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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

MAJOR AND CONNECTED TRANSACTIONS

THE DISPOSAL AGREEMENTS

The Board is pleased to announce that on 27 May 2021 (after trading hours of the Stock Exchange), Interchina Tianjin, a wholly-owned subsidiary of the Company, entered into (i) the Disposal Agreement 1 with Mr. Jiang, pursuant to which Interchina Tianjin has conditionally agreed to sell and Mr. Jiang has conditionally agreed to acquire 51,060,000 Sale Shares at an aggregate consideration of RMB119,991,000 (equivalent to approximately HK\$144,565,000); (ii) the Disposal Agreement 2 with Mr. Jiang Lei, pursuant to which Interchina Tianjin has conditionally agreed to sell and Mr. Jiang Lei has conditionally agreed to acquire 50,540,000 Sale Shares at an aggregate consideration of RMB118,769,000 (equivalent to approximately HK\$143,093,000); and (iii) the Disposal Agreement 3 with Shanghai Pengxin, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin has conditionally agreed to acquire 125,712,500 Sale Shares at an aggregate consideration of RMB295,424,375 (equivalent to approximately HK\$355,927,000).

As at the date of this announcement, Interchina Tianjin is interested in 227,312,500 Heilongjiang Shares that are not subject to selling restrictions (being the Sale Shares), representing approximately 13.74% of Heilongjiang Interchina's issued share capital (including those that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions). After the Disposal, the Group will cease to hold any interests in Heilongjiang Interchina.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Jiang is a substantial Shareholder, an executive Director and the chairman of the Company. Mr. Jiang Lei is the brother of Mr. Jiang. As at the date of this announcement, Shanghai Pengxin is owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei. Thus it is an associate of Mr. Jiang. Accordingly, the Purchasers are regarded as connected persons of the Company under Chapter 14A of the Listing Rules. The Disposal therefore also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to provide recommendations to the Independent Shareholders on the Disposal Agreements and the transactions contemplated thereunder. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek the Independent Shareholders' approval of the Disposal Agreements and the transactions contemplated thereunder at the GM by way of poll whereby the Purchasers and their respective associates shall abstain from voting.

GENERAL

A circular containing, among other things, (i) details of the Disposal; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM, will be despatched to the Shareholders on or before 30 June 2021 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

INTRODUCTION

The Board is pleased to announce that on 27 May 2021 (after trading hours of the Stock Exchange), Interchina Tianjin, a wholly-owned subsidiary of the Company, entered into (i) the Disposal Agreement 1 with Mr. Jiang, a substantial Shareholder, an executive Director and the chairman of the Company, pursuant to which Interchina Tianjin has conditionally agreed to sell and Mr. Jiang has conditionally agreed to acquire 51,060,000 Sale Shares at

an aggregate consideration of RMB119,991,000 (equivalent to approximately HK\$144,565,000); (ii) the Disposal Agreement 2 with Mr. Jiang Lei, the brother of Mr. Jiang, pursuant to which Interchina Tianjin has conditionally agreed to sell and Mr. Jiang Lei has conditionally agreed to acquire 50,540,000 Sale Shares at an aggregate consideration of RMB118,769,000 (equivalent to approximately HK\$143,093,000); and (iii) the Disposal Agreement 3 with Shanghai Pengxin, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin has conditionally agreed to acquire 125,712,500 Sale Shares at an aggregate consideration of RMB295,424,375 (equivalent to approximately HK\$355,927,000).

THE DISPOSAL AGREEMENTS

Date: 27 May 2021 (after the trading hours of the Stock Exchange)

