



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 Report 2017



Contents

Corporate Information	2
Financial Highlights	3
Unaudited Interim Condensed Consolidated Statement of Profit or Loss	4
Unaudited Interim Condensed Consolidated Statement of Comprehensive Income	5
Unaudited Interim Condensed Consolidated Statement of Financial Position	6
Unaudited Interim Condensed Consolidated Statement of Changes in Equity	8
Unaudited Interim Condensed Consolidated Statement of Cash Flows	10
Notes to Unaudited Interim Condensed Consolidated Financial Statements	12
Management Discussion and Analysis	27
Other Information	33

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Hing Tat Patrick
 Mr. Chan Yick Yan Andross
 Mr. Tian Ming
 Mr. Yang Liu (appointed on 3 July 2017)
 Mr. Qiu Bin (appointed on 31 July 2017)

Non-executive Directors

Mr. Michael John Erickson (retired on 24 June 2017)
 Mr. Ma Lida
 Mr. Huang Yaping (retired on 24 June 2017)

Independent non-executive Directors

Ms. Tam Ip Fong Sin
 Mr. Wong Wang Tai
 Mr. Wang Yuncai

COMPANY SECRETARY

Ms. Chan Chi Hing

REGISTERED OFFICE

Clifton House
 75 Fort Street, PO Box 1350
 Grand Cayman, KY1-1108
 Cayman Islands

HEADQUARTER, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDIT COMMITTEE

Mr. Wong Wang Tai (*Chairman*)
 Ms. Tam Ip Fong Sin
 Mr. Wang Yuncai
 Mr. Ma Lida

REMUNERATION COMMITTEE

Mr. Wong Wang Tai (*Chairman*)
 Ms. Tam Ip Fong Sin
 Mr. Wang Yuncai
 Mr. Chan Yick Yan Andross

NOMINATION COMMITTEE

Mr. Lau Hing Tat Patrick (*Chairman*)
 Mr. Wang Yuncai
 Ms. Tam Ip Fong Sin

CORPORATE WEBSITE

www.ea-dg.com

AUTHORISED REPRESENTATIVES

Ms. Chan Chi Hing
 Mr. Chan Yick Yan Andross

ALTERNATES TO AUTHORISED REPRESENTATIVES

Mr. Tian Ming
 Mr. Lau Hing Tat Patrick

PRINCIPAL BANKERS

Bank of China (Hong Kong)
 Bank of Communication
 Industrial Bank Co., Ltd.
 The Bank of East Asia
 The Hongkong and Shanghai Banking

PRINCIPAL SHARE REGISTRAR OFFICE

Estera Trust (Cayman) Ltd.
 (formerly named "Appleby Trust (Cayman) Ltd.")
 Clifton House
 75 Fort Street, PO Box 1350
 Grand Cayman, KY1-1108
 Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
 Level 22, Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

LEGAL ADVISER AS TO HONG KONG

Hastings & Co.
 5th Floor, Gloucester Tower
 The Landmark
 11 Pedder Street
 Central
 Hong Kong

AUDITOR

Ernst & Young
 Certified Public Accountants
 22nd Floor, CITIC Tower
 1 Tim Mei Avenue
 Central
 Hong Kong

Financial Highlights

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

Unaudited Interim Condensed Consolidated Statement of Financial Position (Continued)

	Notes	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			
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

Lau Hing Tat Patrick
Director

Chan Yick Yan Andross
Director

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the parent										
	Share capital (note 11) HK\$'000	Treasury shares HK\$'000	*Share premium account HK\$'000	*Share option plan reserve	*Capital reserve HK\$'000	*Reserve funds HK\$'000	*Exchange fluctuation reserve	*Retained profits HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
				HK\$'000			HK\$'000				
				HK\$'000			HK\$'000				
At 1 January 2017	4,200	(88)	130,433	5,721	5	10,429	(10,594)	31,091	171,197	(8)	171,189
Loss for the period	-	-	-	-	-	-	-	(14,109)	(14,109)	(112)	(14,221)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	2,810	-	2,810	-	2,810
Total comprehensive loss for the period	-	-	-	-	-	-	2,810	(14,109)	(11,299)	(112)	(11,411)
Equity-settled share option arrangements	-	-	-	31	-	-	-	-	31	-	31
At 30 June 2017 (Unaudited)	4,200	(88)	130,433	5,752	5	10,429	(7,784)	16,982	159,929	(120)	159,809

* These reserve accounts as at 30 June 2017 comprise the consolidated reserves of HK\$155,817,000 (31 December 2016: HK\$167,085,000).

