Earthasia International Holdings Limited
泛亞環境國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6128)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Earthasia International Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 together with comparative figures, as follows:

FINANCIAL HIGHLIGHTS

Results		**For the year ended 31 December**		
		2017	2016	Change
Revenue	*HK$'000*	**128,671**	183,774	30.0%
Gross profit	*HK$'000*	**44,997**	89,764	49.9%
(Loss) attributable to owners of the parent	*HK$'000*	**(57,313)**	(9,365)	512.0%
Basic (loss) per share attributable to ordinary equity holders of the parent	*HK cents*	**(13.9)**	(2.3)	504.3%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	*4, 5*	**128,671**	183,774
Cost of sales	*6*	**(83,674)**	(94,010)
GROSS PROFIT		**44,997**	89,764
Other income and gains	*5*	**11,878**	11,298
Selling and marketing expenses		**(12,685)**	(8,509)
Administrative expenses		**(81,462)**	(85,220)
Finance costs	*7*	**(268)**	(48)
Other expenses		**(11,488)**	(15,136)
Share of losses of:	*4*		
Joint ventures		**(1)**	(702)
Associates		**(2,462)**	(1,742)
LOSS BEFORE TAX	*6*	**(51,491)**	(10,295)
Income tax expense	*8*	**(6,243)**	(583)
LOSS FOR THE YEAR		**(57,734)**	(10,878)
Attributable to:			
Owners of the parent		**(57,313)**	(9,365)
Non-controlling interests		**(421)**	(1,513)
		(57,734)	(10,878)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
– For loss for the year		**HK(13.9 cents)**	HK(2.3 cents)
Diluted			
– For loss for the year		**HK(13.9 cents)**	HK(2.3 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 *HK$'000*	2016 *HK$'000*
LOSS FOR THE YEAR	**(57,734)**	(10,878)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**5,468**	(7,468)
	5,468	(7,468)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**5,468**	(7,468)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Remeasurement income/(loss) on defined benefit obligations	**257**	(148)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	**257**	(148)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**5,725**	(7,616)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(52,009)**	(18,494)
Attributable to:		
Owners of the parent	**(51,593)**	(17,011)
Non-controlling interests	**(416)**	(1,483)
	(52,009)	(18,494)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Goodwill	*12*	**7,219**	3,111
Property and equipment		**10,788**	5,128
Intangible assets	*13*	**49,055**	3,976
Prepayments and deposits		**4,222**	2,762
Investments in joint ventures		**201**	–
Investments in associates		**8,418**	8,472
Available-for-sale investment		**2,881**	2,679
Deferred tax assets		**42**	7,051
Total non-current assets		**82,826**	33,179
CURRENT ASSETS			
Inventories		**744**	–
Gross amount due from customers for contract work		**35,355**	56,960
Trade and bills receivables	*14*	**48,092**	57,394
Prepayments, deposits and other receivables		**22,791**	16,766
Call options over non-controlling interest		**5,580**	–
Cash and bank balances		**112,442**	70,085
		225,004	201,205
Assets of a disposal group classified as held for sale	*9*	**1,317**	–
Total current assets		**226,321**	201,205

	Notes	2017 HK$'000	2016 HK$'000
CURRENT LIABILITIES			
Trade payables	*15*	**7,389**	5,099
Other payables and accruals		**35,061**	14,565
Gross amount due to customers for contract work		**20,310**	13,398
Tax payable		**26,134**	26,146
Dividends payable		**4**	63
		88,898	59,271
Liabilities directly associated with the assets classified as held for sale	*9*	**1,083**	–
Total current liabilities		**89,981**	59,271
NET CURRENT ASSETS		**136,340**	141,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**219,166**	175,113
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings	*16*	**63,500**	–
Other payables		**351**	–
Retirement benefit obligations		**–**	646
Deferred tax liabilities		**13,473**	3,278
Total non-current liabilities		**77,324**	3,924
NET ASSETS		**141,842**	171,189
EQUITY			
Equity attributable to owners of the parent			
Share capital	*17*	**4,220**	4,200
Treasury shares		**(88)**	(88)
Other reserves		**118,043**	167,085
		122,175	171,197
Non-controlling interests		**19,667**	(8)
Total equity		**141,842**	171,189

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.

