Earthasia International Holdings Limited
泛 亞 環 境 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6128)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of Earthasia International Holdings Limited (the "**Company**") is pleased to announce the unaudited interim consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017, together with the comparative unaudited figures for the corresponding period in 2016 which have been reviewed by the audit committee of the Company as follows:

FINANCIAL HIGHLIGHTS

Results		**Six months ended 30 June**		
		2017	2016	Change
Revenue	*HK$'000*	**60,157**	103,238	-41.7%
Gross profit	*HK$'000*	**26,976**	57,508	-53.1%
(Loss)/profit attributable to owners of the parent	*HK$'000*	**(14,109)**	3,627	-489.0%
Basic (loss)/earnings per share attributable to ordinary equity holders of the parent	*HK cents*	**(3.4)**	0.9	-477.8%

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June 2017 (Unaudited) HK$'000	2016 (Unaudited) HK$'000
REVENUE	4	**60,157**	103,238
Cost of services provided		**(33,181)**	(45,730)
GROSS PROFIT		**26,976**	57,508
Other income and gains	4	**5,972**	4,248
Selling and marketing expenses		**(6,179)**	(5,106)
Administrative expenses		**(38,529)**	(44,732)
Other expenses		**(3,348)**	(3,633)
Finance costs		**–**	(47)
Share of loss of joint ventures		**–**	(209)
Share of loss of associates		**(1,000)**	(865)
(LOSS)/PROFIT BEFORE TAX	5	**(16,108)**	7,164
Income tax expense	6	**1,887**	(3,639)
(LOSS)/PROFIT FOR THE PERIOD		**(14,221)**	3,525
Attributable to:			
Owners of the parent		**(14,109)**	3,627
Non-controlling interests		**(112)**	(102)
		(14,221)	3,525
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For (loss)/profit for the period		**HK(3.4 cents)**	HK0.9 cents
Diluted			
– For (loss)/profit for the period		**HK(3.4 cents)**	HK0.9 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(LOSS)/PROFIT FOR THE PERIOD	**(14,221)**	3,525
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,810**	(1,442)
	2,810	(1,442)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**2,810**	(1,442)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**2,810**	(1,442)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(11,411)**	2,083
Attributable to:		
Owners of the parent	**(11,299)**	2,196
Non-controlling interests	**(112)**	(113)
	(11,411)	2,083

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2017 (Unaudited) *HK$'000***	31 December 2016 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Goodwill		**3,111**	3,111
Property and equipment		**5,141**	5,128
Intangible assets		**3,411**	3,976
Prepayment and deposits		**2,212**	2,762
Investments in associates		**7,734**	8,472
Available-for-sale investment		**2,762**	2,679
Deferred tax assets		**8,881**	7,051
Total non-current assets		**33,252**	33,179
CURRENT ASSETS			
Gross amount due from customers for contract work		**56,866**	56,960
Trade and bills receivables	*9*	**47,992**	57,394
Prepayments, deposits and other receivables		**22,055**	16,766
Cash and bank balances		**60,581**	70,085
Total current assets		**187,494**	201,205
CURRENT LIABILITIES			
Trade payables	*10*	**4,018**	5,099
Other payables and accruals		**12,864**	14,565
Gross amount due to customers for contract work		**16,008**	13,398
Tax payable		**24,609**	26,146
Dividend payable		**–**	63
Total current liabilities		**57,499**	59,271
NET CURRENT ASSETS		**129,995**	141,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**163,247**	175,113

	Note	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Retirement benefit obligations		**640**	646
Deferred tax liabilities		**2,798**	3,278
Total non-current liabilities		**3,438**	3,924
NET ASSETS		**159,809**	171,189
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**4,200**	4,200
Treasury shares		**(88)**	(88)
Other reserves		**155,817**	167,085
		159,929	171,197
Non-controlling interests		**(120)**	(8)
TOTAL EQUITY		**159,809**	171,189

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 November 2013. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

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

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

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

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

2.2. New standards and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of revised standards effective for the annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature of each new standard or amendment is described below:

Amendments to IAS 7	*Statement of Cash Flows: Disclosure Initiative*
Amendments to IAS 12	*Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*
Annual Improvements Cycle - 2014-2016	*Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*

3. OPERATING SEGMENT INFORMATION

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

(a) Residential development projects involve residential club houses, podiums, gardens or recreational 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 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, goodwill, 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 and profit/loss information for the Group's operating segments for the six months ended 30 June 2017 and 2016.

