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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)

MAJOR TRANSACTION

Reference is made to the announcements of the Company dated 9 August 2017 and 27 December 2017 in relation to the MOU entered into between the Company and the Vendor regarding the Acquisition.

The Board is pleased to announce that, on 31 January 2018 (after trading hours), the Purchaser, the Vendor and the Guarantors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration of HK\$692,000,000 to be settled by a combination of cash, Consideration Shares and Convertible Bonds.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders under the Listing Rules.

A circular containing details regarding, among others, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the valuation report of the Target Group; (iii) the financial and other information of the Group; (iv) the financial and other information of Target Group; and (v) the pro forma financial information of the Group as enlarged by the Acquisition, will be despatched to the Shareholders in accordance with the Listing Rules as soon as practicable, which is expected to be on or before 23 February 2018.

BACKGROUND

Reference is made to the announcements of the Company dated 9 August 2017 and 27 December 2017 in relation to the MOU entered into between the Company and the Vendor regarding the Acquisition.

The Board is pleased to announce that, on 31 January 2018 (after trading hours), the Purchaser, the Vendor and the Guarantors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration of HK\$692,000,000 to be settled by a combination of cash, Consideration Shares and Convertible Bonds.

THE ACQUISITION

Set out below are the principal terms of the Agreement:

Date

31 January 2018

Parties involved

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) the Guarantors

The Vendor is owned as to 30%, 40% and 30% by Mr. Shen Taoyu, Mr. Yang Bo and Mr. Wu Wenbei (i.e. the Guarantors) respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor, the Guarantors and their respective associates are Independent Third Parties and do not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there was no previous transaction or business relationship among the Company, the Vendor, the Guarantors and/or their respective associates in the previous 12 months which would result in aggregation under Rule 14.22 of the Listing Rules.

Subject matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares, representing the entire equity interest in the Target Company.

Consideration

The Consideration of HK\$692,000,000 shall be payable by the Purchaser in the following manner:

- (i) as to HK\$50,000,000 of the Consideration (the “**Deposit**”) shall be settled by the Purchaser by way of cash upon the entering into of the Agreement which shall be refundable pursuant to the terms and conditions of the Agreement; and
- (ii) as to HK\$642,000,000 of the Consideration shall be settled by the Purchaser upon Completion by way of (a) cash in the amount of HK\$192,060,000; (b) procuring the Company to issue of 86,000,000 Consideration Shares at the Issue Price of HK\$2.79 per Consideration Share to the Vendor; and (c) procuring the Company to issue of the Convertible Bonds in the principal amount of HK\$210,000,000 to the Vendor.

The Purchaser intended to finance the cash component of the Consideration from internal resources and debt financing.

The Consideration of HK\$692,000,000 was arrived at after arm’s length negotiations between the Vendor and the Purchaser after taking into account of the preliminary valuation of the Target Group of approximately HK\$700,000,000 as at 31 October 2017 prepared by an independent valuer based on market approach.

Conditions precedent

Completion is conditional upon each of the following being satisfied (or, where applicable, waived by the Purchaser):

- (a) the Reorganisation by the Target Group having been completed to the satisfaction of the Purchaser;
- (b) the Purchaser having obtained a due diligence report/legal opinion (in such form and substance satisfactory to the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser, confirming, among other things, the legality of the Reorganisation, the assets to be transferred in the Reorganisation, the Agreement and the Acquisition in respect of the PRC laws, and the confirmation in respect of the due incorporation of Shanghai Company and Jixi Company and their operations;