During the year ended 31 December 2017, the Group has acquired a new business of catering.

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. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2017, the Group has acquired a new business of catering. Catering forms a new operating segment during the year ended 31 December 2017.

For management purposes, the Group is organised into business units based on their services and has five 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; and

(e) The catering business focusing on operation of restaurants.

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, fixed assets, intangible 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 interest-bearing other borrowings 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.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2017

	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*	Catering *HK$'000*	Total *HK$'000*
Segment revenue:						
Revenue	**59,427**	**29,435**	**22,809**	**11,735**	**5,265**	**128,671**
Segment results	**27,471**	**(5,741)**	**8,618**	**4,371**	**(3,945)**	**30,774**
Reconciliation						
Unallocated income and gains						**11,719**
Unallocated expenses						**(91,253)**
Share of losses of:						
Associates						**(2,462)**
Joint ventures						**(1)**
Finance costs						**(268)**
Loss before tax						**(51,491)**
Segment assets:	**44,516**	**16,996**	**18,368**	**3,339**	**79,528**	**162,747**
Reconciliation						
Unallocated assets						**145,083**
Assets of a disposal group classified as held for sale						**1,317**
Total assets						**309,147**
Segment liabilities	**11,120**	**2,823**	**6,835**	**1,738**	**27,185**	**49,701**
Reconciliation						
Unallocated liabilities						**116,521**
Liabilities directly associated with the assets classified as held for sale						**1,083**
Total liabilities						**167,305**
Other segment information						
Provision/(reversal of provision) for impairment of trade receivables	**1,096**	**4,536**	**1,069**	**(139)**	**–**	**6,562**
Unallocated:						
Depreciation and amortisation						**5,538**
Investments in associates						**1,980**
Capital expenditures*						
Unallocated						**3,436**

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2016

	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	78,634	60,253	38,325	6,562	183,774
Segment results	31,496	28,561	18,856	3,223	82,136
Reconciliation					
Unallocated income and gains					11,298
Unallocated expenses					(101,237)
Share of losses of:					
Associates					(1,742)
Joint ventures					(702)
Finance costs					(48)
Loss before tax					(10,295)
Segment assets:	53,069	34,637	20,371	6,277	114,354
Reconciliation					
Unallocated assets					120,030
Total assets					234,384
Segment liabilities	5,114	3,827	5,787	454	15,182
Reconciliation					
Unallocated liabilities					48,013
Total liabilities					63,195
Other segment information					
Provision/(reversal of provision) for impairment of trade receivables	4,129	1,915	1,651	(67)	7,628
Unallocated:					
Depreciation and amortisation					3,902
Investments in associates					8,472
Capital expenditures*					
Unallocated					2,383

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**19,731**	25,703
Mainland China	**105,290**	157,893
Others	**3,650**	178
	128,671	183,774

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

During the years ended 31 December 2017 and 2016, other than Mainland China and Hong Kong, the Group derived revenue from Macau, Italy and the Philippines.

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,749**	3,286
Mainland China	**60,601**	19,616
Others	**13,215**	115
	75,565	23,017

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$3,651,000 (2016: HK$5,951,000) was derived from services to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

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

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Catering revenue	**5,265**	–
Service contracts	**123,406**	183,774
Other income		
Service income	**6,456**	4,140
Interest income	**1,726**	3,881
Foreign exchange differences, net	**2,367**	–
Dividend income from available-for-sale investment	**128**	–
Government grants	**71**	2,651
	10,748	10,672
Gains		
Payables written back	**1,130**	404
Gain on disposal of subsidiaries	**–**	222
	1,130	626
	11,878	11,298