Six months ended 30 June 2017 (Unaudited)

	Residential development projects *HK$'000*	**Infrastructure and public open space projects** *HK$'000*	**Commercial and mixed-use development projects** *HK$'000*	**Tourism and hotel projects** *HK$'000*	**Total** *HK$'000*
Segment revenue					
Revenue	**28,390**	**17,028**	**9,679**	**5,060**	**60,157**
Segment results	**16,623**	**3,483**	**3,449**	**1,136**	**24,691**
Reconciliations:					
Unallocated income and gains					**5,972**
Unallocated expenses					**(45,771)**
Share of losses of:					
Associates					**(1,000)**
Loss before tax					**(16,108)**

Six months ended 30 June 2016 (Unaudited)

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue	45,931	31,716	22,245	3,346	103,238
Segment results	26,019	15,236	12,206	2,164	55,625
Reconciliations:					
Unallocated income and gains					4,248
Unallocated expenses					(51,588)
Share of losses of:					
Joint ventures					(209)
Associates					(865)
Finance costs					(47)
Profit before tax					7,164

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2017 and 31 December 2016.

30 June 2017 (Unaudited)

	Residential development projects *HK$'000*	**Infrastructure and public open space projects** *HK$'000*	**Commercial and mixed-use development projects** *HK$'000*	**Tourism and hotel projects** *HK$'000*	**Total** *HK$'000*
Segment assets	**51,346**	**30,054**	**18,377**	**5,081**	**104,858**
Reconciliations:					
Unallocated assets					**115,888**
Total assets					**220,746**
Segment liabilities	**6,865**	**2,547**	**7,047**	**1,319**	**17,778**
Reconciliations:					
Unallocated liabilities					**43,159**
Total liabilities					**60,937**

31 December 2016 (Audited)

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Segment assets	53,069	34,637	20,371	6,277	114,354
Reconciliations:					
Unallocated assets					120,030
Total assets					234,384
Segment liabilities	5,114	3,827	5,787	454	15,182
Reconciliations:					
Unallocated liabilities					48,013
Total liabilities					63,195

The following tables present other segment information for the Group's operating segments for the six months ended 30 June 2017 and 2016.

Six months ended 30 June 2017 (Unaudited)

	Residential development projects *HK$'000*	**Infrastructure and public open space projects** *HK$'000*	**Commercial and mixed-use development projects** *HK$'000*	**Tourism and hotel projects** *HK$'000*	**Total** *HK$'000*
Other segment information					
Provision/(reversal of provision) for impairment of trade receivables	**(903)**	**984**	**1,192**	**1,012**	**2,285**
Unallocated:					
Depreciation and amortisation					**2,039**
Capital expenditure*:					
Unallocated					**1,331**

Six months ended 30 June 2016 (Unaudited)

	Residential development projects *HK$'000*	Infrastructure and public open space projects *HK$'000*	Commercial and mixed-use development projects *HK$'000*	Tourism and hotel projects *HK$'000*	Total *HK$'000*
Other segment information					
Provision/(reversal of provision) for impairment of trade receivables	1,280	595	143	(135)	1,883
Unallocated:					
Depreciation and amortisation					1,869
Capital expenditure*:					
Unallocated					412

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Service contracts	**60,157**	103,238
Other income		
Service income	**3,413**	1,558
Interest income	**768**	2,100
Dividend income from available-for-sale investment	**127**	–
Government grants	**38**	114
	4,346	3,772
Gains		
Foreign exchange gains	**1,626**	–
Payables written back	**–**	404
Gain on disposal of a subsidiary	**–**	61
Gain on disposal of items of property and equipment	**–**	11
	1,626	476
	5,972	4,248

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.

