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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
DISPOSAL OF 45% EQUITY INTERESTS OF
SHANGHAI TEDDY FRIENDS INVESTMENT MANAGEMENT LIMITED

THE DISPOSAL

The Board wishes to announce that on 27 March 2017 (after trading hours), Earthasia Linkong, an indirectly wholly owned subsidiary of the Company, entered into the Share Transfer Agreement with Yingying Shanghai, pursuant to which Earthasia Linkong agreed to sell, and Yingying Shanghai agreed to acquire (by itself or through its nominee), the Sale Shares, representing 45% equity interests of the JV for a consideration of RMB17,804,700 (equivalent to approximately HK\$20,089,043) in cash.

To the best knowledge, information and belief of the Directors of the Company, having made all reasonable enquiries, Yingying Shanghai is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios is greater than 5% but less than 25%, the Disposal 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 wishes to announce that on 27 March 2017 (after trading hours), Earthasia Linkong, an indirectly wholly owned subsidiary of the Company, and Yingying Shanghai entered into the Share Transfer Agreement in respect of the Disposal.

The principal terms of the Share Transfer Agreement are summarised as follows:

THE SHARE TRANSFER AGREEMENT

Date:

27 March 2017 (after trading hour)

Parties:

- (i) Earthasia Linkong;
- (ii) Yingying Shanghai.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (a) the principal activity of Yingying Shanghai is investment management and consultancy services; and (b) each of Yingying Shanghai and its ultimate beneficial owners is an Independent Third Party.

Subject matter

Pursuant to the Share Transfer Agreement, Earthasia Linkong agreed to sell and Yingying Shanghai agreed to purchase (by itself or through its nominee) the Sale Shares, being 45% equity interests of the JV.

Consideration

The consideration is RMB17,804,700 (equivalent to approximately HK\$20,089,043) and shall be payable by Yingying Shanghai to Earthasia Linkong in the following manner:

- (i) RMB1,780,470 (equivalent to approximately HK\$2,008,904) payable within two weeks from the signing of the Share Transfer Agreement;
- (ii) RMB7,121,880 (equivalent to approximately HK\$8,035,617) payable one week before the proposed application to the government authority for change of registered owner of the JV; and
- (iii) RMB8,902,350 (equivalent to approximately HK\$10,044,522) payable within two weeks upon completion of change of registered owner of the JV.

The consideration was determined after arm's length negotiations between Earthasia Linkong and Yingying Shanghai and was determined with reference to the net asset value of the JV as at 31 December 2016 and the cost of the Group's investment in the JV.

INFORMATION ON THE JV

The JV was established under the laws of the PRC on 9 June 2015 with limited liability. Its principal business is development and operation of eco-tourism business under the theme “Teddy Farm” across different provinces/cities in the PRC.

Set out below is the financial information of the JV prepared in accordance with the PRC Accounting Standards for the period ended 31 December 2016:

	For the financial year ended	
	31 December	
	(unaudited)	(audited)
	(RMB'000)	(RMB'000)
	2015	2016
Net profit/(loss) before and after taxation and extraordinary items attributable to owners of the parent	(2,196)	(4,251)

As at 31 December 2016, the total assets value and net asset value attributable to owners of the parent of the JV were approximately RMB36.0 million and RMB18.1 million respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 Directors are of the view that the Disposal allows the Group to realise its investment in the JV, and thereby utilize the net proceeds of the Disposal for financing other future potential investment opportunities and/or general working capital of the Group.

It is expected that a gain of approximately RMB10.4 million (equivalent to approximately HK\$11.7 million) will be accrued to the Group as the result of the Disposal. This gain was the difference between the Consideration and the amount of the investment in the JV as at 31 December 2016 classified by the Group. Proceeds of the Disposal will be used for financing other future potential investment opportunities and/or general working capital of the Group.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios is greater than 5% but less than 25%, the Disposal 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:

“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)
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 45% equity interests of the JV by Earthasia Linkong
“Earthasia Linkong”	Earthasia Design (Shanghai) Company Limited* (泛亞城市規劃設計(上海)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a party independent of and not connected with the Company and its connected person
“JV”	Shanghai Teddy Friends Investment Management Limited* (上海泰迪朋友投資管理有限公司), a joint venture company established under the laws of the PRC with limited liability on 9 June 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	45% equity interests of the JV to be disposed by Earthasia Linkong
“Shareholder(s)”	holder(s) of share(s) in issue
“Share Transfer Agreement”	share transfer agreement dated 27 March 2017 for the proposed disposal of 45% equity interests of the JV to Yingying Shanghai or its nominee
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yingying Shanghai”	Yingying (Shanghai) Investment Management Centre* (盈影(上海)投資管理中心)(有限合夥), a limited partnership established under the laws of the PRC
“%”	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\$1.1283. 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, 27 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.