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

6. LOSS BEFORE TAX

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

	Notes	2017 HK$'000	2016 HK$'000
Cost of inventories sold		**1,549**	–
Cost of services provided		**82,125**	94,010
Depreciation		**3,303**	2,261
Amortisation of intangible assets	*13*	**2,235**	1,641
Research and development costs:			
Current year expenditure		**6,361**	7,271
Impairment of a disposal group classified as held for sale	*9*	**2,425**	–
Minimum lease payments under operating leases		**12,968**	13,576
Auditor's remuneration		**3,438**	3,056
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**76,216**	88,568
Equity-settled share award expense		**–**	3,730
Equity-settled share option expense		**31**	5,721
Pension scheme contributions (defined contribution scheme)		**9,903**	11,646
Welfare and other benefits		**2,653**	4,345
		88,803	114,010
Foreign exchange differences, net		**(2,367)**	2,676
Provision for impairment of gross amount due from customers for contract work		**18,975**	7,060
Provision for impairment of trade receivables	*14*	**6,562**	7,628
Provision for impairment of deposits and other receivables		**1,561**	57
Loss on disposal of items of property and equipment		**25**	5
Expenses relating to defined benefit plan		**17**	127

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 HK$'000	2016 HK$'000
Interest on a bank loan	**2**	24
Interest on corporate bonds	**266**	–
Interest on a finance lease	**–**	24
	268	48

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 (2016: 15%).

前海泛亞景觀設計 (深圳) 有限公司 has been provided at the rate of 15% (2016: 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.

Other subsidiaries located in Mainland China were subject to corporate income tax at the statutory rate of 25% for the year (2016: 25%) under the income tax rules and regulations in the PRC.

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

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**").

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong	**223**	1,543
Current – Mainland China	**345**	2,522
Current – Italy	**70**	–
Current – Philippines	**63**	33
	701	4,098
Deferred	**5,542**	(3,515)
Total tax charge for the year	**6,243**	583

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

2017

	Hong Kong		Mainland China		Italy		Philippines		Others		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit/(loss) before tax	(10,511)		(37,275)		(970)		660		(3,395)		(51,491)	
Tax at the statutory tax rate	(1,734)	16.5	(9,319)	25.0	(271)	27.9	198	30	–	–	(11,126)	21.6
Lower tax rate(s) for specific provinces or enacted by local authority	–	–	2,265	(6.1)	–	–	–	–	–	–	2,265	(4.4)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	(1,522)	14.5	–	–	–	–	–	–	–	–	(1,522)	3.0
Adjustments in respect of current tax of previous periods	–	–	–	–	–	–	–	–	–	–	–	–
Income not subject to tax	(8)	0.1	–	–	–	–	(304)	(46.1)	–	–	(312)	0.6
Expense not deductible for tax	255	(2.4)	199	(0.5)	286	(29.5)	123	18.6	–	–	863	(1.7)
Temporary difference not recognised	87	(0.8)	12,070	(32.4)	–	–	57	8.6	–	–	12,214	(23.7)
Tax losses utilised from previous periods	–	–	–	–	–	–	–	–	–	–	–	–
Tax losses not recognised	1,623	(15.4)	2,238	(6.0)	–	–	–	–	–	–	3,861	(7.5)
Tax charge/(credit) at the Group's effective rate	(1,299)	12.4	7,453	(20.0)	15	(1.6)	74	11.2	–	–	6,243	(12.1)