- (c) the Purchaser having obtained from a qualified accounting firm appointed by the Purchaser an accountant report of the Target Group for the period from 1 June 2017 to 31 October 2017 and a report on review of the relevant assets to be transferred in the Reorganisation for the years of 2014, 2015, 2016 and the 10 months ended 31 October 2017, the content of which includes the profit and loss table of the recognised net profit from such assets, issued in compliance with the Listing Rules (in such form and substance satisfactory to the Purchaser);
- (d) the Purchaser having obtained a valuation report (in such form and substance satisfactory to the Purchaser) issued by a qualified valuer appointed by the Purchaser on the Target Group including the assets to be transferred in the Reorganisation, stating, among other things, the valuation of the Target Group being not less than HK\$692,000,000;
- (e) the Target Group having obtained all relevant licences and consent or renewals thereof in relation to its business and such licenses being valid and subsisting; for the licences which validity period will expire soon, the Target Group having submitted application for renewal/extension within the time limit stipulated under the relevant law or regulations;
- (f) the Purchaser, its agents or professional advisers being satisfied with the results of the review (in relation to legal, accounting, finance, operation or any other matters, which, in the Purchaser's opinion, are important) of the Target Company and the results of such review being satisfactory to the Purchaser;
- (g) the Vendor having obtained all necessary approvals, confirmations, waivers or consents in respect of the Agreement and all transactions contemplated thereunder under applicable laws and regulations from the relevant authorities having jurisdiction over the Shanghai Company and Jixi Company or other relevant third parties (if so required by the relevant legislations);
- (h) the Shareholders having approved at the EGM the Acquisition and the transactions contemplated thereunder in accordance with the articles of associations of the Company and the Listing Rules;
- (i) Permission having been obtained from the Stock Exchange for the listing of and the dealing in the Consideration Shares;
- (j) Permission having been obtained from the Stock Exchange for the listing of and the dealing in the Conversion Shares;
- (k) the Purchaser being satisfied, from the date of signing the Agreement and at any time before Completion, that the representations, warranties and undertakings given under the Agreement by Vendor in respect of the Target Group remain true, accurate, not misleading or being breached in any material changes;

- (l) the Purchaser not having discovered or known that from the date of signing of the Agreement and up to Completion, there being any abnormal operations or any material adverse change in the business circumstances (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in the Target Group; and
- (m) there having been no material adverse change in respect of legal, regulation, policy or other applicable regulatory requirements on the Vendor, the Purchaser and the Target Group.

If the above conditions have not been satisfied (or as the case may be, waived by the Purchaser in respect of the above conditions save and except for conditions (a), (b), (d), (e), (g), (h), (i), (j) and (m) which are not capable for being waived) on or before the Long Stop Date, or such later date as the Vendor and the Purchaser may agree in writing, the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Upon compliance with or fulfilment (or waiver) of all the conditions set out under the paragraph headed “Conditions precedent” above, Completion shall take place on the Completion Date, or such later date as the Vendor and the Purchaser may agree in writing.

Consideration Shares

As at the date of this announcement, the Company has 434,290,000 Shares in issue. The 86,000,000 Consideration Shares represent approximately 19.80% of the existing issued share capital of the Company and approximately 16.53% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares but before the conversion of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company).

The Consideration Shares shall be allotted and issued pursuant to the Specific Mandate, and shall rank *pari passu* with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK\$2.79 per Consideration Share represents:

- (i) a discount of approximately 22.28% to the closing price of HK\$3.59 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 21.50% to the average closing prices of HK\$3.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 21.50% to the average closing prices of HK\$3.55 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The issue price of the Consideration Shares was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the current market price of the Share. The Directors consider that the issue price of the Consideration Shares is fair and reasonable and on normal commercial terms.

The Convertible Bonds

The principal terms of the Convertible Bonds are summarized as follows:

Issuer:	The Company
Bondholder:	The Vendor
Principal amount:	HK\$210,000,000
Coupon rate:	5% per annum on the outstanding principal amount of the Convertible Bonds at each interest payment date subject to any adjustment to the principal amount of the Convertible Bonds pursuant to the profit guarantee set out in the paragraph headed "Profit Guarantee" below.

Interest payment dates shall be (i) on the 3rd Business Day after the issuance of the Annual Profit Notice of the previous financial year; and (ii) the CB Maturity Date.

CB Maturity Date:	The date falling on the thirty-nine (39) months from the date of issuance of the Convertible Bonds
Conversion Price:	<p>HK\$2.79 per Conversion Share (subject to adjustments upon the occurrence of, amongst others, subdivision or consolidation of Shares, capitalization issues, rights issues and open offer).</p> <p>The initial Conversion Price was determined after arm's length negotiations between the Vendor and the Company with reference to the current market price of the Share. The Directors consider that the initial Conversion Price is fair and reasonable and on normal commercial terms.</p>
Conversion Shares:	<p>Based on the initial Conversion Price of HK\$2.79, a number of 75,268,817 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, which represent:</p> <ul style="list-style-type: none"> (i) approximately 17.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon exercise in full of the conversion rights attaching to the Convertible Bonds. <p>The Conversion Shares shall be allotted and issued under the Specific Mandate to be sought at the EGM.</p>
Conversion Period:	The period commencing on the issuance date of the 2018 Annual Profit Notice and expiring at 4 p.m. on the CB Maturity Date.