Unaudited Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2016

	Attributable to owners of the parent											
	Share capital	Treasury shares	Share premium account	Share award plan reserve	Share option plan reserve	Capital reserve	reserve funds	Exchange fluctuation Reserve	Retained profits	Total	Non-controlling interests	Total equity
	(note 11)											
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	4,200	(140)	125,399	1,661	-	5	10,429	(3,096)	67,497	205,955	539	206,494
Profit for the period	-	-	-	-	-	-	-	-	3,627	3,627	(102)	3,525
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(1,431)	-	(1,431)	(11)	(1,442)
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,431)	3,627	2,196	(113)	2,083
Treasury shares purchased	-	(37)	(4,720)	-	-	-	-	-	-	(4,757)	-	(4,757)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	17	17
Final 2015 dividend paid	-	-	-	-	-	-	-	-	(22,650)	(22,650)	-	(22,650)
Equity-settled share based payment	-	89	9,754	(1,661)	-	-	-	-	-	8,182	-	8,182
Equity-settled share option arrangements	-	-	-	-	4,253	-	-	-	-	4,253	-	4,253
Transfer from retained profits	-	-	-	-	-	-	1,005	-	(1,005)	-	-	-
At 30 June 2016 (Unaudited)	4,200	(88)	130,433	-	4,253	5	11,434	(4,527)	47,469	193,179	443	193,622

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(16,108)	7,164
Adjustments for:		
Finance costs	–	47
Share of loss of joint ventures	–	209
Share of loss of associates	1,000	865
Interest income	(768)	(2,100)
Equity-settled share award plan expense	–	3,730
Equity-settled share option expense	31	4,253
Depreciation	1,281	1,032
Amortisation of intangible assets	758	837
Gain on disposal of a subsidiary	–	(61)
Dividend income from available-for-sale investment	(127)	–
Loss/(gain) on disposal of items of property and equipment	52	(11)
Provision for impairment of trade receivables	2,285	1,883
Provision for impairment of deposits and other receivables	320	–
Provision for impairment of gross amount due from customers for contract work	1,971	–
Exchange gain	(1,546)	–
Payables written back	–	(404)
	(10,851)	17,444
Increase in gross amount due from customers for contract work	(183)	(8,971)
Decrease/(increase) in trade and bills receivables	8,716	(8,218)
Decrease in prepayments, deposits and other receivables	4,368	621
Decrease in trade payables	(1,207)	(1,205)
Decrease in other payables and accruals	(2,081)	(12,743)
Increase/(decrease) in gross amount due to customers for contract work	2,253	(4,602)
Cash generated from/(used in) operations	1,015	(17,674)
Interest element of finance lease rental payments	–	(24)
Interest received	132	345
Income tax paid	(2,521)	(4,933)
Net cash flows used in operating activities	(1,374)	(22,286)

Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	636	1,236
Purchases of items of property and equipment	(1,248)	(571)
Proceeds from disposal of items of property and equipment	11	42
Capital contribution to a joint venture	–	(4,879)
Acquisition of an available-for-sale investment	–	(2,864)
Decrease in prepayments, deposits and other receivables relating to investment of an entity's equity interest	115	(942)
Repayment of a loan to a joint venture	32,228	–
Loan to a joint venture	(34,354)	(8,258)
Disposal of a subsidiary	–	(60)
Disposal of an available-for-sale investment	–	23,864
Prepayment to purchase a shareholding in a joint venture	(150)	–
Prepayment to acquisition of a subsidiary	(6,629)	–
Additions to intangible assets	(83)	(127)
Net cash flows (used in)/generated from investing activities	(9,474)	7,441
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased	–	(4,757)
Proceeds from grant of awarded shares	–	4,280
Repayment of a bank loan	–	(30,000)
Repayment of other loan	–	(315)
Dividends paid	(63)	(22,758)
Interest paid	–	(23)
Decrease in pledged time deposit	–	30,000
Capital element of finance lease rental payments	–	(570)
Net cash flows used in financing activities	(63)	(24,143)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,911)	(38,988)
Cash and cash equivalents at beginning of period	70,085	94,805
Effect of foreign exchange rate changes, net	1,407	316
CASH AND CASH EQUIVALENTS AT END OF PERIOD	60,581	56,133