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**33,181**	45,730
Depreciation	**1,281**	1,032
Amortisation of intangible assets	**758**	837
Research and development costs: Current period expenditure	**3,800**	3,535
Minimum lease payments under operating leases	**6,533**	6,814
Auditor's remuneration	**1,217**	651
Employee benefit expense (including directors' and cheif executive's remuneration):		
– Wages and salaries	**30,462**	42,448
– Equity-settled share award plan expense	**–**	3,730
– Equity-settled share option expense	**31**	4,253
– Pension scheme contributions (defined contribution scheme)	**5,335**	6,203
– Welfare and other benefits	**1,594**	3,170
	37,422	59,804
Foreign exchange differences, net	**(1,626)**	933
Provision for impairment of trade receivables	**2,285**	1,883
Provision for impairment of gross amount due from customers for contract work	**1,971**	–
Provision for impairment of deposits and other receivables	**320**	–
Interest income	**(768)**	(2,100)
Dividend income from available-for-sale investment	**(127)**	–
Expenses relating to a defined benefit plan	**–**	66
Loss/(gain) on disposal of items of property and equipment	**52**	(11)
Gain on disposal of a subsidiary	**–**	(61)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

泛亞景觀設計 (上海) 有限公司, a subsidiary of the Company, was granted with the High and New Technology Enterprises qualification on 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 (six months ended 30 June 2016: 15%). The company is currently in the process to renew the qualification and application for the 15% preferential tax rate for the three years from 2017.

前海泛亞景觀設計 (深圳) 有限公司, a subsidiary of the Company, is entitled to a preferential corporate income tax rate of 15% (six months ended 30 June 2016: 15%) on the estimated assessable profits as its main principal activities, namely interior design and landscape, are recognised as encouraged industries in Qianhai district, Shenzhen in Mainland China.

Other subsidiaries located in Mainland China were subject to corporate income tax at the statutory rate of 25% for the period (six months ended 30 June 2016: 25%) under the income tax rules and regulations in the People's Republic of China ("PRC").

EA Group International, Inc, a subsidiary of the Company located in the Philippines, was subject to the income tax rate of 30% on the estimated taxable income during the period (six months ended 30 June 2016: 30%).

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**157**	1,430
Current – Mainland China	**38**	1,978
Current – Philippines	**–**	7
	195	3,415
Deferred	**(2,082)**	224
Total tax charge for the period	**(1,887)**	3,639

7. DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend (six months ended 30 June 2016: Nil) for the six months ended 30 June 2017.

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

The calculation of the basic earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 411,150,725 (six months ended 30 June 2016: 390,689,652) in issue during the period, as adjusted to reflect the shares repurchased for the purpose of awarding shares to eligible person under share award scheme during the period.

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

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2017 in respect of a dilution as the impact of the share option plan had an anti-diluted effect on the basic loss per share presented.

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(14,109)**	3,627

	Number of shares	
	For the six months ended 30 June	
	2017	2016
	(Unaudited)	*(Unaudited)*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss/earnings per share calculation	**411,150,725**	390,689,652
Effect of dilution – weighted average number of ordinary shares: share awarded	**–**	–
	411,150,725	390,689,652

9. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade and bills receivables	**73,560**	79,972
Impairment	**(25,568)**	(22,578)
	47,992	57,394

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

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

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Within 6 months	**25,250**	34,332
Over 6 months but within 1 year	**11,793**	12,235
Over 1 year but within 2 years	**7,988**	6,786
Over 2 years	**2,961**	4,041
	47,992	57,394

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

	For the six months ended 30 June 2017 (Unaudited) ***HK$'000***
At 1 January	22,578
Impairment during the period (note 5)	2,285
Exchange alignment	705
At 30 June	25,568

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$23,599,000 (31 December 2016: HK$20,695,000) with a carrying amount before provision of HK$23,599,000 (31 December 2016: HK$20,695,000).

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

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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
	HK$'000	*HK$'000*
Neither past due nor impaired	**19,396**	22,974
Less than 30 days past due	**1,101**	3,242
30 to 120 days past due	**4,496**	4,964
	24,993	31,180

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.

