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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by Earthasia International Holdings Limited on a voluntary basis.

The Board of Directors of the Company is pleased to announce that on 23 July 2020, Ease Global, a joint venture (as defined in the International Financial Reporting Standards) of the Company, entered into the Share Exchange Agreement with NWCN whereby NWCN will allot and issue 49,000,000 new shares to Ease Global in exchange for 1,100 shares of Trade More held by Ease Global (the “**Share Exchange**”).

The Company, through its wholly-owned subsidiary Earthasia (International) Limited, is interested in 30% non-controlling interest in Ease Global.

Following the Completion of the Share Exchange, Ease Global will hold approximately 78% of issued shares of NWCN while Trade More will become a wholly-owned subsidiary of NWCN.

THE SHARE EXCHANGE AGREEMENT

Date

23 July 2020

Parties

(1) Ease Global

(2) NWCN

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

Subject Matter

Pursuant to the Share Exchange Agreement, Ease Global agreed to sell 1,100 issued shares of Trade More (representing the entire issued share capital of Trade More) to NWCN in exchange for 49,000,000 new shares of NWCN (representing approximately 78% interest in NWCN's enlarged share capital) to be allotted and issued to Ease Global.

Consideration

The consideration under the Share Exchange Agreement was determined after arm's length negotiations between Ease Global and NWCN. The consideration under the Share Exchange Agreement is in the form of exchanging the shares of Trade More for the newly issued shares of NWCN. The exchange ratio has been determined as 1 share of Trade More in exchange for approximately 44,545 newly issued shares of NWCN.

Completion

Completion shall take place on 2 September 2020 or such other date as agreed by the parties of the Share Exchange Agreement.

INFORMATION ON EASE GLOBAL AND TRADE MORE

Ease Global and Trade More are investment holding companies incorporated in the British Virgin Islands with limited liability. The Company indirectly owns 30% of issued shares of Ease Global. Trade More is a wholly-owned subsidiary of Ease Global. EWHL is a company incorporated in Hong Kong with limited liability. EWHL is a wholly-owned subsidiary of Trade More. The principal activities of EWHL is trading of Japanese cosmetics and merchandise and investment holdings.

The financial information of EWHL for the two financial years ended 31 December 2019 according to its consolidated management accounts is set out below:

	For the year ended	
	31 December	
	2018	2019
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Loss before tax	2,351	4,516
Loss after tax	2,369	5,424

As at 31 March 2020, the unaudited consolidated net deficiency in assets of EWHL was approximately HK\$15 million.

INFORMATION ON NWCN

NWCN is a company incorporated under the laws of the State of Delaware in the United States. The principal activities of NWCN is providing out-of-home advertising in China, primarily serving the needs of branded corporate customers. The shares of NWCN are traded on the pink open market of OTC Markets.

Based on the information disclosed in the annual report of NWCN dated 30 March 2020, the shareholders who are known by NWCN to own beneficially in excess of 5% of NWCN shares are as follows:

Name of shareholders	Number of shares	Percentage
Earnest Leung	4,049,170	37.5%
Keywin Holdings Limited	3,629,663	33.6%
Sino Portfolio International Ltd	1,835,753	17%
Ip Yu Chark	873,674	8.1%

According to NWCN's latest published financial statements, the amount of unaudited consolidated net deficiency in assets of NWCN as at 31 March 2020 was approximately US\$12.5 million. Further financial information of NWCN for the two financial years ended 31 December 2019 according to its latest audited consolidated financial statements is set out below:

	For the year ended	
	31 December	
	2018	2019
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Net loss before tax	818	894
Net loss after tax	818	894

REASON FOR AND BENEFITS OF THE SHARE EXCHANGE

Leverage on the advertising experience of NWCN, the Share Exchange is expected to promote and boost the trading business of EWHL and create synergies between the business of EWHL and NWCN. The Share Exchange can also broaden the revenue streams and bring greater return to Ease Global.

LISTING RULES IMPLICATIONS

None of the applicable percentage ratio(s) as set out in Rule 14.07 of the Listing Rules in respect of the Share Exchange under the Share Exchange Agreement exceeds 5%, the Share Exchange therefore do not constitute a notifiable transaction of the Company under the Listing Rules.

As NWCN is Independent Third Party and none of the substantial shareholders of Ease Global and Trade More is or is proposed to be a director, chief executive or controlling shareholder of the Company (or any of their associates), the Share Exchange does not constitute a connected transaction under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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”	the completion of the Share Exchange in accordance with the terms of the Share Exchange Agreement
“Director(s)”	the director(s) of the Company
“Ease Global”	Ease Global Limited, a company incorporated in the British Virgin Islands with limited liability
“EWHL”	Earthasia Worldwide Holdings Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties independent of and not connected with the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWCN”	Network CN, Inc., a company incorporated under the laws of the State of Delaware in the United States
“Share Exchange Agreement”	the share exchange agreement dated 23 July 2020 entered into between NWCN and Ease Global

“Trade More” Trade More Global Limited, a company incorporated in the British Virgin Islands with limited liability

“US\$” United States Dollar, the lawful currency of the United States

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

Hong Kong, 23 July 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 Directors 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.