

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**CONNECTED TRANSACTION**  
**CAPITAL INCREASE AGREEMENT**

**CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 28 April 2016, Earthasia Linkong, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the JV, Mr. Zhong, Pubang Qianhai and Shanghai Teddy, pursuant to which the parties agreed that the registered capital of the JV be increased from RMB10 million to RMB27 million whereby Earthasia Linkong has agreed to contribute in the amount of RMB7.65 million in cash. Upon completion of the Capital Increase, Earthasia Linkong will remain to hold 45% interest in the JV.

**LISTING RULES IMPLICATIONS**

As Shanghai Teddy is wholly owned by Mr. Chan, who is a Director and Controlling Shareholder of the Company, hence Shanghai Teddy is an associate of Mr. Chan and a connected person of the Company under the Listing Rules. On the other hand, Pubang is a substantial shareholder of the Company through its interest in its wholly-owned subsidiary Pubang Landscape Architecture (HK) Company Limited which in turn holds the entire issued share capital of PBLA Limited, holding 25.14% shareholding interest in the Company. Pubang Qianhai is a wholly-owned subsidiary of Pubang, hence Pubang Qianhai is an associate of Pubang and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage of the Capital Increase is more than 0.1% but less than 5%, the Capital Increase shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 28 April 2016, Earthasia Linkong, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement in relation to the increase of the registered capital of the JV pursuant to which Earthasia Linkong shall contribute RMB7.65 million in cash.

Upon completion of the Capital Increase Agreement, (i) the registered capital of the JV will increase from RMB10 million to RMB27 million; and (ii) the JV will be owned as to 45.0%, 25.0%, 24.9% and 5.1% by Earthasia Linkong, Mr. Zhong, Pubang Qianhai and Shanghai Teddy, respectively.

## **CAPITAL INCREASE AGREEMENT**

### **Date**

28 April 2016

### **Parties**

- (a) Earthasia Linkong;
- (b) Mr. Zhong;
- (c) Pubang Qianhai;
- (d) Shanghai Teddy; and
- (e) the JV

Save and except Pubang Qianhai and Shanghai Teddy who are connected persons, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Zhong is an independent third party.

### **Subject matter**

Pursuant to the Capital Increase Agreement, the registered capital of the JV will be increased from RMB10 million to RMB27 million whereby Earthasia Linkong has agreed to contribute in the amount of RMB7.65 million in cash. Upon completion of the Capital Increase Agreement, Earthasia Linkong will remain to hold 45% interest in the JV.

The JV will continue to be accounted for as a joint venture company to the Group under the equity method of accounting. No further capital commitment is required to be contributed by Earthasia Linkong under the Capital Increase Agreement other than the contribution towards the Capital Increase set out above. The Group will fund the Capital Increase by its internal resources.

## Conditions Precedent

Completion of the Capital Increase Agreement will be conditional upon, inter alia, the following conditions precedent have been fulfilled:

1. the Equity Transfer Agreements having been completed;
2. compliance with the relevant requirements under the Listing Rules having been fulfilled in relation to the Capital Increase Agreement; and
3. the Capital Increase having obtained all necessary rectification, approval, permits from or the completion of the filing in the relevant regulatory authorities.

## SHAREHOLDING STRUCTURE OF THE JV

Shareholders	Registered capital before Capital Increase (Note 3) (RMB million)	Percentage of equity interest before Capital Increase	Approximate amount of capital contribution (RMB million)	Approximate amount of registered capital after Capital Increase (RMB million)	Percentage of equity interest after Capital Increase
Earthasia Linkong	4.50	45.0%	7.65	12.15	45.0%
Mr. Zhong (Note 1, 2)	2.50	25.0%	4.25	6.75	25.0%
Pubang Qianhai (Note 2)	2.49	24.9%	4.23	6.72	24.9%
Shanghai Teddy (Note 1)	0.51	5.1%	0.87	1.38	5.1%
<b>Total</b>	<b>10.0</b>	<b>100.0%</b>	<b>17.0</b>	<b>27.0</b>	<b>100.0%</b>

*Note 1:* on 27 April 2016, Shanghai Teddy and Mr. Zhong entered into the Equity Transfer Agreement 1 pursuant to which Shanghai Teddy agreed to transfer 9.9% equity interest of the JV to Mr. Zhong. Shanghai Teddy's interest in the JV will decrease from 15% to 5.1% upon completion of the Equity Transfer Agreement 1.