Conversion Rights:

The maximum principal amounts of the Convertible Bonds that the Bondholder will have the right to convert during the Conversion Period (before deduction according to the Profit Guarantee) are set out below:

From the issuance of the 2018 Annual Profit Notice but before the issuance of the 2019 Annual Profit Notice HK\$70,000,000
(Note)

From the issuance of the 2019 Annual Profit Notice but before the issuance of the 2020 Annual Profit Notice HK\$140,000,000
(Note)

From the issuance of the 2020 Annual Profit Notice to 4 p.m. on the CB Maturity Date HK\$210,000,000
(Note)

Note: Should the principal amounts of the Convertible Bonds be deducted according to the Profit Guarantee, such amount will be reduced by the same amount of the principal amounts deducted.

Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if:

- (i) the Company will be unable to meet the public float requirements under the Listing Rules;
- (ii) the Bondholder and parties acting in concert with it will directly or indirectly control or be interested in such percentage of voting rights of the Company which the Bondholder and parties acting in concert with it would be obliged to make a general offer under the Takeovers Code; or
- (iii) prejudicial to the Company's rights to adjust the principal amount of the Convertible Bonds pursuant to the profit guarantee set out in the paragraph headed "Profit Guarantee" below.

Redemption: Unless previously converted, the Convertible Bonds will be redeemed by the Company on the CB Maturity Date at its principal amount outstanding.

Voting Rights: Bondholder will not be entitled to attend or vote at any shareholders' meetings of the Company by reason only of it being a Bondholder.

Status of the Convertible Bonds: The Convertible Bonds constitute a direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu and rateably without preference equally with all other present and/or future unsecured and unsubordinated obligations of the Company (unless otherwise stipulated under the applicable law and regulations).

Transferability: Provided that the Bondholder must obtain the written consent of the Company, the Convertible Bonds may be assigned or transferred to any third party. Such written consent shall not be unreasonably withheld by the Company, save and except where such transfer, in the view of the Company, shall be prejudicial to the Company's rights to adjust the principal amount of the Convertible Bonds pursuant to the profit guarantee set out in the paragraph headed "Profit Guarantee" below.

The Convertible Bonds shall not be transferred to a connected person of the Company unless with the prior consent of the Company and in compliance of the Listing Rules.

Application for listing: No application will be made by the Company for the listing or permission to deal in the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Profit Guarantee

The Vendor guarantees to the Company that the audited consolidated profit after tax (according to Hong Kong Financial Reporting Standards) of the Target Group for each of the three years ending 31 December 2020 (the “**Guaranteed Period**”) shall not be less than the amount set out under the table below (each the “**Guaranteed Profit**”):

Guaranteed Period	Guaranteed Profit
For the year ending 31 December 2018	HK\$35,000,000
For the year ending 31 December 2019	HK\$35,000,000
For the year ending 31 December 2020	HK\$35,000,000

Should the actual audited consolidated profit after tax of the Target Group (the “**Actual Profit**”) for any of the Guaranteed Period be less than the relevant Guaranteed Profit for more than 5%, the Consideration will be adjusted downward by way of reducing twice the difference between the Actual Profit and the Guaranteed Profit from the principal amount of the Convertible Bonds. Nevertheless, the maximum amount of reduction is HK\$70,000,000 for each of the Guaranteed Period.

Non-competition undertaking

The Vendor and Guarantors undertake to the Company that the Vendor, the Guarantors and their respective associates and Aoyu Company shall not: (i) directly or indirectly engage or involve in any business or activities which may compete with the Target Group; and (ii) own any interest in, obtain the controlling rights of any entity, corporation and organization which compete with the Target Group, or to serve as senior management or core technical persons of such entity, corporation and organization.

If the Vendor, Guarantors and/or their respective associates breach the above non-competition undertaking, such parties will jointly and severally indemnify all economic loss of the Target Group caused by such breach.