2016

	Hong Kong		Mainland China		Philippines		Others		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit/(loss) before tax	14,021		(3,471)		765		(21,610)		(10,295)	
Tax at the statutory tax rate	2,313	16.5	(868)	25.0	230	30.0	–	–	1,675	(16.3)
Lower tax rate for specific provinces or enacted by local authority	–	–	(116)	3.3	–	–	–	–	(116)	1.1
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	(223)	(1.6)	–	–	–	–	–	–	(223)	2.2
Adjustments in respect of current tax of previous periods	–	–	67	(1.9)	–	–	–	–	67	(0.7)
Income not subject to tax	(3,620)	(25.8)	–	–	(242)	(31.6)	–	–	(3,862)	37.5
Expense not deductible for tax	1,681	12.0	83	(2.4)	4	0.5	–	–	1,768	(17.2)
Temporary difference not recognised	(82)	(0.6)	164	(4.7)	38	5.0	–	–	120	(1.2)
Tax losses utilised from previous periods	–	–	(63)	1.8	–	–	–	–	(63)	0.6
Tax losses not recognised	160	1.1	1,057	(30.5)	–	–	–	–	1,217	(11.8)
Tax charge at the Group's effective rate	229	1.6	324	(9.3)	30	3.8	–	–	583	(5.7)

9. DISPOSAL GROUP HELD FOR SALE

On 30 October 2017, the Company announced the decision of its board of directors to dispose of EA Group International, Inc. EA Group International, Inc. provides architectural services to other entities in the Group. The disposal of EA Group International, Inc. was completed on 23 January 2018. As at 31 December 2017, the transaction was in progress and EA Group International, Inc. was classified as a disposal group held for sale.

The major classes of assets and liabilities of EA Group International, Inc. classified as held for sale as at 31 December are as follows:

	2017
	HK$'000
Assets	
Property, plant and equipment	**64**
Goodwill	**3,111**
Deferred tax assets	**2**
Trade receivables	**4**
Prepayments, deposits and other receivables	**209**
Impairment of a disposal group classified as held for sale	**(2,425)**
Cash and short term deposits	**352**
Assets classified as held for sale	**1,317**
Liabilities	
Trade payables	**(19)**
Other payables and accruals	**(54)**
Tax payable	**(434)**
Deferred tax liabilities	**(576)**
Liabilities directly associated with the assets classified as held for sale	**(1,083)**
Net assets directly associated with the disposal group	**234**

The amount due from the disposal group held for sale amounting to HK$78,000 (2016: Nil) was eliminated as at 31 December 2017 and not included in liabilities directly associated with the assets classified as held for sale.

In accordance with IFRS 5, assets held for sale with a carrying amount of HK$2,581,000 were written down to the consideration of HK$156,000, resulting in a loss of HK$2,425,000, which was included in profit or loss for the year.

During the year, EA Group International, Inc. acquired property, plant and equipment with a cost of HK$36,000.

10. DIVIDEND

	2017	2016
	HK$'000	*HK$'000*
Proposed final – Nil (2016: Nil) per ordinary share	**–**	–
	–	–

The Board does not recommend the payment of any final dividend in respect for the year ended 31 December 2017.

11. 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 411,786,341 (2016: 410,921,448) in issue during the year, as adjusted to reflect the shares repurchased for the purpose of awarding shares to eligible persons under the share award scheme during 2016.

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 2017 and 2016 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:

	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(57,313)**	(9,365)

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculations	**411,786,341**	410,921,448
Effect of dilution – weighted average number of ordinary shares:		
Shares awarded	**–**	–
	411,786,341	410,921,448

12. GOODWILL

	HK$'000
At 1 January and 31 December 2016	
Cost	3,111
Cost and net carrying amount at 1 January 2017	3,111
Acquisition of subsidiaries	7,184
Attributable to a disposal group held for sale (note 9)	(3,111)
Exchange realignment	35
At 31 December 2017	
Cost	7,219
Net carrying amount	7,219

13. INTANGIBLE ASSETS

	Software *HK$'000*	Backlog Contract *HK$'000*	Brand names *HK$'000*	Total *HK$'000*
31 December 2017				
Cost at 1 January 2017, net of accumulated amortization	3,976	–	–	3,976
Additions	377	–	–	377
Acquisition of subsidiaries	–	18,052	28,426	46,478
Amortisation provided during the year	(1,504)	(226)	(505)	(2,235)
Exchange realignment	226	1	232	459
At 31 December 2017	3,075	17,827	28,153	49,055
At 31 December 2017				
Cost	12,161	18,052	28,664	58,877
Accumulated amortisation	(9,086)	(225)	(511)	(9,822)
Net carrying amount	3,075	17,827	28,153	49,055

