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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)**

**(I) SUPPLEMENTAL AGREEMENT  
FOR THE MAJOR TRANSACTION RELATING TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
THINK HIGH GLOBAL LIMITED  
AND  
(II) FURTHER DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the announcements (the “**Announcement(s)**”) of the Company dated 31 January 2018, 23 February 2018, 30 April 2018, 31 May 2018, 29 June 2018, 31 August 2018 and 29 September 2018 in relation to the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcements.

The Board is pleased to announce that on 24 October 2018 (after trading hours), the Purchaser, the Vendor and the Guarantors entered into the Supplemental Agreement to amend certain terms and conditions of the Agreement.

The terms and conditions of the Supplemental Agreement and the amendments to the Agreement were reached through arm’s length negotiation by the Vendor and the Purchaser.

Set out below are the principal amendments to the Agreement:-

### **Payment method of the Consideration**

The payment method of the Consideration of HK\$692,000,000 is amended and under the new payment method, the Company will settle a larger part of the Consideration by way of cash and debt securities, the number of Consideration Shares to be issued by the Company will be reduced and the Company will no longer issue the Convertible Bonds and instead the Company will issue the Promissory Note to the Vendor.

Details of the new payment method of the Consideration are set out below:

- (i) as to HK\$210,000,000 of the Consideration shall be settled by the Purchaser by way of cash, of which HK\$50,000,000 has already been paid by the Purchaser to the Vendor as the Deposit upon the entering into of the Agreement;
- (ii) as to HK\$133,920,000 of the Consideration shall be settled by the Purchaser by procuring the Company to issue 48,000,000 Consideration Shares at the Issue Price of HK\$2.79 per Consideration Share to the Vendor; and
- (iii) as to HK\$348,080,000 be settled by the Purchaser by procuring the Company to issue to the Vendor the Promissory Note with principal amount of HK\$348,080,000.

The Company intends to satisfy the remaining balance of the cash component of the Consideration of HK\$160,000,000 from internal resources and debt financing.

### **Conditions precedent**

The conditions precedent to Completion are being amended as follows:-

- (i) the periods for the condition that accountant report of the Target Group to be obtained from a qualified accounting firm appointed by the Purchaser are amended to the period from 1 June 2017 to 31 December 2017 and the six months ended 30 June 2018 and the periods for the accountant report of the relevant assets to be transferred in the Reorganisation are amended to the three years ended 31 December 2017 and the six months ended 30 June 2018; and
- (ii) the condition of permission having been obtained from the Stock Exchange for the listing of and the dealing in the Conversion Shares is deleted.

## **Profit Guarantee**

The periods to which the Vendor guarantees the audited consolidated profits after tax (according to Hong Kong Financial Reporting Standards) of the Target Group to the Company are amended to each of the three years ending 31 December 2021 (the “**Guarantee Period**”). The amounts that the guaranteed profits in the Guarantee Period (each the “**Guaranteed Profit**”) shall not be less than are set out in the table below:-

<b>Guaranteed Period</b>	<b>Guaranteed Profit</b>
For the year ending 31 December 2019	HK\$35,000,000
For the year ending 31 December 2020	HK\$35,000,000
For the year ending 31 December 2021	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 Promissory Note. Nevertheless, the maximum amount of reduction is HK\$70,000,000 for each of the Guaranteed Period.

Apart from the above major amendments, the terms and conditions of the Agreement have remained unchanged.

The Guarantors continue to jointly and severally guarantee to the Purchaser the due and punctual performance of the Vendor of its obligations under the Agreement as amended by the Supplemental Agreement and 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.

## **The Consideration Shares**

As at the date of this announcement, the Company has 434,290,000 Shares in issue. The amended number of 48,000,000 Consideration Shares to be issued by the Company under the Supplemental Agreement represents approximately 11.05% of the existing issued share capital of the Company and approximately 9.95% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

There is no change or amendment to the Issue Price of HK\$2.79 per Consideration Share agreed by the Purchaser and the Vendor under the Agreement.

