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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)

UPDATE ON PROFIT GUARANTEE IN RELATION TO ACQUISITION OF 51% EQUITY INTEREST IN THAI GALLERY (HK) LIMITED AND SUZHOU INDUSTRIAL PARK WENLVGE HOTEL MANAGEMENT COMPANY LIMITED

Reference is made to the announcements of Earthasia International Holdings Limited (the “**Company**”) dated 23 August 2019 and 12 May 2020 (the “**Announcements**”) and the 2019 Annual Report of the Company in relation to the acquisition of 51% equity interest in Thai Gallery (HK) Limited and Suzhou Industrial Park Wenlvge Hotel Management Company Limited (“**Wenlvge**”). Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Thai Gallery (HK) Limited

Pursuant to the Supplemental Agreement entered on 23 August 2019, the vendors guaranteed to the Company that the total audited net operating profit after tax of Taihuan Shanghai and Thai Gallery (Italy) (collectively “the **Relevant Subsidiaries**”) for each of the three financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 shall be not less than RMB6,000,000, RMB7,000,000 and RMB8,000,000 respectively.

Based on the audited results, the net operating profit after tax of the Relevant Subsidiaries for the year ended 31 December 2019 was approximately RMB6,090,000 which fulfilled to meet the profit guarantee of RMB6,000,000 to the Group.

Suzhou Industrial Park Wenlvge Hotel Management Company Limited

On 12 May 2020, the Company received the arbitration results that the vendors were jointly and severally liable for making a compensation to the Group in the total amount of approximately RMB21.66 million for failing to meet the Guaranteed Profit and such other legal expenses. The vendors should fulfill the payment obligation within 15 days from the arbitration results.

However, the Company has not received any payment from the vendors up to the date of this announcement. In connection with the non-payment, in early July 2020 the Company has applied for an execution order from the court for repayment. The Company was subsequently informed by the court that the execution order cannot be proceeded because the vendors did not possess any personal properties. In early August 2020, the Company further applied for an investigation order from the court as to whether the vendors had deliberately transferred out of their own properties in avoidance of their payment obligations. As of the date of this announcement, the investigation order is pending on the court's approval.

The Company will keep the shareholders and potential investors of the Company informed of any further significant development as and when appropriate.

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

Hong Kong, 27 August 2020

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. Wang Yuncai, Mr. Liu Kwong Sang, Mr. Tang Zhaodong and Mr. Chan Anthony Kaikwong.