31 December 2016

	Software *HK$'000*
Cost at 1 January 2016, net of accumulated amortisation	5,555
Additions	341
Amortisation provided during the year	(1,641)
Exchange realignment	(279)
At 31 December 2016	3,976
At 31 December 2016	
Cost	11,086
Accumulated amortisation	(7,110)
Net carrying amount	3,976

14. TRADE AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and bills receivables	**79,169**	79,972
Impairment	**(31,077)**	(22,578)
	48,092	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.

Included in the Group's trade and bills receivables were amounts billed of HK$39,389,000 (2016: HK$43,253,000) and billable of HK$39,780,000 (2016: HK$36,719,000).

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

	2017	2016
	HK$'000	*HK$'000*
Within 6 months	**30,135**	34,332
Over 6 months but within 1 year	**7,555**	12,235
Over 1 year but within 2 years	**6,877**	6,786
Over 2 years	**3,525**	4,041
	48,092	57,394

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

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**22,578**	16,326
Impairment losses recognised *(note 6)*	**6,562**	7,628
Exchange alignment	**1,937**	(1,376)
At 31 December	**31,077**	22,578

Included in the above provision for the impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$29,503,000 (2016: HK$20,695,000) with a carrying amount before provision of HK$29,503,000 (2016: HK$20,695,000).

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

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**26,225**	22,974
Less than 30 days past due	**–**	3,242
30 to 120 days past due	**2,094**	4,964
121 to 300 days past due	**–**	–
Over 300 days past due	**693**	–
	29,012	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.

Included in the Group's trade and bills receivables was an amount due from Pubang of HK$23,000 (2016: Nil), which is repayable on credit terms similar to those offered to the major customers of the Group.

15. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**6,040**	4,523
Over 1 year but within 2 years	**792**	518
Over 2 years but within 3 years	**495**	6
Over 3 years	**62**	52
	7,389	5,099

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$1,083,000 (2016: HK$1,007,000) and an amount due to an associate of HK$78,000 (2016: Nil).

16. INTEREST-BEARING OTHER BORROWINGS

	2017		
	Effective interest rate (%)	**Maturity**	**HK$'000**
Non-current			
Other borrowings – unsecured	6 - 9	2019	63,500

Notes:

(a) The Group's other borrowings were the corporate bonds denominated in Hong Kong dollars ("**the Bonds**"), with duration of two years from the date issued.

At 21 September 2017, the Bonds amounting to HK$10 million was issued with interest rate of 9% per annum and interest paid annually after the end of every year. As at 31 December 2017, a total of HK$5 million was sold, and the management had confirmed that the rest of the Bonds had been terminated for sale.

On 28 November 2017, the Group issued a publicly-priced corporate bond of HK $100 million through a public company announcement, and as of 31 December 2017, a total of HK$58.5 million of the Bonds was sold. Till 1 March 2018, the Group has completed the registration of all of them. The interest rate is 6% for the Bonds, which is accumulated daily on the 365 daily basis and paid annually after the period.

17. SHARE CAPITAL

Shares	**2017**	2016
	HK$'000	*HK$'000*
Issued and fully paid		
422,000,000 (2016: 420,000,000) ordinary shares	**4,220**	4,200

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business model and revenue and cost structure has remained unchanged during the reporting period and up to the date of issue of this announcement. For the year ended 31 December 2017, landscape architecture business contributed approximately 95.9% of the total revenue of the Group.

Landscape Architecture Business

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

In 2017, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 48.2% (2016: 42.8%) of the total revenue among the landscape architecture business. Infrastructure and public open space projects continued to be the second largest segment in terms of revenue, which accounted for approximately 23.9% (2016: 32.8%) of the total revenue among the landscape architecture business.