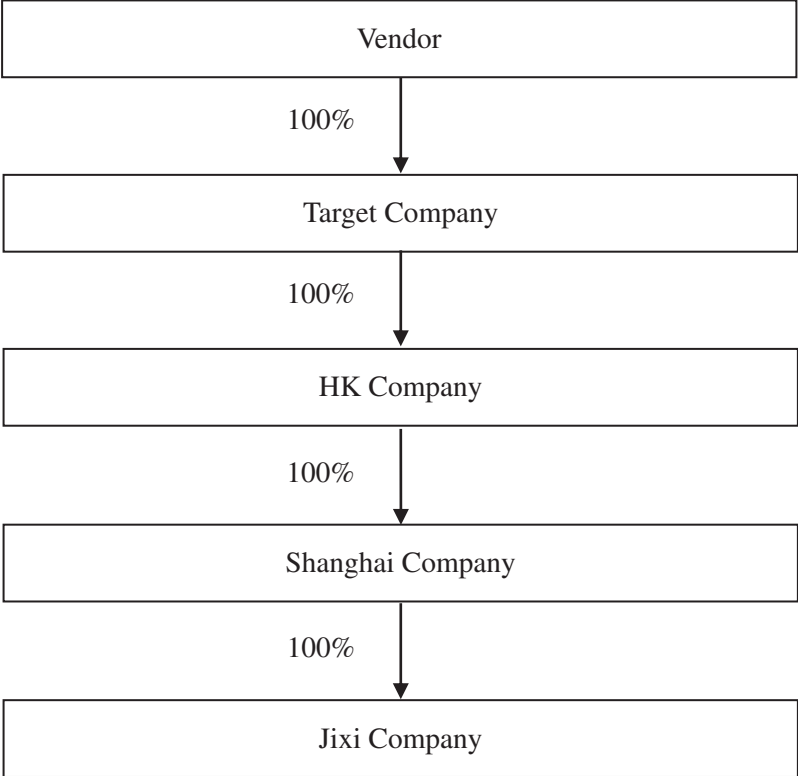
Guarantee

Under the Agreement, the Guarantors jointly and severally guarantee to the Purchaser the due and punctual performance of the Vendor of its obligations under the Agreement to return the Deposit to the Purchaser should the Conditions Precedents are not fulfilled (or, if applicable, waived) on or before the Long Stop Date.

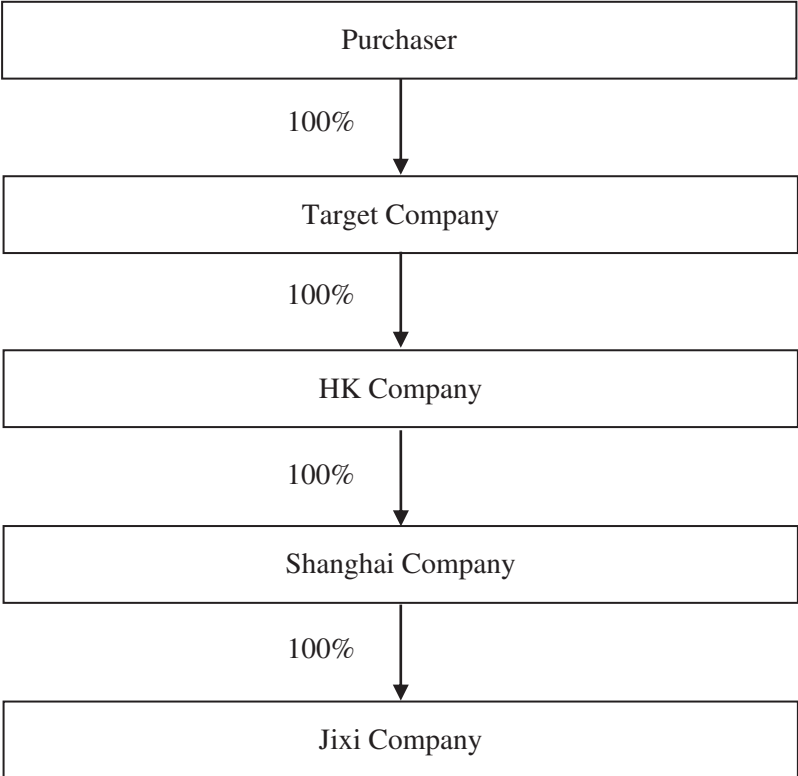
INFORMATION ON THE TARGET GROUP

Shareholding structure of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group immediately after Completion:



Target Company

The Target Company is an investment holding company established in the BVI with limited liability on 1 June 2017. As at the date of this announcement, apart from its 100% equity interest in the HK Company, the Target Company does not have any business operation.