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

1. CORPORATE AND GROUP INFORMATION

Earthasia International Holdings Limited (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 Company and its subsidiaries (collectively 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	<i>Statement of Cash Flows: Disclosure Initiative</i>
Amendments to IAS 12	<i>Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses</i>
Annual Improvements Cycle - 2014-2016	<i>Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12</i>

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

3. OPERATING SEGMENT INFORMATION (Continued)

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
<i>Reconciliations:</i>					
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
<i>Reconciliations:</i>					
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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

3. OPERATING SEGMENT INFORMATION (Continued)

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
<i>Reconciliations:</i>					
Unallocated assets					115,888
Total assets					220,746
Segment liabilities	6,865	2,547	7,047	1,319	17,778
<i>Reconciliations:</i>					
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
<i>Reconciliations:</i>					
Unallocated assets					120,030
Total assets					234,384
Segment liabilities	5,114	3,827	5,787	454	15,182
<i>Reconciliations:</i>					
Unallocated liabilities					48,013
Total liabilities					63,195

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

3. OPERATING SEGMENT INFORMATION (Continued)

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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

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 (Unaudited) HK\$'000	2016 (Unaudited) 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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

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 (Unaudited) HK\$'000	2016 (Unaudited) 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 chief 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)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

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 (Unaudited) HK\$'000	2016 (Unaudited) 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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

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 (Unaudited) HK\$'000	2016 (Unaudited) 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 (Unaudited)	2016 (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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

9. TRADE AND BILLS RECEIVABLES

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) 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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

9. TRADE AND BILLS RECEIVABLES (Continued)

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) HK\$'000	31 December 2016 (Audited) 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) HK\$'000	31 December 2016 (Audited) 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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

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. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was conditionally approved by the Company on 3 June 2014 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and the Share Option Scheme became effective on 25 June 2014. Eligible participants of the Share Option Scheme are the directors, including independent non-executive directors, of the Company and any entity in which the Group holds at least 20% of its shares (the "Invested Entity"), other employees of the Group or the Invested Entity, suppliers of goods or services to the Group or the Invested Entity, customers of the Group or the Invested Entity, person that provides technological support to the Group or the Invested Entity, shareholders of the Group or the Invested Entity, holders of any securities issued by the Group or the Invested Entity, advisor or consultant to the Group or the Invested Entity, and any non-controlling shareholder in the Company's subsidiaries.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the scheme within any 12-month period is limited to 1% of the shares of the Company in issue from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors which shall not exceed ten years from the offer date subject to the provisions of early termination thereof.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

12. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of the shares on the offer date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the period:

	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January and 30 June 2017	1.27	14,290

No share options were exercised in this period.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2017 Number of options '000	Exercise price* HK\$ per share	Exercise period
7,145	1.27	4 January 2016 to 3 January 2018
7,145	1.27	4 January 2017 to 3 January 2018
14,290		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

12. SHARE OPTION SCHEME (continued)

On 4 January 2016, 14,290,000 share options were granted to directors and an employee under the Share Option Scheme. The exercise price of the options was HK\$1.27. The first 50% portion of these share options granted vested on 4 January 2016 with an exercise period ranging from 4 January 2016 to 3 January 2018. The second 50% portion of these share options will be vested on 4 January 2017 with an exercise period from 4 January 2017 to 3 January 2018. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of options granted during the six months ended 30 June 2017 was estimated on the date of grant using the following assumptions:

	First 50% portion		Second 50% portion	
	Directors	Employee	Directors	Employee
Dividend yield (%)	4.76	4.76	4.76	4.76
Expected volatility (%)	67.23	67.23	67.23	67.23
Risk-free interest rate (%)	0.51	0.51	0.51	0.51
Exercise multiple	2.47	1.60	2.47	1.60
Fair value of the share options (HK\$ per share)	0.40	0.35	0.41	0.39

The fair value of the share options granted on 4 January 2016 was HK\$5,752,000. For the six months ended 30 June 2017, the Group recognised share option expense of HK\$31,000 (30 June 2016: HK\$4,253,000) in the statement of profit or loss.