For the year ended 31 December 2017, the Group entered into 131 new contracts with a total contract sum of approximately HK$162.9 million for projects located in the PRC and 29 new contracts with a total contract sum of approximately HK$27.3 million for projects located in Hong Kong and others. Geographically, approximately 85.6% of the new contract sum represented projects located in the PRC and approximately 14.4% represented projects located in Hong Kong in terms of contract sum.

The number of new contracts and contract sum entered by the Group during 2015 to 2017 are set out as follows:

Year ended 31 December	**No. of new contracts**	**Contract sum** *(HK$'million)*
2017	160	190.2
2016	147	131.0
2015	195	219.8

Catering Business

In September and December 2017, the Group completed the acquisition of Thai Gallery (HK) Limited and Suzhou Industrial Park Wenlvge Hotel Management Company Limited respectively and commenced its catering business.

Thai Gallery (HK) Limited mainly operates a restaurant serving Thai cuisine in Italy under the brand name "Thai Gallery". Thai Gallery is a reputable brand with its first restaurant founded in Jian An Park of Shanghai, the PRC in 2000. The Thai Gallery restaurant in Shanghai was awarded the Best Southeast Asian Restaurant (Reader's Pick) in 2016 organised by the website Shanghai WOW!

Suzhou Industrial Park Wenlvge Hotel Management Company Limited mainly operates restaurants serving Japanese ramen, Japanese curry and other Japanese-style dishes under the Ikaruga brand ("斑鳩拉麵") and Go!Go!Curry! ("果果咖哩") in the PRC.

During the year ended 31 December 2017, they together contributed approximately HK$5.3 million, represented by approximately 4.1% of the total revenue of the Group.

Despite a challenging year in 2017, the management of the Company made great efforts to increase the source of revenue and returns to the shareholders through exploration of new business development opportunities.

FINANCIAL REVIEW

Revenue

Revenue decreased to approximately HK$128.7 million for the year ended 31 December 2017, representing a decrease of approximately 30.0%, as compared with that of approximately HK$183.8 million for the year ended 31 December 2016. The decrease was mainly attributable to (i) the drop of actual billing to our clients; and (ii) the slowdown in progress of our landscape architecture projects.

Cost of services

Cost of services decreased to approximately HK$83.7 million for the year ended 31 December 2017, representing a decrease of approximately of 11.0%, as compared with that of approximately HK$94.0 million for the year ended 31 December 2016. Cost of services mainly represented staff cost in respect of landscape architecture business and cost of inventories in respect of catering business. Whereas the decrease in staff cost was relatively mild, during the year the Group recognised an impairment of gross amount due from customers for contract work of approximately HK$19.0 million (2016: HK$7.0 million) in cost of services due to slowdown of progress billing to clients. Therefore, the decrease in cost of services for the year was not in proportion to the decrease in revenue.

Gross profit and gross profit margin

As a result, gross profit decreased to approximately HK$45.0 million for the year ended 31 December 2017, representing a decrease of approximately 49.9%, as compared with that of approximately HK$89.8 million for the year ended 31 December 2016.

Gross profit margin decreased by approximately 13.8 percentage points to approximately 35.0% for the year ended 31 December 2017, as compared with that of approximately 48.8% for the year ended 31 December 2016. The significant drop of gross profit margin reflected (i) the fierce competition in the landscape architecture industry; and (ii) the lengthened time of completion in servicing our landscape project clients.

Selling, Marketing, Administrative and other expenses

Selling and marketing expenses increased to approximately HK$12.7 million for the year ended 31 December 2017, representing an increase of approximately 49.4%, as compared with that of approximately HK$8.5 million for the year ended 31 December in 2016. The increase was generally due to increase in headcount from 323 to 465 this year and the then salary expenses along with the commencement of catering business.