	Disposal Agreement 1	Disposal Agreement 2	Disposal Agreement 3
Parties:			
Vendor:	Interchina Tianjin, a wholly-owned subsidiary of the Company	Interchina Tianjin, a wholly-owned subsidiary of the Company	Interchina Tianjin, a wholly-owned subsidiary of the Company
Purchaser:	Mr. Jiang Mr. Jiang, an executive Director and the chairman of the Company, is interested in 1,742,300,000 Shares, representing approximately 23.89% of the issued Shares as at the date of this announcement. Thus, he is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Mr. Jiang is also interested in 198,310,900 Heilongjiang Shares that are subject to selling restrictions, representing approximately 11.99% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions).	Mr. Jiang Lei Mr. Jiang Lei is the brother of Mr. Jiang and he is therefore regarded as a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Mr. Jiang Lei does not hold any Shares or Heilongjiang Shares.	Shanghai Pengxin As at the date of this announcement, Shanghai Pengxin is owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei. Shanghai Pengxin is an associate of Mr. Jiang and a connected person of the Company under Chapter 14A of the Listing Rules. According to Shanghai Pengxin, it is principally engaged in real estate development, investment in mining, agriculture and strategy investment. As at the date of this announcement, Shanghai Pengxin does not hold any Shares or Heilongjiang Shares.

	Disposal Agreement 1	Disposal Agreement 2	Disposal Agreement 3
Assets to be disposed of:	51,060,000 Heilongjiang Shares, representing approximately 3.09% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions) as at the date of this announcement	50,540,000 Heilongjiang Shares, representing approximately 3.05% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions) as at the date of this announcement	125,712,500 Heilongjiang Shares, representing approximately 7.60% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions) as at the date of this announcement
Consideration:	RMB119,991,000 (equivalent to approximately HK\$144,565,000), representing RMB2.35 (equivalent to approximately HK\$2.83) per Sale Share	RMB118,769,000 (equivalent to approximately HK\$143,093,000), representing RMB2.35 (equivalent to approximately HK\$2.83) per Sale Share	RMB295,424,375 (equivalent to approximately HK\$355,927,000), representing RMB2.35 (equivalent to approximately HK\$2.83) per Sale Share
Payment terms:	<p>As at the date of this announcement, Interchina Tianjin is indebted to Shanghai Pengxin in the aggregate amount of RMB783,553,333.34 (equivalent to approximately HK\$944,025,000) which is non-interest bearing, unsecured and repayable on demand (being the Existing Loan).</p> <p>Immediately before Completion, Shanghai Pengxin shall assign to Mr. Jiang part of the Existing Loan in the amount of RMB119,991,000 (equivalent to approximately HK\$144,565,000) at its face value ("Mr. Jiang Loan").</p> <p>Upon Completion, the consideration of RMB119,991,000 (equivalent to approximately HK\$144,565,000) shall be set-off against Mr. Jiang Loan on a dollar-for-dollar basis.</p>	<p>As at the date of this announcement, Interchina Tianjin is indebted to Shanghai Pengxin in the aggregate amount of RMB783,553,333.34 (equivalent to approximately HK\$944,025,000) which is non-interest bearing, unsecured and repayable on demand (being the Existing Loan).</p> <p>Immediately before Completion, Shanghai Pengxin shall assign to Mr. Jiang Lei part of the Existing Loan in the amount of RMB118,769,000 (equivalent to approximately HK\$143,093,000) at its face value ("Mr. Jiang Lei Loan").</p> <p>Upon Completion, the consideration of RMB118,769,000 (equivalent to approximately HK\$143,093,000) shall be set-off against Mr. Jiang Lei Loan on a dollar-for-dollar basis.</p>	<p>As at the date of this announcement, Interchina Tianjin is indebted to Shanghai Pengxin in the aggregate amount of RMB783,553,333.34 (equivalent to approximately HK\$944,025,000) which is non-interest bearing, unsecured and repayable on demand (being the Existing Loan).</p> <p>Immediately after the assignment of Mr. Jiang Loan and Mr. Jiang Lei Loan, Interchina Tianjin shall owe Shanghai Pengxin a total of RMB544,793,333.34 (equivalent to approximately HK\$656,367,000) ("Shanghai Pengxin Loan").</p> <p>Upon Completion, the consideration of RMB295,424,375 (equivalent to approximately HK\$355,927,000) shall be set-off against the equivalent portion of the Shanghai Pengxin Loan on a dollar-for-dollar basis. After Completion, Interchina Tianjin shall continue to owe Shanghai Pengxin an amount of RMB249,368,958.34 (equivalent to approximately HK\$300,440,000).</p>