*Note 2:* On 27 April 2016, Fenglian Fund, Mr. Zhong and Pubang Qianhai entered into the Equity Transfer Agreement 2 pursuant to which Fenglian Fund agreed to transfer 15.1% and 24.9% equity interest of the JV to Mr. Zhong and Pubang Qianhai respectively. Fenglian Fund will cease to hold any equity interest in the JV upon completion of the Equity Transfer Agreement 2.

*Note 3:* As at the date of this announcement, the Equity Transfer Agreements have not been completed. The information contained in this column represents the registered capital of the JV before Capital Increase on the assumption that the Equity Transfer Agreements were completed.

## FINANCIAL INFORMATION OF THE JV

Set out below are the unaudited consolidated financial information of the JV Group prepared in accordance with the PRC Accounting Standards for the period ended 31 December 2015:–

	<b>For the period ended 31 December 2015</b>
	(unaudited)
	<i>(HK\$'000)</i>
Net profit/(loss) before taxation and extraordinary items	(3,342)
Net profit/(loss) after taxation and extraordinary items	(3,342)

As at 31 December 2015, the unaudited consolidated total asset value and the unaudited total net asset value of the JV were approximately HK\$13.4 million and HK\$10.5 million respectively.

## REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

In June 2015, the JV was established in the PRC by Earthasia Linkong, Fenglian Fund and an independent third party individual with a view to develop and operate eco-tourism business in the PRC. The JV Group will form different strategic alliance with local partners to develop and operate eco-tourism business under the theme “Teddy Farm” across different provinces/cities in the PRC.

Eco-tourism is a new development trend in the tourism industry. It would help to raise a city’s image and attract more high quality foreign tourists. It could provide economic gains from the rural areas, whilst promoting a stronger sense of belonging and environmental protection, which is beneficial for both society and the environment. The Directors are of the view that eco-tourism represents one of the fastest developing areas in tourism with favourable government policy. Through the investment in the JV, the Group can leverage its extensive experience in landscape architecture to expand its business footprint into eco-tourism and capture the business opportunity arising from the newest development trend in the PRC.

The Capital Increase can enhance the registered capital and working capital of the JV, facilitating the rapid growth of its business. Being a holder of 45% equity interest of the JV, the Group may benefit from sharing of the profit or loss arising from the eco-tourism business through the JV.

The terms of the Capital Increase Agreement were determined after arm’s length negotiations between the contractual parties to the Capital Increase Agreement. The Directors (including independent non-executive Directors) considered that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Shanghai Teddy is wholly owned by Mr. Chan, who is a Director and Controlling Shareholder of the Company, hence Shanghai Teddy is an associate of Mr. Chan and a connected person of the Company under the Listing Rules. On the other hand, Pubang is a substantial shareholder of the Company through its interest in its wholly-owned subsidiary Pubang Landscape Architecture (HK) Company Limited which in turn holds the entire issued share capital of PBLA Limited, holding 25.14% shareholding interest in the Company. Pubang Qianhai is a wholly owned subsidiary of Pubang, hence Pubang Qianhai is an associate of Pubang and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage of the Capital Increase is more than 0.1% but less than 5%, the Capital Increase shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

As Mr. Chan has an interest in the JV through Shanghai Teddy, he has abstained from voting on the relevant board resolutions approving the Capital Increase Agreement. As Mr. Ma Lida and Ms. Huang Yaping (both being non-executive Directors) are employees of Pubang and are Pubang's board representation in the Group, Mr. Ma Lida and Ms. Huang Yaping have also abstained from voting on the relevant board resolutions approving the Capital Increase Agreement. Save as disclosed above, none of the Directors has any material interest in the Capital Increase Agreement nor is any of them required to abstain from voting in respect of the relevant board resolution(s).