HK Company

HK Company is an investment holding company established in Hong Kong with limited liability on 31 March 2017. As at the date of this announcement, apart from its 100% equity interest in Shanghai Company, HK Company does not have any business operation.

Shanghai Company

Shanghai Company is a wholly foreign owned enterprise and was established in the PRC on 24 October 2017. As at the date of this announcement, apart from its 100% equity interest in Jixi Company, Shanghai Company does not have any business operation.

Jixi Company

Jixi Company is a company established in the PRC with limited liability on 11 January 2018. Jixi Company is undergoing the Reorganisation.

As at the date of this announcement, Aoyu Company is owned as to 49% by Mr. Yang Bo and 51% by an Independent Third Party. Aoyu Company is principally engaged in, among other things, processing of graphite and graphene related products. Aoyu Company is using the Trademark with the authorization of Aoyu Group Company.

As at the date of this announcement, Aoyu Group Company is owned by three Independent Third Parties. According to the website of Aoyu Group Company, Aoyu Group Company is engaged in, among other things, manufacturing of graphite and graphene related products. Aoyu Group Company has registered the Trademark in the PRC. Aoyu Group Company been awarded various honors, including: one of the worlds' top 500 Chinese enterprises engaging in the mining business; national model enterprise in enterprise restructuring; AAA+ enterprise in China's market quality, service and reputation; China's famous brand enterprise; a Chinese exemplary enterprise with good faith, abiding by contract and stressing quality; Chinese enterprise with famous and excellent product; enterprise with famous trademark; advanced private technology-oriented enterprise; enterprise with green technology; one of the top ten import & export enterprises.

Reorganisation

Under the Reorganisation, Jixi Company shall acquire from Aoyu Company all of Aoyu Company's business undertakings of processing graphite and graphene related products, including all its personnel, patent rights and existing but unfinished commercial contracts, including the entering of the following deeds and contracts:

1. a termination agreement between Aoxing Company and Aoyu Company to terminate the patent licensing contract dated 10 April 2013 made between them;
2. an assignment of patent by Aoyu Company to Jixi Company to absolutely assign 11 patents and 5 claims of patent applications owned by Aoyu Company relating to the process of graphene and related products to Jixi Company and submission for the application of the assignment to the relevant government authority;
3. a trademark licence agreement between Aoyu Group Company and Jixi Company to license the Trademark to be used by Jixi Company as long as the Trademark registration is valid and completion of the necessary registration of such licence with the relevant government authority;

4. (i) deeds of novation relating to one procurement contract and three sales contracts amongst Jixi Company, Aoyu Company and the relevant third party supplier(s) and customer(s) of those contracts; and (ii) framework agreements to be executed by the existing customers and suppliers of Aoyu Company and Jixi Company in relation to the procurement and supply of products by Jixi Company;
5. the labour contracts of all existing employees of Aoyu Company to be employed by Jixi Company having been duly executed and are subsisting;
6. Jixi Company having completed the application for change of construction unit of environmental impact assessment project and obtained the environmental impact approval documents from the relevant environmental protection department;
7. a deed of novation amongst Jixi Company, Aoyu Company and 國家石墨產品質量監督檢驗中心 (National Graphite Product Quality Supervision and Inspection Center*) relating to the cooperation agreement dated 20 March 2017 between Aoyu Company and 國家石墨產品質量監督檢驗中心 (National Graphite Product Quality Supervision and Inspection Center*);
8. a lease agreement between Jixi Company and Aoyu Company relating to the leasing of machinery and factory for a term of 15 years (Jixi Company shall have the right to extend the leasing term every 10 years); and
9. Aoyu Company having obtained a letter of consent issued by the 雞西農商銀行恒山支行 (Jixi Rural Commercial Bank Hengshan Branch*) over the transfer of the assets and contractual rights under the Reorganisation.

Upon completion of the Reorganisation, the Jixi Company will be principally engaged in processing and sale of graphene and related products in the PRC. Jixi Company will (i) procure raw materials from the suppliers transferred from Aoyu Company; (ii) process graphene and related products using the equipment and production facilities rented from Aoyu Company; and (iii) sell products to the customers transferred from Aoyu Company.