Save for the identity of each of the Purchasers, the number of Sale Shares to be acquired by each of the Purchasers, the consideration to be paid by each of the Purchasers and the payment terms as set out above, the principal terms of the Disposal Agreement 1, the Disposal Agreement 2 and the Disposal Agreement 3 are identical and are summarised below:

Conditions precedent

Completion is subject to the fulfilment of the following conditions precedent:

- (1) the confirmation from the Shanghai Stock Exchange in relation to the signing of the Disposal Agreements having been obtained;
- (2) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the GM to approve the Disposal Agreements and the transactions contemplated thereunder;
- (3) all conditions precedent (save for the condition precedent relating to this condition precedent) of the Disposal Agreement 1 or the Disposal Agreement 2 or the Disposal Agreement 3 (as the case may be) having been fulfilled; and
- (4) all obligations on the part of the Purchasers under the Disposal Agreements having been performed and there being no breach of the warranties and undertakings given by the Purchasers in the Disposal Agreements and such warranties and undertakings having remained not misleading in all material respects.

None of the above conditions precedent can be waived. In the event the conditions precedent above are not satisfied on or before 31 October 2021 or such other date as the Purchasers and Interchina Tianjin may agree in writing, the Disposal Agreements shall terminate automatically. Neither party to the Disposal Agreements shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms hereof.

The Disposal Agreements are inter-conditional on each other. After signing of the Disposal Agreements, the Purchasers and Interchina Tianjin shall make an application to the Shanghai Stock Exchange in relation to the Disposal Agreements for approval in accordance with relevant rules and regulations.

Basis of Consideration

The Consideration, being an aggregate of RMB534,184,375 (equivalent to approximately HK\$643,585,000), representing RMB2.35 (equivalent to approximately HK\$2.83) per Sale Share, was determined after arm's length negotiations between Interchina Tianjin and the Purchasers with reference to the recent trading price of Heilongjiang Shares on the Shanghai Stock Exchange.

The Consideration of RMB2.35 (equivalent to approximately HK\$2.83) per Sale Share represents:

- (i) a discount of 2.89% to the closing price of RMB2.42 (equivalent to approximately HK\$2.92) per Heilongjiang Share that are not subject to selling restrictions as quoted on the Shanghai Stock Exchange on 27 May 2021, being the date of the Disposal Agreements;
- (ii) a premium of 1.03% over the average closing price of RMB2.326 (equivalent to approximately HK\$2.80) per Heilongjiang Share that are not subject to selling restrictions as quoted on the Shanghai Stock Exchange for the last five consecutive trading days immediately prior to the date of the Disposal Agreements; and
- (iii) a premium of 0.77% over the average closing price of RMB2.332 (equivalent to approximately HK\$2.81) per Heilongjiang Share that are not subject to selling restrictions as quoted on the Shanghai Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Disposal Agreements.

The Board (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Disposal after being advised by the Independent Financial Adviser) is of the view that the terms of the Disposal Agreements (including the Consideration) are fair and reasonable.

Completion

Completion of all Disposal Agreements shall take place simultaneously on the fifth working day (or such other date as may be agreed in writing by the parties thereto) after all conditions precedent have been satisfied. Unless simultaneous completion of all Disposal Agreements takes place, Interchina Tianjin is not under any obligation to sell the Sale Shares.

On the date of Completion, Interchina Tianjin shall make applications to CSDC in order to deliver the Sale Shares to the Purchasers through CSDC.

INFORMATION OF HEILONGJIANG INTERCHINA

Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and the Heilongjiang Shares that are not subject to selling restrictions are listed on the Shanghai Stock Exchange.

As at the date of this announcement, Interchina Tianjin is interested in 227,312,500 Heilongjiang Shares that are not subject to selling restrictions (being the Sale Shares), representing approximately 13.74% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions).

As at the date of this announcement, Mr. Jiang is also interested in 198,310,900 Heilongjiang Shares that are subject to selling restrictions, representing approximately 11.99% of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions). After the Disposal, the Group will cease to hold any interests in Heilongjiang Interchina.

