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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)**

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

**THE ACQUISITION**

The Board is pleased to announce that on 29 March 2017 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, the Vendors, the Warrantor, Mr. Wei and Suzhou Qidi entered into the Acquisition Agreement in relation to the sale and purchase of the Sale Shares, representing 51% equity interest of the Target Company for a consideration of RMB17,850,000 in cash.

To the best knowledge, information and belief of the Directors of the Company, having made all reasonable enquiries, the Vendors, the Warrantor, Mr. Wei, Suzhou Qidi and the ultimate beneficial owners of the Warrantor and Suzhou Qidi are Independent Third Parties.

**LISTING RULES IMPLICATIONS**

As one of the relevant applicable percentage ratios is greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements under the Listing Rules.

The Board is pleased to announce that on 29 March 2017 (after trading hours), the Purchaser, the Vendors, the Warrantor, Mr. Wei and Suzhou Qidi entered into the Acquisition Agreement in relation to the sale and purchase of the Sale Shares, representing 51% equity interest of the Target Company.

## **THE ACQUISITION AGREEMENT**

The principal terms of the Acquisition Agreement are summarised as follows:

### **Date:**

29 March 2017 (after trading hour)

### **Parties:**

- (i) Purchaser: Shanghai Jingzhu Investment Management Company Limited, a wholly-owned subsidiary of the Company
- (ii) Vendors: Mr. Shen, Ms. Yang, Mr. Huang and Mr. Zhang
- (iii) Warrantor: Fengyutang (Suzhou) Hotel Management Company Limited
- (iv) Mr. Wei
- (v) Suzhou Qidi

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors, the Warrantor, Mr. Wei, Suzhou Qidi and the their ultimate beneficial owners (as the case may be), are Independent Third Parties. The principal activity of the Warrantor is restaurant and hotel operation and management. The principal activity of Suzhou Qidi is investment management.

### **Subject matter**

Pursuant to the Acquisition Agreement, the Vendors agreed to sell and the Purchaser agreed to purchase the Sale Shares, being 51% equity interest of the Target Company.

As at the date of this announcement, the Target Company is in the course of assets reorganization and will acquire the Subject Business from the Warrantor before Completion, which shall include but not limited to the restaurants directly operated by the Warrantor, the assets and the relevant contracts.

### **Consideration**

The consideration is RMB 17,850,000 (equivalent to approximately HK\$20,154,435) and shall be payable by the Purchaser to the Vendors in the following manner:

- (i) RMB892,500 (equivalent to approximately HK\$1,007,722) payable within 10 business days from completion of the acquisition of the Subject Business by the Target Company from the Warrantor;

- (ii) RMB1,785,000 (equivalent to approximately HK\$2,015,444) payable within 10 business days after the fulfillment of all the conditions precedent in the Acquisition Agreement; and
- (iii) RMB9,817,500 (equivalent to approximately HK\$11,084,939) payable within 10 business days from completion of change of the registered shareholders of the Target Company, the issue of the new business license of the Target Company and the issue of the consolidated management account of the Target Company for the first completed quarter after the completion of change of the registered shareholders of the Target Company;
- (iv) RMB2,677,500 and completion of due diligence investigation on the Target Company (equivalent to approximately HK\$3,023,165) payable within 10 business days from the Completion; and
- (v) RMB2,677,500 (equivalent to approximately HK\$3,023,165) payable within 10 business days from 6 months after the Completion.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendors and was determined with reference to the following: (i) the business development and future prospects of the Target Company; (ii) the Guaranteed Profit; and (iii) the net asset value of the Subject Business to be acquired by the Target Company. The consideration will be funded by the internal resources of the Group.

### **Conditions Precedent**

Completion is conditional upon the fulfillment or waiver (as the case may be) of certain conditions which include, inter alia:

- (a) the warranties, guarantees and undertakings given by the Vendors are true and accurate on the date of Completion and the Vendors have performed or complied with such warranties, guarantees and undertakings on or before the Completion Date;
- (b) all the necessary internal and external consents have been obtained and are still valid and there being no prohibition or restriction or decisions imposing additional conditions in relation to the Acquisition imposed by any government authorities;
- (c) the acquisition of the Subject Business by the Target Company from the Warrantor having been completed;
- (d) the Target Company having signed the new franchising agreements with the Ikaruga Ramen franchising shops and the Go Go Curry franchising shops respectively;
- (e) the Target Company having signed the employment contract with Mr. Shen and Mr. Huang respectively;

- (f) the persons nominated by the Purchaser having been appointed as the new legal representative, general manager, directors and supervisors of the Target Company and its subsidiaries (where relevant) and the number of directors appointed to the Target Company shall represent not less than half the total number of directors in the board of directors of the Target Company;
- (g) the authorized signatories of all the bank accounts of the Target Company and its subsidiaries (where relevant) having been changed in accordance with the instructions of the Purchaser or the company chop of the Target Company and the bank account key having been delivered to the Purchaser;
- (h) the new business licence of the Target Company having been issued in light of the Acquisition;
- (i) the Board and Shareholders (where applicable) having approved the Acquisition Agreement and the transactions contemplated thereunder according to the Listing Rules and all application laws; and
- (j) the Company having obtained approval from the Stock Exchange on the Acquisition Agreement and the transactions contemplated thereunder (where relevant).