Administrative expenses slightly decreased to approximately HK$81.5 million for the year ended 31 December 2017, representing a decrease of approximately 4.3%, as compared with that of approximately HK$85.2 million for the year ended 31 December in 2016. The decrease was generally due to (i) a save up of share-based payment expenses of approximately HK$9.5 million incurred in 2016 but not this year; (ii) yet there was an increase in salary expenses and legal and professional expenses attributable to the catering business and the potential acquisition of Think High Global Limited in connection with graphene business.

Other expenses decreased to approximately HK$11.5 million for the year ended 31 December 2017, representing a decrease of approximately 23.8%, as compared with that of approximately HK$15.1 million for the year ended 31 December in 2016. The overall decrease was generally due to an exchange loss in 2016 but a gain in this year resulted from the appreciation in RMB.

Net profit

As a result of the foregoing, the loss attributable to owners of the parent was approximately HK$57.3 million for the year ended 31 December 2017, as compared with loss attributable to owners of the parent of approximately HK$9.4 million for the year ended 31 December 2016.

Liquidity and financial resources

	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
Current assets	**226,321**	201,205
Current liabilities	**89,981**	59,271
Current ratio	**2.5x**	3.4x

The current ratio of the Group at 31 December 2017 was approximately 2.5 times as compared to that of approximately 3.4 times at 31 December 2016. The decrease was mainly due to increase in other payables arising from the catering segment and advance receipt of money from exercise of share options.

At 31 December 2017, the Group had a total cash and bank balances of approximately HK$112.4 million (31 December 2016: HK$70.1 million).

At 31 December 2017, the Group's gearing ratio was approximately 44.8% (represented by total interest-bearing bank and other borrowings at the end of the period divided by total equity at the end of the respective period multiplied by 100%) (31 December 2016: zero).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2017.

Pledge of assets

The Group had no significant pledge of assets as at 31 December 2017.

Capital structure

There has been no significant change in the capital structure of the Company for the reporting period. The capital structure of the Company comprises issued ordinary shares and debt securities. As of 31 December 2017, the Company had 422,000,000 ordinary shares in issue and issued Corporate bond of HK$63,500,000 in face value. Of the issued bond, HK$5,000,000 of which carried a coupon rate of 9% per annum and HK$58,500,000 of which carried a coupon rate of 6% per annum. Both of them had with a maturity term of 24 months from the issue date.

Foreign exchange exposure

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

Human resources and employees' remuneration

As at 31 December 2017, the Group employed around 465 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 year ended 31 December 2017, there was no share option granted (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

2017 was a challenging year to the Group due to fierce competition in the traditional landscape architecture industry. The slowdown in progress of our landscape architecture projects and the lengthened time of completion in servicing our landscape project clients reduced the gross profit margin of the Group. Although there are sights of recovery in the market, it is expected that 2018 will still be challenging to the Group as the landscape architecture industry is getting more and more price competitive. As opposed to compromise a lower fee, the Group has been pursuing a higher quality of works to attract high-end clients. The Group will strengthen its efforts in billing and collecting the long 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 2018.

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 September and December 2017, the Group completed the acquisition of Thai Gallery (HK) Limited and Suzhou Industrial Park Wenlvge Hotel Management Company Limited respectively and commenced its catering business. The Group was provided a profit guarantee of RMB6 million and RMB2.57 million respectively in the year ending 31 December 2018 according to the corresponding acquisition agreements. 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. The Directors believe that the acquisitions can broaden the revenue streams and bring greater return to the shareholders.

EVENTS AFTER THE REPORTING PERIOD

(a) On 31 January 2018,the Company entered into an agreement to acquire 100% issued share capital of Think High Global Limited, which will have cooperation arrangement with a PRC business partner on the graphene project, from independent third party vendors at a consideration of HK$692,000,000.