Jixi Company will adopt the Trademark for its business operation. Jixi Company will also expand its suppliers and customers network.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the period from 1 June 2017 (being the date of incorporation of the Target Company) to 31 October 2017 and prepared in accordance with Hong Kong Financial Reporting Standards:

	For the period from 1 June 2017 (being the date of incorporation of the Target Company) to 31 October 2017 <i>HK\$'000</i>
Loss before tax	54
Loss after tax	54
	As at 31 October 2017 <i>HK\$'000</i>
Net assets	—

Set out below is the unaudited financial information of the relevant assets to be transferred under the Reorganisation for the two years ended 31 December 2016 and the ten months ended 31 October 2017 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2015 <i>RMB'000</i>	For the year ended 31 December 2016 <i>RMB'000</i>	For the ten months ended 31 October 2017 <i>RMB'000</i>
Profit before tax	37,389	27,787	28,568
Profit after tax	28,042	20,839	21,426

REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of a wide range of landscape architecture services covering landscape assessment, planning, design and other related advisory services.

Apart from the Group's existing principal business, the Group is exploring other potential investment opportunities which can increase Shareholders' values.

Graphene is known as the thinnest materials in the world but 200 times stronger than steel. Graphene is a superb electrical and thermal conductor.

The PRC contains second largest amount of graphite resource among countries, it counts around 33% of the graphite in the world. In 2016, the "13th FYP" National Strategic Emerging Industry Plan stated the Chinese government will support the application of graphite to achieve industrial scale through increased funding and the establishment of innovation alliances and specialized industry bases.

The BCC Research forecasted the global market size of graphene will reach US\$195 million in 2018 and exceed US\$1.3 billion in 2023.

The Board considers that the Acquisition would enable the Group to expand its revenue source to the graphene processing business and diversify the Group's revenue base. Accordingly, the Directors are of the view that the Acquisition would be in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable and on normal commercial terms.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares but before the issue and allotment of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds; and (iii) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price in full, assuming there is no other change in the shareholding structure of the Company before the issue of the Conversion Shares:

Name of Shareholders	As at the date of this announcement		Immediately after the issue of Consideration Shares but before the issue and allotment of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds		Immediately after the issue of Consideration Shares and the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Chan Yick Yan Andross (Note 1)	98,210,887	22.62	98,210,887	18.88	98,210,887	16.49
Mr. Lau Hing Tat Patrick (Note 2)	52,991,444	12.20	52,991,444	10.18	52,991,444	8.90
PBLA Limited	75,223,669	17.32	75,223,669	14.46	75,223,669	12.63
Mr. Tian Ming	3,930,000	0.90	3,930,000	0.76	3,930,000	0.66
Mr. Ma Lida	1,000,000	0.23	1,000,000	0.19	1,000,000	0.17
The Vendor	—	—	86,000,000	16.53	161,268,817	27.08
Other non-public Shareholders	8,899,275	2.05	8,899,275	1.71	8,899,275	1.49
Public Shareholders	194,034,725	44.68	194,034,725	37.29	194,034,725	32.58
Total	434,290,000	100.00	520,290,000	100.00	595,558,817	100.00

Notes:

- As at the date of this announcement, Mr. Chan Yick Yan Andross (“**Mr. Chan**”) holds 4,204,000 Shares by himself and 94,006,887 Shares through *CYY Holdings Limited*, a company incorporated in the British Virgin Islands. Mr. Chan is the beneficial owner of the entire issued capital of *CYY Holdings Limited*.
- As at the date of this announcement, Mr. Lau Hing Tak Patrick (“**Mr. Lau**”) holds 5,008,000 Shares by himself and 46,003,444 Shares through *LSBJ Holdings Limited*, a company incorporated in the British Virgin Islands. Mr. Lau is the beneficial owner of the entire issued capital of *LSBJ Holdings Limited*. Besides, Mr. Lau’s wife, Ms. Keung Wai Fong Tracy, also holds 1,980,000 shares of the Company. Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Lau, being the spouse of Ms. Keung, is deemed to be interested in all the shares that Ms. Keung is interested in, and vice versa.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders under the Listing Rules.

An EGM will be convened for the purpose of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder and the Specific Mandate. To the best of the knowledge and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the transaction contemplated under the Agreement such that he or it shall abstain from voting at the EGM on an ordinary resolution to approve the Agreement and the transactions contemplated thereunder and the Specific Mandate.