The Purchaser may waive any or all conditions precedent which shall be satisfied by the Vendors. If the conditions precedent are not fulfilled or waived on or before 31 December 2017 (or such other date as the parties agree in writing), the Acquisition Agreement shall be of no effect, subject to the liability of any party to the other in respect of the antecedent breaches of the terms pursuant to the Acquisition Agreement. In that case, the Vendors shall refund any consideration received from the Purchaser. In the event that any of the Vendors fail to refund the said consideration, the Warrantor guarantees to refund the same to the Purchaser.

### **Completion**

Completion of the Acquisition Agreement shall take place on the next Business Day after all conditions precedent are fulfilled or waived by the Company (or such other date as agreed between the Company and the Vendors) and the Purchaser is satisfied with the results of the due diligence investigation in respect of the Target Company.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company. The equity interest of the Target Company will be held as to 51% by the Purchaser, 37% by the Vendors, 10% by Suzhou Qidi and 2% by Mr. Wei.

### **Profit Guarantee**

Pursuant to the Acquisition Agreement, the Vendors jointly and severally guarantee to the Purchaser that the audited net profit after tax of the Target Company for each of the three financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 shall be not less than RMB4,500,000 (equivalent to approximately HK\$5,080,950).

In the event that the Guaranteed Profit for any of the relevant financial years ending 31 December 2019 cannot be met, the Vendors shall pay the Purchaser a compensation (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:

$$\text{Compensation} = \left[ \text{RMB4,500,000} - \begin{array}{c} \text{Actual amount of} \\ \text{net profit after tax} \\ \text{for the relevant} \\ \text{financial year} \end{array} \right] \times \frac{\text{RMB35,000,000}}{\text{RMB4,500,000}} \times 51\%$$

In the event that the audited net profit after tax of the Target Company for any of the three financial years ending 31 December 2019 is more than RMB4,500,000 (equivalent to approximately HK\$5,080,950), the Purchaser shall pay the Vendors an amount (the “**Amount**”) to be calculated in the formula below:

$$\text{Amount} = \left[ \begin{array}{c} \text{Actual amount of} \\ \text{net profit after tax} \\ \text{for the relevant} \\ \text{financial year} \end{array} \text{Note} - \text{RMB4,500,000} \right] \times \frac{\text{RMB35,000,000}}{\text{RMB4,500,000}} \times 51\%$$

*Note: the ceiling of this figure is RMB6,000,000*

## Option

The Vendors, Suzhou Qidi and Mr. Wei jointly and severally and irrevocably granted an exclusive option to the Purchaser pursuant to which the Purchaser has the exclusive right to acquire from them the remaining 49% equity interest of the Target Company (or any part thereof) at the consideration to be calculated by the formula below:

$$\begin{array}{l} \text{Consideration} \\ \text{for the} \\ \text{remaining 49\%} \\ \text{shareholding} \\ \text{interest of the} \\ \text{Target Company} \end{array} = \begin{array}{l} \text{Audited} \\ \text{consolidated net} \\ \text{profit of the} \\ \text{Target Company} \\ \text{in the most} \\ \text{recent financial} \\ \text{year that the} \\ \text{Option is} \\ \text{exercised} \end{array} \times \frac{\text{RMB35,000,000}}{\text{RMB4,500,000}} \times \begin{array}{l} \text{percentage of} \\ \text{shareholding} \\ \text{interest of the} \\ \text{Target Company} \\ \text{to be acquired} \end{array}$$

## INFORMATION OF THE TARGET COMPANY

The Vendors have been in the catering industry for over 10 years. The Warrantor was established in 2013 which is owned as to 74.189% by Mr. Shen, 10% by Suzhou Qidi, 6.427% by Ms. Yang, 4.166% by Mr. Huang, 3.218% by Mr. Zhang and 2% by Mr. Wei. The Warrantor is the owner of Ikaruga Ramen Restaurants and Go Go Curry Restaurants, and the franchiser of Ikaruga Ramen franchising shops and Go Go Curry franchising shops.

The Target Company was established on 28 March 2017 as an investment holding company. As at the date of this announcement, the Target Company is owned as to 74.189% by Mr. Shen, 10% by Suzhou Qidi, 6.427% by Ms. Yang, 4.166% by Mr. Huang, 3.218% by Mr. Zhang and 2% by Mr. Wei. The Target Company is in the course of acquiring the Subject Business and the IP Rights from the Warrantor.

