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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 9 August 2022 (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 100,000,000 Sale Shares at an aggregate consideration of RMB254,000,000 (equivalent to approximately HK\$298,450,000); and (ii) the Disposal Agreement 2 with Shanghai Pengxin, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin has conditionally agreed to acquire 127,312,500 Sale Shares at an aggregate consideration of RMB323,373,750 (equivalent to approximately HK\$379,964,000).

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% as at the date of this announcement and approximately 14.09% as reduced by the Heilongjiang Share Cancellation, respectively 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. As at the date of this announcement, Shanghai Pengxin is owned as to 99% by Mr. Jiang. 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 August 2022 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 9 August 2022 (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 100,000,000 Sale Shares at an aggregate consideration of RMB254,000,000 (equivalent to approximately HK\$298,450,000); and (ii) the Disposal Agreement 2 with Shanghai Pengxin, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin has conditionally agreed to acquire 127,312,500 Sale Shares at an aggregate consideration of RMB323,373,750 (equivalent to approximately HK\$379,964,000).

THE DISPOSAL AGREEMENTS

Date: 9 August 2022 (after the trading hours of the Stock Exchange)

Disposal Agreement 1

Disposal Agreement 2

Parties:

Vendor: Interchina Tianjin, a wholly-owned subsidiary of the Company

Interchina Tianjin, a wholly-owned subsidiary of the Company

Purchaser: Mr. Jiang

Shanghai Pengxin

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, Shanghai Pengxin is owned as to 99% by Mr. Jiang. Shanghai Pengxin is an associate of Mr. Jiang and 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% as at the date of this announcement and approximately 12.29% as reduced by the Heilongjiang Share Cancellation, respectively of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions).

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.

Assets to be disposed of:	100,000,000 Heilongjiang Shares, representing approximately 6.04% as at the date of this announcement and approximately 6.20% as reduced by the Heilongjiang Share Cancellation, respectively 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.	127,312,500 Heilongjiang Shares, representing approximately 7.70% as at the date of this announcement and approximately 7.89% as reduced by the Heilongjiang Share Cancellation, respectively 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:	RMB254,000,000 (equivalent to approximately HK\$298,450,000), representing RMB2.54 (equivalent to approximately HK\$2.98) per Sale Share	RMB323,373,750 (equivalent to approximately HK\$379,964,000), representing RMB2.54 (equivalent to approximately HK\$2.98) per Sale Share
Payment terms:	As at the date of this announcement, Interchina Tianjin is indebted to Shanghai Pengxin in the aggregate amount of RMB536,053,333.34 (equivalent to approximately HK\$629,863,000) which is non-interest bearing, unsecured and repayable on demand (being the Existing Loan).	
	Immediately before Completion, Shanghai Pengxin shall assign to Mr. Jiang part of the Existing Loan in the amount of RMB254,000,000 (equivalent to approximately HK\$298,450,000) at its face value (" Mr. Jiang Loan ").	Immediately after the assignment of Mr. Jiang Loan, Interchina Tianjin shall owe Shanghai Pengxin a total of RMB282,053,333.34 (equivalent to approximately HK\$331,413,000) (" Shanghai Pengxin Loan ").

Upon Completion, the consideration of RMB254,000,000 (equivalent to approximately HK\$298,450,000) shall be set-off against Mr. Jiang Loan on a dollar-for-dollar basis.

Upon Completion, (i) part of the consideration of RMB282,053,333.34 (equivalent to approximately HK\$331,413,000) shall be set-off against the the Shanghai Pengxin Loan on a dollar-for-dollar basis; and (ii) the remaining consideration of RMB41,320,416.66 (equivalent to approximately HK\$48,551,000) shall be paid in cash by Shanghai Pengxin.

After Completion, the Existing Loan will be fully paid off.

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 and the Disposal Agreement 2 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 (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 30 November 2022 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 RMB577,373,750 (equivalent to approximately HK\$678,414,000), representing RMB2.54 (equivalent to approximately HK\$2.98) 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 RMB2.54 (equivalent to approximately HK\$2.98) per Sale Share represents:

- (i) a discount of 3.79% to the closing price of RMB2.64 (equivalent to approximately HK\$3.10) per Heilongjiang Share that are not subject to selling restrictions as quoted on the Shanghai Stock Exchange on 9 August 2022, being the date of the Disposal Agreements;
- (ii) the average closing price of RMB2.54 (equivalent to approximately HK\$2.98 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 discount of 2.46% to the average closing price of RMB2.604 (equivalent to approximately HK\$3.06) 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 (5th) 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% as at the date of this announcement and approximately 14.09% as reduced by the Heilongjiang Share Cancellation, respectively 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% as at the date of this announcement and approximately 12.29% as reduced by the Heilongjiang Share Cancellation, respectively of Heilongjiang Interchina's issued share capital (including shares that are (i) not subject to selling restrictions; and (ii) subject to selling restrictions). After Completion, 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 2021 and for the three months ended 31 March 2022, which was prepared in accordance with PRC accounting standard:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the three months ended 31 March 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Profit/(loss) before taxation	59,757	(116,659)	(7,182)
Profit/(loss) after taxation	27,292	(93,541)	(10,300)

