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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)

SUPPLEMENTAL ANNOUNCEMENT
AND
CHANGE OF USE OF PROCEEDS

Reference is made to the annual report for the year ended 31 December 2018 published on 23 April 2019 (the “**Annual Report**”) and the interim report for the six months ended 30 June 2019 published on 11 September 2019 (the “**Interim Report**”) (together, the “**Reports**”) of Earthasia International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Unless otherwise defined herein or the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Reports.

As disclosed in the Reports, the net proceeds raised from the IPO was approximately HK\$88.8 million. The original allocation of net proceeds from the IPO, the utilised and remaining balance of the net proceeds as at 31 December 2018 and 30 June 2019, respectively, are summarised below:

Uses	Original allocation HK\$ million	Utilised net proceeds up to 31 December 2018 and 30 June 2019 HK\$ million	Remaining balance as of 30 June 2019 HK\$ million
Capital expenditure for expansion of landscape architecture services	35.5	35.5	—
Capital expenditure for establishment of new regional offices	26.6	5.9	20.7
Establishment of new branch offices	8.9	—	8.9
Sales and advertising	8.9	—	8.9
Working capital	8.9	8.9	—
Total	88.8	50.3	38.5

REASONS FOR THE CHANGE OF USE OF REMAINING PROCEEDS

The Group had unutilized IPO net proceeds of approximately HK\$38.5 million as of 31 December 2018 and 30 June 2019. The original plan to apply such net proceeds included acquisition of offices and establishment of certain new branch offices in the PRC which did not subsequently materialize because of the economic outlook, challenges and uncertainties in the landscape architecture industry. The Directors are of the view that pursuing the original plan may not represent the best strategy of the Group having considered the current market volatility, intense industry competitions and the depreciation pressure of RMB.

In order to broaden the revenue streams, the Group commenced the catering business through the acquisition of Thai Gallery (HK) Limited in September 2017 and commenced the graphene business through the acquisition of Think High Global Limited in August 2019. In this connection, the Group has committed borrowings to finance the above acquisitions and support the additional working capital needs. Therefore, the Group decided to reallocate the unutilised IPO net proceeds of approximately HK\$38.5 million for payment of interest expenses, repayment of borrowings and for working capital purpose, which is estimated to be utilised on or before 30 June 2020.

The Board considers that the reallocation of remaining unutilised net proceeds is in line with the Group's latest business strategy. The Company considers that the reallocation of remaining net proceeds will help to meet the financial needs and enhance the flexibility of financial management, which is in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 25 October 2019

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.