Set out below is a summary of the consolidated financial information of Heilongjiang Interchina for the two years ended 31 December 2020 and for the three months ended 31 March 2021, which was prepared in accordance with PRC accounting standard:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the three months ended 31 March 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Profit/(loss) before taxation	48,051	59,757	(8,641)
Profit/(loss) after taxation	22,445	27,292	(12,442)

The audited consolidated net assets of Heilongjiang Interchina as at 31 December 2019 and 2020 were approximately RMB3,452,081,000 (equivalent to approximately HK\$4,159,067,000) and RMB3,445,691,000 (equivalent to approximately HK\$4,151,369,000) respectively. As at 31 March 2021, the unaudited consolidated net assets of Heilongjiang Interchina amounted to RMB3,433,729,000 (equivalent to approximately HK\$4,136,957,000).

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the property investment operation, hotel operation, agricultural operation and securities investment and financing operation.

The Sale Shares were acquired in January 2009 with an average investment cost of approximately RMB1.09 (equivalent to approximately HK\$1.31) per Heilongjiang Share.

Investment in the Sale Shares

The Group recognised its investment in the Sale Shares as financial assets at fair value through profit or loss. In accordance with the Group's accounting principles, financial assets at fair value through profit or loss are stated at fair value at the end of each financial reporting period. As disclosed in the Group's interim report for the six months ended 30 September 2020, the carrying value of the Sale Shares amounted to approximately RMB568,281,000 (equivalent to approximately HK\$638,518,000 as at 30 September 2020) as at 30 September 2020, representing approximately RMB2.5 (equivalent to approximately HK\$2.81 as at 30 September 2020) per Heilongjiang Share that was not subject to selling restrictions.

The investment in the Sale Shares has brought upon negative impact to the Group's performance. The highest trading price per Heilongjiang Share reached RMB11.19 (equivalent to approximately HK\$13.48) on 4 June 2015 while the lowest trading price per Heilongjiang Share was RMB2.08 (equivalent to approximately HK\$2.51) on 8 February 2021. Due to continuing decrease in the trading price of Heilongjiang Shares, the Group recognised a substantial unrealised loss for the investment. In the past five years, the Group recognised aggregate unrealised loss of approximately HK\$1,610,273,000 arising on change in fair value of the Sale Shares, representing approximately 64% of the aggregate losses of approximately HK\$2,513,470,000 for the past five years since 2016. No dividend income has been received from the investment in the Sale Shares.

Business of Heilongjiang Interchina

The Board further noted that the business of Heilongjiang Interchina has been weakening in recent years. Heilongjiang Interchina recorded total operating income of approximately RMB379,101,000 (equivalent to approximately HK\$456,741,000) for the year ended 31 December 2020, representing a decrease of approximately RMB158,736,000 (equivalent to approximately HK\$191,245,000) or 29.5% as compared to the previous year.

In the past three years, Heilongjiang Interchina had disposed of a number of subsidiaries that were engaged in sewage treatment and water supply operations. As a result, the aggregate daily treatment capacity decreased by approximately 537,500 tonnes or 51.2% from approximately 1,050,000 tonnes on 31 December 2017 to approximately 513,000 tonnes on 31 December 2020. At the same time, Heilongjiang Interchina had proposed a material acquisition in February 2019 for the purpose of diversifying its business. However, as disclosed in the announcement of Heilongjiang Interchina on 28 July 2020, such acquisition was subsequently terminated.

As mentioned in the Group's interim report for the six months ended 30 September 2020, the Group would closely monitor market changes and would realise its investment to enhance the Group's working capital if necessary, and when timing was appropriate. It was noted that Heilongjiang Interchina recorded a loss of approximately RMB12,412,000 (equivalent to approximately HK\$14,954,000) for the first three months ended 31 March 2021. In view of the above, the Company considers it is time to realise its investment in Heilongjiang Interchina via the Disposal. After the Disposal, the Company will cease the operation of securities investment business.