## **GENERAL INFORMATION OF THE PARTIES**

### **The Company**

The Company is an investment holding company. 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.

### **Earthasia Linkong**

Earthasia Linkong is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the town planning and advisory, landscape design, construction and consultancy services.

### **Mr. Zhong**

Mr. Zhong is a PRC national and has over 15 years of experience in trading business. He is an independent third party.

## **Pubang Qianhai**

Pubang Qianhai is an indirect wholly-owned subsidiary of Pubang and was established for the purpose of investing in the JV. Pubang Group is principally engaged in landscape construction (including building design), landscape architecture, landscape maintenance and garden nursery.

## **Shanghai Teddy**

Shanghai Teddy is an investment holding company established under the laws of the PRC with limited liability, which is wholly owned by Mr. Chan. Shanghai Teddy was set up for the purpose of investing in the JV.

## **JV**

The JV is an investment holding company. The JV Group will form different strategic alliance with local partners to develop and operate eco-tourism business under the theme “Teddy Farm” across different provinces/cities in the PRC.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the otherwise stated:–

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Capital Increase”	the proposed capital contribution to be made by Earthasia Linkong to the JV in accordance with the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 28 April 2016 regarding the Capital Increase entered into by and among Earthasia Linkong, Mr. Zhong, Pubang Qianhai, Shanghai Teddy and the JV
“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 shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“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
“Equity Transfer Agreement 1”	means an equity transfer agreement dated 27 April 2016 entered into by Shanghai Teddy and Mr. Zhong pursuant to which Shanghai Teddy agreed to transfer 9.9% equity interest of the JV to Mr. Zhong
“Equity Transfer Agreement 2”	means an equity transfer agreement dated 27 April 2016 entered into by Fenglian Fund, Mr. Zhong and Pubang Qianhai pursuant to which Fenglian Fund agreed to transfer 15.1% and 24.9% equity interest of the JV to Mr. Zhong and Pubang Qianhai respectively
“Equity Transfer Agreements”	Equity Transfer Agreement 1 and Equity Transfer Agreement 2
“Fenglian Fund”	Shanghai Fenglian Xule Investment Partners (Limited Partnership)* (上海楓聯敘樂投資合夥企業(有限合夥)) is a limited liability partnership established in the PRC and is principally engaged in the investment in non-listed companies, the investment in the non-public offering stocks of listed companies and relevant consulting services, which is an independent third party
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	third party(ies) who are not connected persons of the Company and are independent of and not connected with the Company and its connected persons
“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
“JV Group”	the JV and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Chan Yick Yan Andross (陳奕仁), an executive Director and a Controlling Shareholder

“Mr. Zhong”	Zhong Liang (鍾良), a shareholder of the JV upon completion of the Equity Transfer Agreements
“PBLA”	PBLA Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of Pubang, and a substantial shareholder of the Company holding 25.14% shareholding interest in the Company
“PRC”	the People’s Republic of China
“Pubang”	Pubang Landscape Architecture Company Limited* (廣州普邦園林股份有限公司), a joint stock limited company incorporated under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002663)
“Pubang Group”	Pubang and its subsidiaries
“Pubang Qianhai”	Shenzhen Qianhai Pubang Investment Management Company Limited* (深圳市前海普邦投資管理有限公司), an indirect wholly-owned subsidiary of Pubang established for the purpose of investing in the JV
“Shanghai Teddy”	Shanghai Teddy’s Friends Investment Management Limited* (上海泰迪之友投資管理有限公司), a company established under the laws of the PRC with limited liability, which is wholly owned by Mr. Chan
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 28 April 2016



*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.*

*\* For identification purpose only*