Since the historical option exercise pattern is not available, a common early exercise pattern has been assumed in this valuation by applying an exercise multiple for directors and employees. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 14,290,000 share options outstanding under the Share Option Scheme, which represented approximately 3.4% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 14,290,000 additional ordinary shares of the Company for a total cash proceeds of HK\$18,148,000 (before shares issue expenses).

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

13. 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 expiration 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 fulfilled 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.

14. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the board of directors on 30 August 2017.

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.

Management Discussion and Analysis

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.

Capital commitment

The Group had no significant capital commitment as of 30 June 2017.

Management Discussion and Analysis

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 only ordinary shares and bank borrowing (if employed).

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.

Management Discussion and Analysis

ADVANCES TO AN ENTITY

On 24 January 2017, the Company entered into the renewed loan agreement (the “Renewed Loan Agreement”) with the Borrower pursuant to which the Company, as the Lender, agreed to renew the Revolving Loan Facility in the amount of HK\$14,000,000 at a reduced interest rate of 15% per annum for a further 18 months from 24 January 2017 to 23 July 2018. Subject to the terms and conditions, the Renewed Revolving Loan Facility can be drawn down at any time for one year during the availability period. For details, please refer to the announcements of our Company dated 20 September 2016 and 24 January 2017. Set out below are the principal terms of the loan agreement:

Renewed Loan Agreement

Date of agreement:	24 January 2017
Borrower:	Earthasia Worldwide Holdings Limited
Revolving facility amount:	Up to HK\$14,000,000
Interest rate per annum:	15%
Availability period:	24 January 2017 to 23 July 2018
Repayment term:	One year
Repayment:	Borrower shall repay the interests with the principal amount at loan maturity
Early repayment:	The Borrower may prepay all or any part of a drawdown prior to the maturity date without penalty. Any prepayment of a drawdown will refresh the available amount of the Revolving Loan Facility for drawing. Any early repayment shall first settle all interests accrued.
Collateral:	Nil
Other terms and conditions:	The Lender shall have absolute discretion as to whether to make available any sum for any drawdown under the Renewed Agreement.

The advance was made on the basis of our Company’s credit assessments on the Borrower’s financial strength and repayment ability and the relatively short term nature of the advance. After taking into account factors as disclosed above in assessing the risks of the relevant advance, our Company considers that the risks involved in the advance to the Borrower are acceptable. As of 30 June 2017, there was a principal loan balance of HK\$2,126,000 due from the borrower to the Company.

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.

Management Discussion and Analysis

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 places 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.

Management Discussion and Analysis

Material acquisitions and disposals

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 (equivalent to approximately HK\$21,810,000). 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 (equivalent to approximately HK\$6,752,000), RMB7,000,000 (equivalent to approximately HK\$7,878,000) and RMB8,000,000 (equivalent to approximately HK\$9,003,000) respectively. In the event that the net profit after tax for any of the relevant financial years ending 31 December 2020 cannot be met, the vendors shall pay a compensation in cash. The vendors granted an exclusion option to the Company, pursuant to which the Company has the exclusive right to acquire the remaining 49% shareholding interest in Thai Gallery (HK) Limited (or any part thereof) at a consideration to be calculated as agreed. Thai Gallery (HK) Limited has established a subsidiary, namely Taihuan Catering Management (Shanghai) Company Limited ("Taihuan"). Taihuan has entered into the catering management agreement with Shanghai Mo Nei Restaurant Limited ("Mo Nei"), another wholly-owned company of the vendors, pursuant to which Taihuan shall provide to Mo Nei operating management service with a fixed management fee of RMB270,000 (equivalent to approximately HK\$303,858) on a monthly basis plus performance bonus (if any) at the end of each year. Further details are set out in the Company's announcement dated 19 March 2017.