GENERAL

A circular containing details regarding, among others, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the valuation report of the Target Group; (iii) the financial and other information of the Group; (iv) the financial and other information of Target Group; and (v) the pro forma financial information of the Group as enlarged by the Acquisition, will be despatched to the Shareholders in accordance with the Listing Rules as soon as practicable, which is expected to be on or before 23 February 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the agreement dated 31 January 2018 entered into between the Purchaser, the Vendor and the Guarantors in relation to the Acquisition
“Annual Profit Notice”	the notice to be issued by the Purchaser to the Vendor within 1 month after the audited financial statements of the Target Group are issued containing information as to whether the profit guarantee of the financial year concerned has been met and, if not, the difference between the profit guarantee
“Aoxing Company”	黑龍江奧星能源科技有限公司 (Heilongjiang Aoxing Energy Technology Company Limited*), a company established in the PRC with limited liability
“Aoyu Company”	黑龍江省牡丹江農墾奧宇石墨深加工有限公司 (Heilongjiang Mudanjiang Agriculture Aoyu Graphite Deep Processing Company Limited*), a company established in the PRC with limited liability
“Aoyu Group Company”	奧宇石墨集團有限公司 (Aoyu Graphite Group Company Limited*), a company established in the PRC with limited liability
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds

“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CB Maturity Date”	the date falling on the thirty-nine (39) months from the date of issuance of the Convertible Bonds
“Company”	Earthasia International Holdings Limited (泛亞環境國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 6128)
“Completion”	completion of the Acquisition
“Completion Date”	the fifth Business Days (or such later date as agreed by the Purchaser, the Vendor and the Guarantors in writing) after the date of fulfillment (or waiver) of all the conditions precedent as set out in the Agreement
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Acquisition in the amount of HK\$692,000,000
“Consideration Share(s)”	the 86,000,000 new Shares to be issued by the Company to the Vendor pursuant to the Agreement
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$210,000,000 to be issued by the Company in favour of the Vendor at the Completion in part satisfaction of the Consideration

“Conversion Shares”	the new Shares to be allotted and issued by the Company to the Vendor upon conversion of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder and the Specific Mandate
“Group”	the Company and its subsidiaries
“Guarantor(s)”	Mr. Shen Taoyu, Mr. Yang Bo and Mr. Wu Wenbei, being the ultimate beneficial owners of the Vendor as at the date of this announcement
“HK Company”	Allied Apex Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Target Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of and not connected with the Company and its connected persons
“Issue Price”	the issue price of HK\$2.79 per Consideration Share
“Jixi Company”	黑龍江省牡丹江農墾炭奧石墨烯深加工有限公司 (Heilongjiang Mudanjiang Agriculture Tanao Graphene Deep Processing Company Limited*), a company established in the PRC with limited liability and is wholly owned by Shanghai Company
“Last Trading Day”	31 January 2018, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement

“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Long Stop Date”	31 May 2018 (or such later date to be agreed between the Vendor and the Purchaser in writing)
“MOU”	the non-legally binding memorandum of understanding dated 9 August 2017 (as supplemented by the supplemental memorandum of understanding dated 27 December 2017) entered into between the Company and the Vendor
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee on the audited consolidated net profit after tax of the Target Group for each of the three years ending 31 December 2018, 31 December 2019 and 31 December 2020 as more particularly set out in the sub-heading “Profit Guarantee” under the heading “THE ACQUISITION” of this announcement
“Purchaser”	Upworth Capital Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
“Reorganisation”	the acquisition by Jixi Company from Aoyu Company all of Aoyu Company’s business undertakings of processing graphite and graphene related products, including all its personnel, patent rights and existing but unfinished commercial contracts as more particularly set out in the sub-heading “Reorganisation” under the heading “INFORMATION OF THE TARGET GROUP” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Target Company
“Shanghai Company”	上海炭奥新材料科技有限公司 (Shanghai Tanao New Material Technology Company Limited*), a company established in the PRC with limited liability and is wholly owned by the HK Company

“Share(s)”	ordinary share(s) in the issued and unissued capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Specific Mandate”	the issue mandate to be granted to the Directors to allot and issue the Consideration Shares and Conversion Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Think High Global Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Vendor
“Target Group”	The Target Company and its subsidiaries
“Trademark”	a China registered trademark whose registration number is 3750863
“Vendor”	Tycoon Partner Holdings Limited, an investment holding company incorporated in the BVI with limited liability.
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 31 January 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.

** For identification purposes only*