The audited consolidated net assets of Heilongjiang Interchina as at 31 December 2020 and 2021 were approximately RMB3,445,691,000 (equivalent to approximately HK\$4,048,687,000) and RMB3,329,298,000 (equivalent to approximately HK\$3,911,925,000) respectively. As at 31 March 2022, the unaudited consolidated net assets of Heilongjiang Interchina amounted to approximately RMB3,314,508,000 (equivalent to approximately HK\$3,894,547,000).

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

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

The Sale Shares were acquired in January 2009 with an average investment cost of approximately RMB1.09 (equivalent to approximately HK\$1.28) 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 annual report for the year ended 31 March 2022, the carrying value of the Sale Shares amounted to approximately RMB541,004,000 (equivalent to approximately HK\$667,906,000 as at 31 March 2022), representing approximately RMB2.38 (equivalent to approximately HK\$2.94 as at 31 March 2022) 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\$13.16) on 4 June 2015 while the lowest trading price per Heilongjiang Share was RMB2.01 (equivalent to approximately HK\$2.36) on 27 April 2022. 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 net loss of approximately HK\$989,407,000 arising on change in fair value of the Sale Shares, representing approximately 43.3% of the aggregate losses of approximately HK\$2,283,671,000 for the past five years since 2018. 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:

For the year ended 31 December 2019, Heilongjiang Interchina recorded total operating income of approximately RMB537,836,000 (equivalent to approximately HK\$631,957,000), profit for the year of approximately RMB22,445,000 (equivalent to approximately HK\$26,373,000) and net asset value of approximately RMB3,452,081,000 (equivalent to approximately HK\$4,056,195,000). Heilongjiang Interchina operated 13 sewage and water supply projects with aggregate daily processing capacity of approximately 1,050,000 tonnes.

For the year ended 31 December 2020, Heilongjiang Interchina recorded (i) total operating income of approximately RMB379,101,000 (equivalent to approximately HK\$445,444,000), representing a decrease of 29.5% as compared to the previous year, (ii) profit for the year of approximately RMB27,292,000 (equivalent to approximately HK\$32,068,000), representing an increase of 21.6% as compared to the previous year, and (iii) net asset value of approximately RMB3,445,691,000 (equivalent to approximately HK\$4,048,687,000), representing a decrease of 0.19% as compared to the previous year. Heilongjiang Interchina operated 8 sewage and water supply projects with aggregate daily processing capacity of approximately 513,400 tonnes. The decrease in operating income was mainly attributable to the decrease in the aggregate daily processing capacity as a result of disposal of a number of subsidiaries that were engaged in sewage and water supply projects during the year ended 31 December 2020. The increase in profit was mainly attributable to the gain on disposal of water supply and sewage treatment project companies of approximately RMB92,618,000 (equivalent to approximately HK\$108,826,000). If this one-off gain was excluded from the profit, Heilongjiang Interchina would have record an adjusted loss of RMB65,326,000 (equivalent to approximately HK\$76,758,000) (the “**Adjusted Loss of 2020**”) for the year ended 31 December 2020.

For the year ended 31 December 2021, Heilongjiang Interchina recorded (i) total operating income of approximately RMB384,499,000 (equivalent to approximately HK\$451,786,000), representing an increase of 1.42% as compared to the previous year, (ii) loss for the year of approximately RMB93,541,000 (equivalent to approximately HK\$109,911,000), representing an increase of 43.2% as compared to the Adjusted Loss of 2020 and (iii) net asset value of approximately RMB3,329,298,000 (equivalent to approximately HK\$3,911,925,000), representing a decrease of 3.4% as compared to the previous year. Although the operating income for the year was comparable to the previous year, loss increased significantly as compared to the previous year. As noted in the annual report of Heilongjiang Interchina for the year ended 31 December 2021, the financial performance were mainly attributable to the factors mentioned below: (i) the decrease in volume of sewage treatment as compared to the previous year was because part of the sewage treatment plants were then under repair and maintenance; (ii) the gross profit margin of the environmental technology services went below expectation because there was decrease in

income as well as increase in cost of services; and (3) the increase in impairment loss on receivables was generated from the disposal of certain equity interest of subsidiaries in prior years.