On 29 March 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 RMB17,850,000 (equivalent to approximately HK\$20,154,435). 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 RMB4,500,000 (equivalent to approximately H\$5,080,950). In the event that the net profit after tax for any of the relevant financial years ending 31 December 2019 cannot be met, the vendors shall pay a compensation in cash. The vendors granted an exclusion option to the Company, pursuant to which Shanghai Jingzhu has the exclusive right to acquire the remaining 49% shareholding interest in Wenlvge Hotel (or any part thereof) at a consideration to be calculated as agreed. Further details are set out in the Company's announcement dated 29 March 2017.

Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries during the six months ended 30 June 2017.

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).

Other Information

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

Long position in the Shares and underlying Shares

Name of Director	Capacity	Number of Shares				Number of underlying Shares held under the Share Option Scheme	Total	Approximate % of shareholding
		Personal interest	Family interest	Corporate interest	Other interest			
Chan Yick Yan Andross	Beneficial owner, interest of controlled corporation	274,000	-	132,006,887 (Note 1)	-	3,930,000	136,210,887	32.43%
Lau Hing Tat Patrick	Beneficial owner, interest of spouse, interest of controlled corporation	1,078,000	1,138,000	66,003,444 (Note 2)	-	3,930,000	72,149,444	17.18%
Tian Ming	Beneficial owner	-	-	-	-	3,930,000	3,930,000	0.94%
Ma Lida	Beneficial owner	-	-	-	-	1,000,000	1,000,000	0.24%

Notes:

- Such interests are held by CYY Holdings Limited, a company incorporated in the British Virgin Islands, of which Mr. Chan Yick Yan Andross is interested in the entire issued share capital.
- Such interests are held by LSBJ Holdings Limited, a company incorporated in the British Virgin Islands, of which Mr. Lau Hing Tat Patrick is interested in the entire issued share capital.

Other Information

Long position in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Number of shares and class of shares held	Approximate % of shareholding
Chan Yick Yan Andross	Earthasia Worldwide Holdings Limited	Personal	50	5.00%
	上海泰迪朋友投資管理有限公司	Interest of controlled corporation (Note 1)	RMB510,000 (registered capital)	5.10%

Note:

- Such interests are held by 上海泰迪之友投資管理有限公司, which is 100% beneficially owned by 上海水泉水處理科技有限公司, which is in turn 100% beneficially owned by Earthasia Watsource Limited, of which Mr. Chan Yick Yan Andross is interested in the entire issued share capital.

Saved as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Save as Mr. Ma Lida, our non-executive Director nominated by Pubang Landscape Architecture Co., Ltd., whom is required to declare his conflict of interests and barred from participation or voting on issue if there is any potential conflict of interest between the Group and Pubang Landscape Architecture Co., Ltd., the Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the six months ended 30 June 2017.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2017, so far as is known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Other Information

Long position in the Shares

Name of shareholder	Capacity/nature of interest	Number of Shares	Approximate % of shareholding
CYY Holdings Limited (Note 1)	Beneficial owner	132,006,887	31.43%
PBLA Limited (Note 2)	Beneficial owner	105,593,669	25.14%
Pubang Landscape Architecture (HK) Company Limited (Note 2)	Interest in a controlled corporation	105,593,669	25.14%
Pubang Landscape Architecture Company Limited (Note 2)	Interest in a controlled corporation	105,593,669	25.14%
LSBJ Holdings Limited (Note 3)	Beneficial owner	66,003,444	15.72%

Notes:

1. CYY Holdings Limited is 100% beneficially owned by Mr. Chan Yick Yan Andross. Accordingly, Mr. Chan Yick Yan Andross is deemed to be interested in the shares of the Company held by CYY Holdings Limited under the SFO.
2. PBLA Limited is 100% beneficially owned by Pubang Landscape Architecture (HK) Company Limited, which is in turn 100% beneficially owned by Pubang Landscape Architecture Company Limited. Accordingly, each of Pubang Landscape Architecture (HK) Company Limited and Pubang Landscape Architecture Company Limited is deemed to be interested in the Shares held by PBLA Limited under the SFO.
3. LSBJ Holdings Limited is 100% beneficially owned by Mr. Lau Hing Tat Patrick. Accordingly, Mr. Lau Hing Tat Patrick is deemed to be interested in the shares of the Company held by LSBJ Holdings Limited under the SFO.

SHARE OPTIONS

A share option scheme (the "Share Option Scheme") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014. The Board may at its discretion grant share options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein.