The Company had considered disposing of the Sale Shares in the market via the bulk-volume trading system of the Shanghai Stock Exchange. However, in view of the average daily trading volume of Heilongjiang Shares on the Shanghai Stock Exchange versus the substantial number of Sale Shares (representing more than 10% of Heilongjiang Interchina's issued share capital) to be disposed of, the Company considered it would be very highly unlikely for such disposal to be conducted in one lot or within just one single trading day. If the Group were to dispose of the Sale Shares in the market via different tranches, this would inevitably drive down the trading price of Heilongjiang Shares, which in turn would drive down the sale price of the Sale Shares. Given the Purchasers were willing to acquire the Sale Shares all in one lot at a fixed price with reference to the recent market price, the Company considered this is in the best interests of the Company and the Independent Shareholders as a whole.

The Existing Loan

Mr. Jiang, through Shanghai Pengxin, has been providing unsecured financial support to the Group. As at 30 September 2020, the Group was indebted to Shanghai Pengxin in the aggregate amount of RMB201,120,000 (equivalent to approximately HK\$242,309,000) that was non-interest bearing, unsecured and repayable on demand. As at 30 September 2020, the Group had recorded approximately HK\$658,966,000 as substantial other borrowings, of which HK\$626,966,000 was repayable within three months. In order to repay the matured loan, during the period from 1 October 2020 to 31 January 2021, the Group had further obtained a total advance of RMB582,433,333.34 (equivalent to approximately HK\$701,715,000) from Shanghai Pengxin, all of which was non-interest bearing, unsecured and repayable on demand. Thereafter as at 31 March 2021, the Group's outstanding other borrowings had significantly reduced to HK\$32,000,000 while the amount due to Shanghai Pengxin increased to RMB783,553,333.34 (equivalent to approximately HK\$944,025,000, being the Existing Loan). Given the Disposal was made to Shanghai Pengxin and its shareholders, the parties therefore agreed that the Consideration be made payable by way of partial set-off of the Existing Loan. After Completion, the Group shall continue to owe Shanghai Pengxin an amount of RMB249,368,958.34 (equivalent to approximately HK\$300,440,000).

Use of proceeds

The proceeds amounting to RMB534,184,375 (equivalent to approximately HK\$643,585,000) from the Disposal will be used by the Group to set-off against Mr. Jiang Loan, Mr. Jiang Lei Loan and part of Shanghai Pengxin Loan upon Completion.

The terms of the Disposal Agreements have been negotiated on an arm's length basis and the Disposal was entered into in the ordinary and usual course of business of the Group. The Directors (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Disposal after being advised by the Independent Financial Adviser) consider the terms of the Disposal Agreements are fair and reasonable so far as the Independent Shareholders are concerned, and the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

FINANCIAL EFFECTS

After the Disposal, the Group will cease to hold interests in Heilongjiang Interchina.

Based on the unaudited carrying amount of the Sale Shares as at 30 September 2020 of RMB568,281,000 (equivalent to approximately HK\$684,665,000), and the Consideration of RMB534,184,375 (equivalent to approximately HK\$643,585,000), it is estimated that, as a result of the Disposal, the Group will recognise an estimated loss (exclusive of transaction costs) of approximately RMB34,096,625 (equivalent to approximately HK\$41,080,000).

As the investment in the Sale Shares is regarded as current assets of the Group, and the Disposal will turn such current assets into receivables from the Purchasers, it is therefore considered that the Disposal would not have any material adverse effects on the total assets and total liabilities of the Group. However, pursuant to the payment terms of the Disposal Agreements, the Consideration will be used to set off against Mr. Jiang Loan, Mr. Jiang Lei Loan and part of the Shanghai Pengxin Loan on a dollar-for-dollar basis, both of the total assets and total liabilities of the Group would be decreased by approximately RMB534,184,375 (equivalent to approximately HK\$643,585,000).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Jiang is a substantial Shareholder, an executive Director and the chairman of the Company. Mr. Jiang Lei is the brother of Mr. Jiang. As at the date of this announcement, Shanghai Pengxin is owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei. Thus it is an associate of Mr. Jiang. Accordingly, the Purchasers are regarded as connected persons of the Company under the Listing Rules. The Disposal therefore also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Jiang is considered to have a material interest in the Disposal Agreements, he has abstained from voting at the Board meeting approving the Disposal. Save as disclosed above, no other Director has a material interest in the Disposal, and therefore no other Directors is required to abstain from voting on the Board resolution in relation to the Disposal.