## 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, assuming there is no other change in the shareholding structure of the Company before the issue of the Consideration Shares:

Name of Shareholders	As at the date of this announcement		Immediately after the issue of Consideration Shares	
	<i>Approximate</i>		<i>Approximate</i>	
	No. of Shares	%	No. of Shares	%
Mr. Chan Yick Yan Andross (Note 1)	98,210,887	22.62	98,210,887	20.36
Mr. Lau Hing Tat Patrick (Note 2)	52,991,444	12.20	52,991,444	10.99
PBLA Limited	75,223,669	17.32	75,223,669	15.60
Mr. Gao Xin	47,996,000	11.05	47,996,000	9.95
Mr. Tian Ming	3,930,000	0.90	3,930,000	0.81
Mr. Ma Lida	1,000,000	0.23	1,000,000	0.21
The Vendor	—		48,000,000	9.95
Other non-public Shareholders	9,377,275	2.16	9,377,275	1.95
Other public Shareholders	<u>145,560,725</u>	<u>33.52</u>	<u>145,560,725</u>	<u>30.18</u>
<b>Total</b>	<b><u>434,290,000</u></b>	<b><u>100</u></b>	<b><u>482,290,000</u></b>	<b><u>100</u></b>

### 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.

**The Promissory Note**

Pursuant to the Agreement as amended by the Supplemental Agreement, the Company will issue to the Vendor the Promissory Note upon the Completion to settle a sum of HK\$348,080,000 of the Consideration.

Set out below are the principal terms of the Promissory Note:

- Issuer:** the Company
- Noteholder:** the Vendor
- Principal amount:** HK\$348,080,000 subject to downward adjustment in the event the Profits Guarantee cannot be achieved
- Coupon Rate:** 2% per annum on the outstanding principal amount of the Promissory Note at each interest payment date subject to any adjustment to the principal amount of the Promissory Note pursuant to the Profit Guarantee.  
  
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 maturity date.
- Maturity date:** the fourth anniversary of the date of the Promissory Note
- Repayment:** The Promissory Note shall be due and repayable to the Noteholder on the maturity date
- Transferability:** Provided that the Noteholder must obtain the written consent of the Company, the Promissory Note 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 Promissory Note pursuant to the Profit Guarantee.

Subject to the Company's right to adjust the outstanding principal of the Promissory Note downward, the Noteholder may transfer or assign the amount of outstanding principal of the Promissory Note as follows:-

<b>Period</b>	<b>Maximum amount of outstanding principal of the Promissory Note that may be transferred or assigned (before any downward adjustment of the outstanding principal)</b>
From the issuance of the 2019 Annual Profit Notice but before the issuance of the 2020 Annual Profit Notice	HK\$208,080,000
From the issuance of the 2020 Annual Profit Notice but before the issuance of the 2021 Annual Profit Notice	HK\$278,080,000
From the issuance of the 2021 Annual Profit Notice to 4 p.m. on the maturity date	HK\$348,080,000

The Promissory Note 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.

The Directors are of the view that the terms of the Supplemental Agreement are fair and reasonable and on normal commercial terms.

## **FURTHER DELAY IN DESPATCH OF CIRCULAR**

As stated in the Announcements, 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, was expected to be despatched to the Shareholders on or before 31 October 2018.

As additional time is required to finalise certain information to be included in the circular, the Company expects that the despatch date of the circular will be delayed to a date on or before 31 December 2018.

## **DEFINITIONS**

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

“Noteholder(s)”	holder(s) of the Promissory Note;
“Promissory Note”	the 2% per annum interest 48 months maturity promissory note in the aggregate principal amount of HK\$348,080,000 to be issued by the Company to the Vendor at Completion in partial settlement of the Consideration
“Supplemental Agreement”	the supplemental agreement dated 24 October 2018 entered into between the Vendor, the Purchaser and the Guarantors to amend certain terms and conditions of the Agreement

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

Hong Kong, 24 October 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.*