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Earthasia International Holdings Limited

泛亞環境國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6128)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF 51% EQUITY INTEREST IN
SUZHOU INDUSTRIAL PARK WENLVGE HOTEL
MANAGEMENT COMPANY LIMITED**

Reference is made to the announcement of Earthasia International Holdings Limited (the “**Company**”) dated 29 March 2017 (the “**Announcement**”) in relation to the acquisition of 51% equity interest in Suzhou Industrial Park Wenlvge Hotel Management Company Limited. Unless otherwise stated herein, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to announce that on 1 December 2017 (after trading hours), the Purchaser, the Vendors, the Warrantor and the Target Company entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Acquisition Agreement to amend certain terms and provisions of the Acquisition Agreement in light of the recent financial position of the Target Company. The material amendments are set out below:

Consideration

The consideration shall be reduced from RMB17,850,000 (equivalent to approximately HK\$20,154,435) to RMB10,200,000 (equivalent to approximately HK\$12,052,320) and payable by the Purchaser to the Vendors in the following manner:

- (i) RMB4,590,000 (equivalent to approximately HK\$5,423,544) payable within 3 business days from the date of signing the Supplemental Agreement; and

- (ii) RMB5,610,000 (equivalent to approximately HK\$6,628,776) payable within 5 business days after the fulfillment of all conditions precedent in the Acquisition Agreement and completion of registration of the Purchaser as 51% shareholder of the Target Company at the relevant government authority.

Completion

As stated in the Acquisition Agreement, Completion is conditional upon, inter alia, the Target Company having signed the new franchising agreements with the Ikaruga Ramen franchising shops and the Go Go Curry franchising shops respectively. The parties agreed in the Supplemental Agreement that the Completion shall be no longer be subject to this condition precedent. The parties agreed that in the event any of the conditions precedent shall not have been fulfilled (or waived) prior to 31 December 2017, then the Purchaser shall have the right to terminate the Acquisition Agreement. The Vendors shall repay all the consideration in respect of the Acquisition which has been paid by the Purchaser.

Profit Guarantee

Under the Supplemental Agreement, the amount of and period covered by the Guaranteed Profit are amended, pursuant to which the Vendors jointly and severally guarantee to the Purchaser that the audited annual net profit after tax of the Target Company for each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall be not less than RMB2,570,000 (equivalent to approximately HK\$3,036,712) (the “**New Guaranteed Profit**”). In the event that the New Guaranteed Profit for any of the relevant financial years ending 31 December 2020 cannot be met, the Vendors shall pay the Purchaser the compensation in cash, within 10 Business Days after the auditor’s report have been issued in respect of the relevant financial year. The compensation shall be calculated in accordance with the following formula:

$$\text{Compensation in respect of the New Guaranteed Profit} = \left[\text{RMB2,570,000} - \begin{array}{c} \text{Actual amount of} \\ \text{annual net profit} \\ \text{after tax for the} \\ \text{relevant financial} \\ \text{year} \end{array} \right] \times \frac{\text{RMB20,000,000}}{\text{RMB2,570,000}} \times 51\%$$

In the event that the audited annual net profit after tax of the Target Company for any of the three financial years ending 31 December 2020 is more than RMB2,570,000 (equivalent to approximately HK\$3,036,712), the Purchaser shall pay the Vendors a sum (in any event which shall not exceed RMB7,650,000 (equivalent to approximately HK\$9,039,240)) to be calculated in the formula below:

$$\text{Sum} = \left[\begin{array}{l} \text{Actual amount of annual net} \\ \text{profit after tax for the} \\ \text{relevant financial year} \end{array} \begin{array}{l} \\ \\ \text{Note} \end{array} - \text{RMB2,570,000} \right] \times \frac{\text{RMB20,000,000}}{\text{RMB2,570,000}} \times 51\%$$

Note: the ceiling of this figure is RMB4,500,000

Option

The formula to calculate the consideration at which the Purchaser may exercise the Option to acquire the remaining 49% equity interest of the Target Company is amended. The new formula is as follows:

$$\begin{array}{l} \text{Consideration for the} \\ \text{remaining 49\%} \\ \text{shareholding interest of} \\ \text{the Target Company} \end{array} = \begin{array}{l} \text{Audited} \\ \text{consolidated} \\ \text{annual net profit} \\ \text{of the Target} \\ \text{Company in the} \\ \text{most recent} \\ \text{financial year that} \\ \text{the Option is} \\ \text{exercised} \end{array} \begin{array}{l} \\ \\ \\ \\ \\ \\ \\ \text{Note} \end{array} \times \frac{\text{RMB20,000,000}}{\text{RMB2,570,000}} \times \begin{array}{l} \text{percentage of} \\ \text{shareholding} \\ \text{interest of the} \\ \text{Target Company to} \\ \text{be acquired} \end{array}$$

Note: In the event that the audited annual net profit after tax of the Target Company for any of the three financial years ending 31 December 2020 is more than RMB2,570,000 (equivalent to approximately HK\$3,036,712), the ceiling of this figure is RMB4,500,000

Save as disclosed in this announcement, all the material terms and conditions under the Acquisition Agreement remained unchanged and in full force and effect.

Shareholders and potential investors should note that completion of the Acquisition Agreement is subject to the fulfillment or waiver of the conditions precedent (as the case may be) and completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.

For illustration only, amounts in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.1816. No representation is made that any amounts in HK\$ and RMB have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 1 December 2017

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.