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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)

CONNECTED TRANSACTION

THE JV AGREEMENT

The Board is pleased to announce that on 23 September 2021 (after trading hours of the Stock Exchange), the Company entered into the JV Agreement with the JV Partner in relation to the formation of the JV Company, which will be owned as to 12.5% by the Company and as to 87.5% by the JV Partner. Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB40,000,000 (equivalent to approximately HK\$47,920,000).

LISTING RULES IMPLICATION

Mr. Jiang is an executive Director, the chairman of the Company and a substantial Shareholder. As at the date of this announcement, Mr. Jiang is directly or indirectly interested in 36.27% of the JV Partner. Accordingly, the JV Partner is regarded as an associate of Mr. Jiang and thus a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the JV Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the JV Agreement exceeds 0.1% but is less than 5%, the JV Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 23 September 2021 (after trading hours of the Stock Exchange), the Company entered into the JV Agreement with the JV Partner in relation to the formation of the JV Company, which will be owned as to 12.5% by the Company and as to 87.5% by the JV Partner. Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB40,000,000 (equivalent to approximately HK\$47,920,000).

THE JV AGREEMENT

Date: 23 September 2021 (after the trading hours of the Stock Exchange)

Parties

- (i) the Company;
- (ii) the JV Partner, being 鵬欣環球資源股份有限公司(Pengxin International Mining Co., Ltd*), a company established in the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 600490). According to the JV Partner, it is principally engaged in selection, smelting and sale of metallic copper, that is, the production of high purity cathode copper and sale through mining, processing and smelting copper ores. In addition, its business scope also includes trade (domestic trade and export), finance, new materials, new energy and other fields.

As at the date of this announcement, Mr. Jiang is an executive Director, the chairman of the Company and is interested in 1,742,300,000 Shares, representing approximately 23.89% of the issued Shares. As at the date of this announcement, Mr. Jiang is directly or indirectly interested in 36.27% of the JV Partner. Accordingly, the JV Partner is regarded as an associate of Mr. Jiang and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Scope of business

Pursuant to the JV Agreement, subject to the approval by the relevant PRC authorities, the scope of business of the JV Company shall be engaged in technology development, technical consultation, technical services, technology transfer, hydrogeological survey in the field of geological science and technology; production, processing, sale and import and export trading of manganese ore; metal manganese smelting and sale of metal manganese; manufacturing and sales of machinery; processing and sale of metal manganese products; import and export business of goods and technologies; production and sale of chemical raw materials; goods warehousing; operation of the import and export business of the company's products, the distribution of imported goods, the development, purchase and sale of mineral products, and import, export, and entrepot trade.

Registered capital and capital contribution

Pursuant to the JV Agreement, the registered capital of the JV Company shall be RMB40,000,000 (equivalent to approximately HK\$47,920,000), which shall be contributed by the Company and the JV Partner as follows:

<i>Name of shareholder</i>	<i>Form of contribution</i>	<i>Amount</i>	<i>Equity interest in the JV Company</i>
The Company	Cash	RMB5,000,000 (equivalent to approximately HK\$5,990,000)	12.5%
The JV Partner	Cash	RMB35,000,000 (equivalent to approximately HK\$41,930,000)	87.5%
		Total: RMB40,000,000 (equivalent to approximately HK\$47,920,000)	100%

The Company shall pay (i) the first contribution of RMB500,000 (equivalent to approximately HK\$599,000) before 31 December 2021; (ii) the second contribution of RMB2,000,000 (equivalent to approximately HK\$2,396,000) before 31 December 2023; and (iii) the remaining contribution of RMB2,500,000 (equivalent to approximately HK\$2,995,000) before 31 December 2028.

The JV Partner shall pay (i) the first contribution of RMB3,500,000 (equivalent to approximately HK\$4,193,000) before 31 December 2021; (ii) the second contribution of RMB14,000,000 (equivalent to approximately HK\$16,772,000) before 31 December 2023; and (iii) the remaining contribution of RMB17,500,000 (equivalent to approximately HK\$20,965,000) before 31 December 2028.

The capital contribution of RMB5,000,000 (equivalent to approximately HK\$5,990,000) by the Company will be financed by internal resources of the Group. Save as disclosed, the Company has no other capital commitment to the JV Company as at the date of this announcement.