Set out below is the summary of the key financial information extracted from the unaudited financial information of the Target Company for the period since the incorporation date of the Target Company on 28 March 2017 to 29 March 2017:

**Since the incorporation date  
of the Target Company on  
28 March 2017 up to 29 March 2017**  
*HK\$'000*  
*Unaudited*

Turnover	N/A
Profit/(loss) before taxation	–
Profit/(loss) after taxation	–

The Target Company has not commenced any operation during the period from its incorporation and therefore no turnover had been recorded. The above financial information was prepared in accordance with the general accepted accounting principles issued by the Ministry of Finance of the PRC.

The total assets and net assets of the Subject Business as at 31 December 2016 was approximately RMB12.1 million and RMB11.0 million respectively. Set out below is the summary of the key financial information extracted from the unaudited accounts on the Subject Business for the two years ended 31 December 2015 and 2016, which was prepared in accordance with generally accepted accounting principles issued by the Ministry of Finance of the PRC.

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Turnover	3,758	11,395

**For the year ended 31 December**

	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Profit/(loss) before taxation	631	2,932
Profit/(loss) after taxation	473	2,199

## **REASONS FOR AND BENEFITS OF 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.

The consumer sector of the PRC is growing rapidly. As disposable income rises, PRC people will spend more on leisure and dining out. The Acquisition offers a chance to tap into the consumer sector, which is believed to be the main driver of the PRC's economy.

The Directors believe that the Acquisition can broaden its revenue streams and bring greater return to the Shareholders.

The terms of the Acquisition Agreement were arrived at after arm's length negotiations between the Company and the Vendors. The Directors consider that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios is greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements under the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of the 51% of equity interest of the Target Company by the Purchaser
“Acquisition Agreement”	the sale and purchase agreement dated 29 March 2017 for the proposed acquisition of the 51% of equity interest of the Target Company by the Purchaser

“Amount”	the amount of money payable by the Purchaser to the Vendors in the event the audited net profit after tax of the Target Company for any of the three financial years ending 31 December 2019 is more than RMB4,500,000 (equivalent to approximately HK\$5,080,950)
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday in Hong Kong) on which banks in Hong Kong and the PRC are open for business
“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)
“Compensation”	the amount payable by the Vendors to the Purchaser if the Guaranteed Profit cannot be met pursuant to the Acquisition Agreement
“Completion”	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Go Go Curry Restaurants”	restaurants serving curry in Jiangsu province, the PRC which are owned and operated by Warrantor
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	the net profit after tax of the Target Company of RMB4,500,000 (equivalent to approximately HK\$5,080,950) for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 that the Vendors guarantee to the Company pursuant to the Acquisition Agreement
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP Rights”	all the intellectual property rights in relation to Ikaruga Ramen (斑鳩拉麵) and Go Go Curry (果果咖喱)



“Ikaruga Ramen Restaurants”	restaurants serving ramen in Jiangsu province, the PRC, which are owned and operated by the Warrantor
“Independent Third Parties”	a party 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
“Mr. Huang”	Mr. Huang Canze (黃燦澤)
“Mr. Shen”	Mr. Shen Jun (沈軍)
“Mr. Wei”	Mr. Wei Jian (魏劍)
“Mr. Zhang”	Mr. Zhang Xiang (張翔)
“Ms. Yang”	Ms. Yang Yongfang (羊永芳)
“Option”	the exclusive option granted by the Vendors, Suzhou Qidi and Mr. Wei to the Purchaser to acquire the remaining 49% equity interest of the Target Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shanghai Jingzhu Investment Management Company Limited (上海景築投資管理有限公司)*, a company established under the laws of PRC with limited liability and a wholly- owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	51% equity interest of the Target Company
“Shareholder(s)”	holder(s) of share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Business”	the business of operation and management of Ikaruga Ramen Restaurants and Go Go Curry Restaurants currently carried on by the Warrantor

“Suzhou Qidi”	Suzhou Qidi Technology Park Development Company Limited (蘇州啟迪科技園發展有限公司)*, a company established under the laws of PRC with limited liability
“Target Company”	Suzhou Industrial Park Wenlvge Hotel Management Company Limited (蘇州工業園區文律閣酒店管理有限公司)*, a company established under the laws of PRC with limited liability
“Vendors”	Mr. Shen, Ms. Yang, Mr. Huang and Mr. Zhang
“Warrantor”	Fengyetang (Suzhou) hotel Management Company Limited (楓葉堂(蘇州)酒店管理有限公司)*, a company established under the laws of PRC with limited liability
“%”	percentage

\* *For identification purpose only. The Chinese name has been translated in English in this announcement. In the event of any discrepancies between the Chinese name and the English translation, the Chinese name prevails.*

*For illustration only, amounts in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.1291. 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, 29 March 2017

*As at the date of this announcement, the executive Directors are Mr. Lau Hing Tat Patrick, Mr. Chan Yick Yan Andross and Mr. Tian Ming; the non-executive Directors are Mr. Michael John Erickson, Mr. Ma Lida and Ms. Huang Yaping; and the independent non-executive Directors are Ms. Tam Ip Fong Sin, Mr. Wong Wang Tai and Mr. Wang Yuncai.*