On 4 January 2016, 14,290,000 share options were granted to directors and employee under the Share Option Scheme. The exercise price of the options is HK\$1.27. 50% of these share options granted vested on 4 January 2016 with an exercise period ranging from 4 January 2016 to 3 January 2018. The remaining 50% of these share options will vest on 4 January 2017 with an exercise period ranging from 4 January 2017 to 3 January 2018. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted.

According to HKFRS 2, the fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using binomial pricing model, taking into account the terms and conditions upon which the options were granted.

Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Other Information

No share options were granted during the six months ended 30 June 2017. The fair value of the share options granted during the six month ended 30 June 2016 was HK\$5,752,000. For the six months ended 30 June 2017, the Group recognised share option expense of HK\$31,000 (30 June 2016: HK\$4,253,000) in the statement of profit or loss. Movements of the share options are detailed in note 12 to the Interim Condensed Consolidated Financial Statements as included in this interim report.

At the end of the reporting period, the Company had 14,290,000 share options outstanding under the Share Option Scheme, which represented approximately 3.40% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 14,290,000 additional ordinary shares of the Company for a total cash proceeds of approximately HK\$18,148,000 (before shares issue expenses).

A summary of the movements of the outstanding share options during the six months ended 30 June 2017 are as follows:

Grantee	Date of grant	Vesting and exercisable period	Exercise price (HK\$)	Number of Share Options				
				As at 01/01/2017	Granted	Exercised	Lapsed	As at 30/06/2017
Directors								
Chan Yick Yan Andross	4/1/2016	4/1/2016-3/1/2018	1.27	1,965,000	-	-	-	1,965,000
		4/1/2017-3/1/2018	1.27	1,965,000				1,965,000
Lau Hing Tat Patrick	4/1/2016	4/1/2016-3/1/2018	1.27	1,965,000	-	-	-	1,965,000
		4/1/2017-3/1/2018	1.27	1,965,000				1,965,000
Tian Ming	4/1/2016	4/1/2016-3/1/2018	1.27	1,965,000	-	-	-	1,965,000
		4/1/2017-3/1/2018	1.27	1,965,000				1,965,000
Ma Lida	4/1/2016	4/1/2016-3/1/2018	1.27	500,000	-	-	-	500,000
		4/1/2017-3/1/2018	1.27	500,000				500,000
Michael John Erickson (Note 1)	4/1/2016	4/1/2016-3/1/2018	1.27	250,000	-	-	-	250,000
		4/1/2017-3/1/2018	1.27	250,000				250,000
Employee(s)								
Other employee(s)	4/1/2016	4/1/2016-3/1/2018	1.27	500,000	-	-	-	500,000
		4/1/2017-3/1/2018	1.27	500,000				500,000
Total				14,290,000	-	-	-	14,290,000

Note:

1. Mr. Michael John Erickson retired as a non-executive Director on 24 June 2017.

Other Information

The closing price of the Shares immediately before the date on which the options were granted was HK\$1.34.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement that enabled the Directors or any of their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

All the options forfeited before expiry of the Share Option Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Share Option Scheme.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of Directors since the publication of the 2016 annual report is set out below pursuant to Rule 13.51(B)(1) of the Listing Rules:

Mr. Michael John Erickson and Ms. Huang Yaping retired from their positions of non-executive Directors upon expiration of their term of office on 24 June 2017.

Mr. Yang Liu has been appointed as an executive Director with effect from 3 July 2017.

Mr. Qiu Bin has been appointed as an executive Director with effect from 31 July 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG 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 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 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.

Other Information

AUDIT COMMITTEE

The Company has established the Audit Committee to review and supervise the financial reporting process and internal Control procedures of the Group with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of four members namely, Mr. Wong Wang Tai (an independent non-executive Director), Ms. Tam Ip Fong Sin (an independent non-executive Director), Mr. Wang Yuncai (an independent non-executive Director) and Mr. Ma Lida (a non-executive Director). The chairman of the Audit Committee is Mr. Wong Wang Tai.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2017 have not been reviewed by external auditor but 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.

APPRECIATION

Finally, we would like to express our gratitude to the Shareholders, business partners, subconsultants and customers for their continuous support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

Lau Hing Tat Patrick

Chairman

Hong Kong, 30 August 2017