10. TRADE PAYABLES

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

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
	HK$'000	*HK$'000*
Within 1 year	**3,160**	4,523
Over 1 year but within 2 years	**288**	518
Over 2 years but within 3 years	**518**	6
Over 3 years	**52**	52
	4,018	5,099

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

11. SHARE CAPITAL

Shares

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Issued and fully paid		
420,000,000 (2016: 420,000,000) ordinary shares	**4,200**	4,200

12. EVENTS AFTER THE REPORTING PERIOD

1) On 9 August 2017, the Company entered into a memorandum of understanding in relation to the possible acquisition of the entire issued share capital in Think High Global Limited ("思高環球有限公司") (the "Target Company") by the Company from Tycoon Partner Holdings Limited ("the Vendor") (the "Possible Acquisition"), and have intended that the Vendor and the Company will proceed to the negotiation for the definitive agreement in writing in relation to the Possible Acquisition prior to the expiation on 31 December 2017.

   The Target Company will set up a new company, which will have cooperation arrangement with Ao Yu Graphite Group Corporation Limited, on the development project with the use of graphite at Heilongjiang Province, PRC.

2) On 17 March 2017, a wholly-owned subsidiary of the Company, Yummy Holdings Limited ("Yummy") entered into an agreement to acquire 51% issued share capital of Thai Gallery (HK) Limited from independent third party vendors (the "Vendors") with a consideration of RMB19,380,000 (equivalent to approximately HK$21,810,000), and the conditions precedent should be fullfilled or waived on or before 31 August 2017 (the "Long Stop Date").

   On 25 August 2017, Yummy and the Vendors entered into a supplemental agreement, agreed to extend the Long Stop Date from 31 August 2017 to 31 December 2017.

3) On 27 March 2017, an indirectly wholly owned subsidiary of the Company entered into an agreement to disposal of all of its 45% equity invest in Teddy to an third party for a cash consideration of RMB17,804,700 (equivalent to approximately HK$20,089,043) (the "Share Transfer Agreement").

   On 11 August 2017, this indirectly wholly owned subsidiary of the Company and the third party entered into a termination agreement pursuant to which the parties mutually agree to terminate the Share Transfer Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The first half of 2017 was a challenging period to the Group due to the economic slowdown and weakened property market in the PRC.

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

For the six months ended 30 June 2017, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 47.2% (six months ended 30 June 2016: 44.5%) of the total revenue of the Group. Infrastructure and public open space projects represented the second largest segment in terms of revenue, which accounted for approximately 28.3% (six months ended 30 June 2016: 30.7%) of the total revenue of the Group.

For the six months ended 30 June 2017, the Group entered into 90 new contracts with a total contract sums of approximately HK$102.8 million.

Despite a challenging period, 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 decreased to approximately HK$60.2 million for the six months ended 30 June 2017, representing a decrease of approximately 41.7%, as compared with that of approximately HK$103.2 million for the same period in 2016. The decrease was mainly attributable to (i) the slowdown of residential property development projects from property developer clients, and (ii) decrease in number of new contracts and new contract sum recorded in the full year 2016.

Cost of services

Cost of services decreased to approximately HK$33.2 million for the six months ended 30 June 2017, representing a decrease of approximately 27.4%, as compared with that of approximately HK$45.7 million for the same period in 2016. The decrease was generally in line with the decrease in revenue as a result of the decrease in headcount of the number of employees of the Group.

Gross profit and gross profit margin

Gross profit decreased to approximately HK$27.0 million for the six months ended 30 June 2017, representing a decrease of approximately 53.1%, as compared with that of approximately HK$57.5 million for the same period in 2016.

Gross profit margin decreased by approximately 10.9 percentage points to approximately 44.8% for the six months ended 30 June 2017, as compared with that of approximately 55.7% for the same period in 2016.

Administrative and other expenses

Administrative and other expenses decreased to approximately HK$41.9 million for the six months ended 30 June 2017, representing a decrease of approximately of 13.4%, as compared with that of approximately HK$48.4 million for the same period in 2016. The decrease was generally in line with decrease in revenue and was primarily attributable to the decrease in number of staff and reduction in equity-settled share award plan expense and share option expense.