Pursuant to the acquisition agreement, the aforesaid vendors agree to guarantee to the Company that the audited net profit after tax of Think High Global Limited for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not be less than HK$35,000,000. In the event that the net profit after tax for any of the relevant financial years ending 31 December 2020 cannot be met, the consideration will be adjusted downward. Further details are set out in the Company's announcement dated 31 January 2018.

The consideration of HK$692,000,000 shall be payable by the Company in the following manner:

(i) as to HK$50,000,000 of the consideration shall be settled by the Company by way of cash upon the entering into of the agreement which shall be refundable pursuant of the terms and conditions of the agreement; and

(ii) as to HK$642,000,000 of the consideration shall be settled by the Company upon completion by way of (a) cash in amount of HK$192,060,000; (b) procuring the Company to issue 86,000,000 consideration shares at the issue price of HK$2.79 per consideration share to the vendors; and (c) procuring the Company to issue the convertible bonds in the principal amount of HK$210,000,000 to the vendors.

Because the acquisition of Think High Global Limited was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

(b) On 23 January 2018, an indirectly wholly-owned subsidiary of the Company has completed the disposal of all of its equity interests in EAM to a third party for a cash consideration of PHP999,500 (equivalent to approximately HK$152,226). Details of the disclosure are included in note 9 to the financial statements.

(c) On 2 January 2018, the Company issued 11,790,000 new shares upon exercise of share options by three directors of the company and issued 500,000 new shares upon exercise of share options by an employee of the Company.

MATERIAL ACQUISITION AND DISPOSAL

Acquisitions

On 17 March 2017, a wholly-owned subsidiary of the Company, Yummy Holdings Limited entered into an agreement to acquire 51% issued share capital of Thai Gallery (HK) Limited from independent third party vendors with a consideration of RMB19,380,000. Pursuant to the acquisition agreement, the aforesaid vendors agree to guarantee to the Company that the audited net profit after tax of Thai Gallery (HK) Limited for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not be less than RMB6,000,000, RMB7,000,000 and RMB8,000,000 respectively. The acquisition was completed in September 2017. Further details are set out in the Company's announcement dated 6 February 2017, 14 February 2017, 17 March 2017, 25 August 2017, 12 December 2017 and 14 December 2017.

On 1 December 2017, a wholly owned subsidiary of the Company, Shanghai Jingzhu Investment Management Company Limited ("**Shanghai Jingzhu**") entered into an agreement to acquire 51% equity interest in Suzhou Industrial Park Wenlvge Hotel Management Company Limited ("**Wenlvge Hotel**") from independent third party vendors with a consideration of RMB10,200,000. Pursuant to the acquisition agreement, the aforesaid vendors jointly and severally agree to guarantee to the Company that the audited net profit after tax of Wenlvge Hotel for each of the three financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than RMB2,570,000. The acquisition was completed in December 2017. Further details are set out in the Company's announcement dated 29 March 2017, 1 December 2017 and 4 December 2017.

Disposal

On 30 October 2017, the Company announced the decision of its board of directors to dispose of EA Group International, Inc. EA Group International, Inc. engages in construction contract works as a main contractor or subcontractor. The Group has decided to cease its infrastructure development business because it plans to focus its resources on its manufacturing businesses. The disposal of EA Group International, Inc. is due to be completed on 23 January 2018. As at 31 December 2017, final negotiations for the sale were in progress and EA Group International, Inc. was classified as a disposal group held for sale.

Saved for the above, the Group had no material acquisitions, disposals and significant investments during the year ended 31 December 2017.

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 2017. 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 2017.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2017 have been reviewed by the audit committee of the Company, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Wednesday, 30 May 2018 to Monday, 4 June 2018, 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, 4 June 2018. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("**Branch Share Registrar**") not later than 4:30 p.m. on Tuesday, 29 May 2018.

FINAL DIVIDEND

The Board does not recommend the payment of any final divided in respect for the year ended 31 December 2017.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, Certified Public Accountants ("**Ernst & Young**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

ACKNOWLEDGEMENT

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

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

Hong Kong, 28 March 2018

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.