company.

On June 12, 2014, this Company, one of the latest batch of corporate entities, seeking a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), published and disseminated its Global Offering Prospectus in the hope of selling 100 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from \$HK1.00 to \$HK1.20.

Tomorrow (June 24), the Company will announce the extent of the take-up of its Shares by the investing public and the select Placees and, since this is a very small Initial Public Offering (IPO), it is highly unlikely that the 100 million Shares were not be fully subscribed – and, perhaps, then some.

Of the total number of Shares on Offer, HKSAR Investors were Offered 10 million Shares and International Investors were Offered 90 million Shares by way of Placements.

On the assumption that the Offer Price Per Share is struck at \$HK1.10 – the midpoint of the Indicative Offer Price Per Share – Management estimates that it will net about \$HK88.80 million.

This modest amount of money, relative to the sums of money, raised by most other IPOs in the HKSAR, over the past few months, shall be utilised for the following purposes, Pages 244 and 245 of the Global Offering Prospectus states:

- Approximately \$HK35.50 million, representing about 40 percent of the net proceeds, *‘will be used for financing our planned capital expenditure in relation to expansion of our scope of services. We have yet to identify specific targets and means in order to facilitate the expansion of our service scope ...’*;
- Approximately \$HK26.60 million, representing about 30 percent of the net proceeds, *‘will be used for financing our planned capital expenditure in relation to the establishment of new regional offices in the PRC. We intend to establish two regional offices in Shenzhen and Beijing. Considering the economic development in these regions and our client relationship, our Directors consider it appropriate to further establish two more regional offices to strength our market presence and client relationship. Our Directors consider the possibility to facilitate such establishment through acquisition of offices subject to the general market conditions in particular to the property market. In addition, the costs to be spent on these regional offices shall be depending on the means of acquisition and the property market condition. As at the Latest Practicable Date (June 4, 2014), we have yet to identify particular acquisition targets’*;
- Approximately \$HK8.90 million, representing about 10 percent of the net proceeds, *‘will be used for financing the establishment of branch offices in relation to expansion of our business coverage into other regions of the PRC. It would cover renovation, staff, rental, information infrastructure, and other costs for the establishment of five new branch offices in Qingdao, Chongqing, Nanchang, Nanning and Hainan. We have yet to identity the properties to be leased and we intend to spend approximately HK\$1.8 million on each branch office’*;
- Approximately \$HK8.90 million, representing about 10 percent of the net proceeds, *‘will be used for*

strengthening our sales and advertising efforts through different channels including mass media, exhibitions, campaign and sponsorship of training programme in the landscape architecture service industry’; and,

- Approximately \$HK8.90 million, representing about 10 percent of the net proceeds, ‘*will be used for additional working capital and other general corporate purposes*’.

On reading the proposed utilisation of the net proceeds, most of which appears to be Senior Management’s wishful thinking without having dreamed up any definitive plans, as yet, **TARGET** () likens the above to somebody, engaging in mental orgasms in the quiet of the evening.

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