GM

The GM will be convened to consider and, if thought fit, approve the Disposal Agreements and the transactions contemplated thereunder by way of poll. As at the date of this announcement, (i) Mr. Jiang is interested in 1,742,300,000 Shares, representing approximately 23.89% of the issued Shares; and (ii) Mr. Jiang Lei and Shanghai Pengxin do not hold any Shares. The Purchasers and their respective associates shall abstain from voting at the GM. An Independent Board Committee comprising all independent non-executive Directors has been established to provide recommendation to the Independent Shareholders on the Disposal Agreements and the transactions contemplated thereunder. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) details of the Disposal; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM, will be despatched to the Shareholders on or before 30 June 2021 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Company”	EverChina Int’l Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of RMB534,184,375 (equivalent to approximately HK\$643,585,000) in relation to the Disposal
“CSDC”	中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Limited*)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by Interchina Tianjin of the Sale Shares pursuant to the terms and conditions of the Disposal Agreements
“Disposal Agreement 1”	the disposal agreement dated 27 May 2021 entered into between Interchina Tianjin and Mr. Jiang in relation to the disposal of 51,060,000 Heilongjiang Shares by Interchina Tianjin
“Disposal Agreement 2”	the disposal agreement dated 27 May 2021 entered into between Interchina Tianjin and Mr. Jiang Lei in relation to the disposal of 50,540,000 Heilongjiang Shares by Interchina Tianjin
“Disposal Agreement 3”	the disposal agreement dated 27 May 2021 entered into between Interchina Tianjin and Shanghai Pengxin in relation to the disposal of 125,712,500 Heilongjiang Shares by Interchina Tianjin
“Disposal Agreements”	collectively, the Disposal Agreement 1, the Disposal Agreement 2 and the Disposal Agreement 3
“Existing Loan”	the aggregate amount of RMB783,553,333.34 (equivalent to approximately HK\$944,025,000) owing from Interchina Tianjin to Shanghai Pengxin which is non-interest bearing, unsecured and repayable on demand

“GM”	the general meeting of the Company to be held to consider and if thought fit, to approve the Disposal Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Heilongjiang Interchina”	黑龍江國中水務股份有限公司 (Heilongjiang Interchina Water Treatment Company Limited*), a company established in the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 600187)
“Heilongjiang Shares”	the shares in the share capital of Heilongjiang Interchina
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors established to provide recommendation to the Independent Shareholders in relation to the Disposal Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Disposal Agreements and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than the Purchasers and their respective associates
“Interchina Tianjin”	國中(天津)水務有限公司 (Interchina (Tianjin) Water Treatment Company Limited*), a company established in the PRC and is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange

“Mr. Jiang”	Mr. Jiang Zhaobai (an executive Director, the chairman of the Company and a substantial Shareholder)
“PRC”	the People’s Republic of China (which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchasers”	Mr. Jiang, Mr. Jiang Lei (the brother of Mr. Jiang) and Shanghai Pengxin
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	an aggregate of 227,312,500 Heilongjiang Shares that are not subject to selling restrictions
“Shanghai Pengxin”	上海鵬欣(集團)有限公司 (Shanghai Pengxin (Group) Co., Ltd.*), a company established in the PRC and is owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“working day(s)”	the trading day(s) of stocks on the stock market of the PRC, being Monday to Friday (other than Saturday, Sunday and public holiday)
“%”	per cent.

For the purpose of this announcement, the conversion rate of RMB to HK\$ is set at the rate of RMB1 for HK\$1.2048.

** For identification purposes only*

By Order of the Board
EverChina Int’l Holdings Company Limited
Lam Cheung Shing, Richard
Chief Executive Officer and Executive Director

Hong Kong, 27 May 2021

As at the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, Mr. Lam Cheung Shing, Richard and Mr. Chen Yi, Ethan; and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun.