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Earthasia International Holdings Limited

泛亞環境國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6128)

LETTER OF INTENT IN RELATION TO A POSSIBLE SUBSCRIPTION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

LETTER OF INTENT IN RELATION TO A POSSIBLE SUBSCRIPTION

The Board is pleased to announce that on 4 March 2021 (after trading hours), the Company as the intended subscriber and the Target Company entered into a letter of intent (the “LOI”) in relation to a Possible Subscription.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are Independent Third Parties.

The LOI does not create legally binding obligations on the parties to the LOI in relation to the Possible Subscription but is legally binding as to the Exclusivity Period and confidential obligation.

Pursuant to the LOI, the Company and the Target Company agreed that they will proceed with the Possible Subscription in the following manner:-

Assets to be acquired

Pursuant to the LOI, the Company intends to subscribe for the new shares to be issued by the Target Company. Subject to the Company's satisfaction of due diligence review and valuation of the Target Company, the Company shall determine with the Target Company the capital injection plan and the subscription details. The Company intends to become the majority shareholder of the Target Company and hence, after completion of the Possible Subscription, the Company will operate the graphene lithium-ion battery business of the Target Company.

Consideration

The amount of the consideration for the Possible Subscription, the means and method of payment of the consideration shall be subject to further negotiation between the Company and the Target Company.

Exclusivity

Pursuant to the LOI, The Target Company agreed that it shall not, and will cause its employees, agents and representatives or any of its personnel at any time not to, during the Exclusivity Period, solicit, initiate, or discuss any proposal or offer, enter into any agreement, or accept any offer, relating to any reorganization, liquidation, dissolution, recapitalization, merger, consolidation, purchase or sale of assets or securities, or similar transaction or business combination involving the Target Company, or furnish any information with respect to, assist or participate in doing any of the foregoing.

Due Diligence Review

The Target Company agreed that during the Exclusivity Period the Company will, at its own costs, be given to proceed to conduct the due diligence review on the legal, financial and business aspects of the Target Company and its subsidiaries.

Formal Agreement

It is intended that the Company and the Target Company will proceed to the negotiation for a legally-binding formal agreement for the Possible Subscription within the Exclusivity Period.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is engaged in the application, production and sales of graphene lithium-ion battery cells, power banks, replaceable battery modules for mopeds and related products.

REASONS FOR ENTERING INTO THE LOI

The Group is principally engaged in the provision of graphene products, landscape architecture services and catering business.

The Company's strategy is to become a leader in energy storage solutions. The Company's first step in executing its strategy is to expand its existing graphene business and to acquire other graphene businesses. The Company's main graphene product is spherical graphite which is used to produce anodes for lithium-ion batteries. Graphene lithium-ion batteries are believed to out-perform other lithium-ion batteries in terms of energy density, charging time, durability, and safety. Graphene lithium-ion batteries can be used in electric vehicles, mopeds and scooters, and grid scale energy storage system. The Company considers that the Possible Subscription, if materialized, will provide an opportunity for the Company to reinforce its position in the new energy sector by extending its products and services downstream.

WARNING

The Board wishes to emphasize that the Possible Subscription is subject to, among others, the signing of a legally binding formal agreement, the terms and conditions of which are yet to be agreed between the Company and the Target Company. As such, the Possible Subscription may or may not proceed and as at the date of this announcement, no legally binding agreement in relation to the Possible Subscription has been entered into. Further announcement will be made by the Company in accordance with the Listing Rules as and when appropriate. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	Earthasia International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Exclusivity Period”	commencing on the date of the LOI and expired on 31 December 2021 or any extended period mutually agreed between the Target Company and the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“LOI”	the letter of intent dated 4 March 2021 entered into between the Company and the Target Company in relation to Possible Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Possible Subscription”	the possible subscription of the new shares to be issued by the Target Company as contemplated under the LOI
“Shareholder(s)”	holder(s) of the share(s) of the Company in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”

深圳市開元盛世科技有限公司 (Shenzhen KYSS Technology Co., Limited), a company established in PRC with limited liability

“%”

per cent

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

Hong Kong, 4 March 2021

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 are Mr. Ma Lida and Mr. Tu Wenzhe; and the independent non-executive Directors are Ms. Tam Ip Fong Sin, Mr. Wang Yuncai, Mr. Liu Kwong Sang, Mr. Tang Zhaodong and Mr. Chan Anthony Kaikwong.