The amount of capital contribution was determined after arm's length negotiations between the Company and the JV Partner, taking into account the preliminary development plans of the JV Company including manganese ore exploration, feasibility study and development design work, including but not limited to the following work: geological mapping, trenching, well exploration, drilling, beneficiation test, exploration in compliance with relevant standards, feasibility study and development design report, etc..

Term

The JV Company shall have a term of 30 years from the date of issue of the business licence of the JV Company.

Board composition

The board of directors of the JV Company shall comprise of three directors, of whom two shall be nominated by the JV Partner and one shall be nominated by the Company, and elected by the shareholders of the JV Company at the shareholders' meeting. The chairman of the board of directors of the JV Company shall be nominated by the JV Partner.

Supervisor

The JV Company shall have one supervisor whom shall be nominated by the Company and elected by the shareholders of the JV Company at the shareholders' meeting.

Profit sharing

The Company and the JV Partner shall be entitled to share the profits of the JV Company in proportion to their capital contributions in the JV Company.

Pre-emptive right

Each of the Company and the JV Partner may transfer its equity interest in the JV Company to any third party subject to the pre-emptive right of the other party.

Effectiveness of the JV Agreement

The JV Agreement shall become effective upon being signed by the Company and the JV Partner.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE JV AGREEMENT

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 Group holds a mining licence to conduct the activities of construction, production, sale, transportation and processing/refinery of manganese ore in areas totaling approximately 2,000 hectare in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu, Kupang City Nusantara Timor Tenggara, Indonesia for a period of

twenty years through a non-wholly owned subsidiary of the Company, P.T. Satwa Lestari Permai. At 31 March 2021, it had an estimate resources of approximately 18,800,000 tonnes.

However, since January 2014, the Indonesia government has prohibited export trading of raw ore. In addition, substantial amount of capital and time will be required for the geological survey of the mining site and other related procedures prior to the actual production of the manganese ore. Hence, the business risk involved is relatively high and uncertain for the Group to undertake such exploration on its own.

According to the JV Partner's 2021 half-year report, the JV Partner had unaudited consolidated total assets and net assets of approximately RMB8,394 million (equivalent to approximately HK\$10,056 million) and RMB6,452 million (equivalent to approximately HK\$7,729 million) respectively as at 30 June 2021. For the year ended 31 December 2020, the JV Partner recorded audited consolidated revenue of approximately RMB8,714 million (equivalent to approximately HK\$10,439 million) and net profit of approximately RMB411 million (equivalent to approximately HK\$492 million). The JV Partner also owns and operates a gold mine in South Africa and a copper mining right in Gongo. It has a team of experts in the design, development, operation and trading of nature resources business. The Company believes through formation of the JV Company enables the Group to leverage on the JV Partner's capital and capabilities in principally geological survey and subsequently, if appropriate, operating and management of mining assets. In long run, the project can generate economic benefit to the Group.

Upon completion of the formation of the JV Company, the Company will hold 12.5% equity interest in the JV Company and the JV Company will be an associate investment of the Company. The financial results of the JV Company will not be consolidated into the consolidated financial statements of the Group.

The Directors (excluding the Director(s) who is/are required to abstain from voting, but including the independent non-executive Directors) consider the terms of the JV Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Mr. Jiang is an executive Director, the chairman of the Company and a substantial Shareholder. As at the date of this announcement, Mr. Jiang is directly or indirectly interested in 36.27% of the JV Partner. Accordingly, the JV Partner is regarded as an associate of Mr. Jiang and thus a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the JV Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the JV Agreement exceeds 0.1% but is less than 5%, the JV Agreement and the transactions

contemplated thereunder are subject to reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

DEFINITIONS

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

“associate”	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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 23 September 2021 entered into between the Company and the JV Partner in relation to the formation of the JV Company
“JV Company”	a limited liability company to be established in the PRC pursuant to the terms of the JV Agreement
“JV Partner”	鵬欣環球資源股份有限公司 (Pengxin International Mining Co., Ltd.*), a company established in the PRC and its shares are listed on the Shanghai Stock Exchange (stock code: 600490)

“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, the conversion rate of RMB to HK\$ is set at the rate of RMB1 for HK\$1.198.

**For identification purpose only*

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

Hong Kong, 23 September 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.