For the three months ended 31 March 2022, Heilongjiang Interchina recorded (i) operating income of approximately RMB81,372,000 (equivalent to approximately HK\$95,612,000), representing a decrease of 13.24% as compared to the same period of the previous year, (ii) loss for the period of approximately RMB10,300,000 (equivalent to approximately HK\$12,103,000), representing a decrease of 17.2% as compared to the same period of the previous year and (iii) net asset value of approximately RMB3,314,508,000 (equivalent to approximately HK\$3,894,547,000), representing a decrease of 0.4% as compared to RMB3,329,298,000 (equivalent to approximately HK\$3,911,925,000) as at the end of last year. As noted from the first quarterly report of Heilongjiang Interchina for the three months ended 31 March 2022, the loss included a non-operating income of approximately RMB18,143,000 (equivalent to approximately HK\$21,318,000) mainly representing a gain on disposal of non-current assets of approximately RMB18,007,000 (equivalent to approximately HK\$21,158,000). If this one-off gain was excluded from the loss, Heilongjiang Interchina would have recorded an adjusted loss of RMB28,307,000 (equivalent to approximately HK\$33,261,000) for the three months ended 31 March 2022, representing an increase of 127.5% as compared to the same period of last year.

During recent 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 537,000 tonnes or 51.1% from approximately 1,050,000 tonnes as at 31 December 2017 to approximately 513,000 tonnes as at 31 December 2021. At the same time, Heilongjiang Interchina had proposed two material acquisitions in February 2019 and 10 March 2022 respectively, for the purpose of diversifying its business. However, as disclosed in the announcements of Heilongjiang Interchina on 28 July 2020 and on 23 March 2022, such acquisitions were subsequently terminated respectively.

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 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 the date of the Disposal Agreements, the Group was indebted to Shanghai Pengxin in the aggregate amount of RMB536,053,333.34 (equivalent to approximately HK\$629,863,000) that was non-interest bearing, unsecured and repayable on demand. Given the Disposal was made to Shanghai Pengxin and its shareholder, the parties therefore agreed that the Consideration be made payable by way of set-off of the Existing Loan. After Completion, the Existing Loan is fully settled and the Group shall no longer owe Shanghai Pengxin any amount.

Use of proceeds

The net proceeds (not including any tax payment) amounting to RMB576,700,000 (equivalent to approximately HK\$677,623,000) from the Disposal will be used by the Group to set-off against the Existing Loan upon Completion and the remaining as general working capital.

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 audited carrying amount of the Sale Shares as at 31 March 2022 of RMB541,003,750 (equivalent to approximately HK\$635,679,000), and the Consideration of RMB577,373,750 (equivalent to approximately HK\$678,414,000), it is estimated that, as a result of the Disposal, the Group will recognise an estimated gain (exclusive of transaction costs and tax) of approximately RMB36,370,000 (equivalent to approximately HK\$42,735,000).

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 effect on the total assets and total liabilities of the Group. However, pursuant to the payment terms of the Disposal Agreements, part of the Consideration will be used to set off against Mr. Jiang Loan and the Shanghai Pengxin Loan on a dollar-for-dollar basis, accordingly the total assets of the

Group would be decreased by approximately RMB504,633,750 (equivalent to approximately HK\$592,945,000) and total liabilities of the Group would be decreased by RMB536,053,333.34 (equivalent to approximately HK\$629,863,000).

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. As at the date of this announcement, Shanghai Pengxin is owned as to 99% by Mr. Jiang. 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) 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 August 2022 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 RMB577,373,750 (equivalent to approximately HK\$678,414,000) 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 9 August 2022 entered into between Interchina Tianjin and Mr. Jiang in relation to the disposal of 100,000,000 Heilongjiang Shares by Interchina Tianjin

“Disposal Agreement 2”	the disposal agreement dated 9 August 2022 entered into between Interchina Tianjin and Shanghai Pengxin in relation to the disposal of 127,312,500 Heilongjiang Shares by Interchina Tianjin
“Disposal Agreements”	collectively, the Disposal Agreement 1 and the Disposal Agreement 2
“Existing Loan”	the aggregate amount of RMB536,053,333.34 (equivalent to approximately HK\$629,863,000) 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
“Heilongjiang Share Cancellation”	the proposed cancellation of 40,154,025 Heilongjiang Shares as disclosed in Heilongjiang Interchina’s announcement dated 15 July 2022, pursuant to which upon completion of the cancellation of 40,154,025 Heilongjiang Shares, the number of issued Heilongjiang Shares would be reduced from 1,653,935,128 to 1,613,781,103 Heilongjiang Shares
“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, 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 and a substantial Shareholder of the Company)
“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 and Shanghai Pengxin
“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
“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)

“HK\$” Hong Kong dollar, the lawful currency of Hong Kong
“RMB” Renminbi, the lawful currency of the PRC
“%” per cent.

For the purpose of this announcement, the conversion rate of RMB to HK\$ is set at the rate of RMB1 for HK\$1.175.

** 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, 9 August 2022

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.