Net loss

As a result of the foregoing, loss attributable to owners of the Company was approximately HK$14.1 million for the six months ended 30 June 2017, representing a decrease of approximately 489.0%, as compared with that of a profit of approximately HK$3.6 million for the same period in 2016.

Liquidity and financial resources

	As at 30 June 2017 *HK$'000*	As at 31 December 2016 *HK$'000*
Current assets	**187,494**	201,205
Current liabilities	**57,499**	59,271
Current ratio	**3.3**	3.4

The current ratio of the Group at 30 June 2017 was approximately 3.3 times as compared to that of approximately 3.4 times at 31 December 2016.

At 30 June 2017, the Group had total cash and bank balances of approximately HK$60.6 million (31 December 2016: HK$70.1 million).

At 30 June 2017, the Group's gearing ratio (represented by total interest-bearing bank and other borrowings at the end of the period divided by total equity at the end of the respective period multiplied by 100%) amounted to approximately zero (31 December 2016: zero).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2017.

Pledge of assets

The Group had no significant pledge of assets as at 30 June 2017.

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, receivables management, etc. The Group will also consider to reduce placing time deposits denominated in RMB.

Human resources and employees' remuneration

As at 30 June 2017, the Group employed around 306 employees (31 December 2016: 323 employees). Employees are remunerated according to nature of the job, market trend, and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

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

A share option scheme (the "Share Option Scheme") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014. During the six months ended 30 June 2017, there was no share options granted (six months ended 30 June 2016: 14,290,000 share options) 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.

Prospects

The first half of 2017 was challenging as the industry is getting more and more competitive. The Group has recorded downsize in project backlog and number of new projects from 2014 to 2016 due to slowdown in the PRC economy and weakened property market. The Group was facing prolonged payment cycle and termination for certain PRC projects.

Nevertheless, it showed some signs of recovery in 2017. We continued to record growth in number of new projects awarded in the first half of 2017. Both the PRC and Hong Kong economy continued to experience steady growth. The amount of new contracts sum increased to approximately HK$102.8 million for the six months ended 30 June 2017, representing an increase of approximately 28.2%, as compared with that of approximately HK$80.2 million for the same period in 2016. To capture the rebound in market environment, the Group will strengthen its marketing team and increase its marketing efforts in bidding new contracts. The Group will continue to enhance its marketing efforts, leverage its brand, client relationship and industry experience to secure new projects. The Group will strengthen its efforts in billing and collecting the outstanding receivables. Besides, the Directors will pay close attention to the cost structure and resources utilization of the Group. With above measures and joint efforts of our management and staff, we believe the Group will have improvements in the second half of 2017.

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. In March 2017, the Group has entered into two acquisition agreements in relation to the acquisition of catering business. The consumer sector of the PRC is growing rapidly. As disposable income rises, PRC people will spend more on leisure and dining out. The acquisitions offer a chance to tap into the consumer sector, which is believed to be the main driver of the PRC's economy. It is expected that the acquisitions can be completed in the second half of 2017. We believe that the acquisitions, if materialize, can broaden the Group's revenue streams and bring greater return to the shareholders.

Use of Proceeds

On 25 June 2014, the actual net proceeds raised from the initial public offering were approximately HK$88.8 million, after deduction of all actual underwriting commission, fees and expenses relating to the listing of the Company's shares. The Directors applied the net proceeds to finance the Group's capital expenditure in accordance with those stated in the prospectus of the Company. Up to 30 June 2017, (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, which will be used to finance future investment opportunities to be identified by the Company and/or as general working capital of the Group. Up to 30 June 2017, (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 deposits with banks in Hong Kong or the PRC.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "GC Code") stated in Appendix 14 to the Listing Rules during the six months ended 30 June 2017. The Company reviews its corporate governance practices regularly to ensure compliance with the GC Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2017 have been reviewed by the audit committee of the Company that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.ea-dg.com. The interim report for the six months ended 30 June 2017 will be available on the above websites in due course.

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

Hong Kong, 30 August 2017

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.