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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)

DISCLOSEABLE TRANSACTION

THE DISPOSAL

The Board wishes to announce that on 16 May 2014, Interchina Tianjin, a wholly-owned subsidiary of the Company, disposed of an aggregate of 72,000,000 Heilongjiang Interchina Shares through the block trading system of the Shanghai Stock Exchange at an aggregate Consideration of RMB311,760,000 (equivalent to approximately HK\$392,151,000), representing RMB4.33 (equivalent to approximately HK\$5.45) per Heilongjiang Interchina Share.

Immediately after the Disposal, the aggregate number of Heilongjiang Interchina Shares held by the Group decreased from 299,312,500 Heilongjiang Interchina Shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina as at the date of this announcement, to 227,312,500 Heilongjiang Interchina Shares, representing approximately 15.61% of the issued share capital of Heilongjiang Interchina as at the date of this announcement. Heilongjiang Interchina will continue to be an associate investment of the Group.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board wishes to announce that on 16 May 2014, Interchina Tianjin, a wholly-owned subsidiary of the Company, disposed an aggregate of 72,000,000 Heilongjiang Interchina Shares (the “Disposal”), representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at an aggregate consideration of RMB311,760,000 (equivalent to approximately HK\$392,151,000) (the “Consideration”), representing RMB4.33 (equivalent to approximately HK\$5.45) per Heilongjiang Interchina Share. Set out below is a summary of the Disposal:

Purchaser	:	As 72,000,000 Heilongjiang Interchina Shares were disposed of through the block trading system, the Group is not aware of the identities of the purchaser. Based on the above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, the purchaser and its ultimate beneficial owners are Independent Third Parties
Number of Heilongjiang Interchina Shares disposed	:	72,000,000, representing 4.95% of the issued share capital of Heilongjiang Interchina
Consideration	:	RMB4.33 (equivalent to approximately HK\$5.45) per Heilongjiang Interchina Share, representing (i) a discount of 9.79% to the closing price of RMB4.80 (equivalent to approximately HK\$6.04) as quoted on the Shanghai Stock Exchange on 16 May 2014 (the “Closing Price”); and (ii) a discount of 12% to the average closing price of RMB4.92 (equivalent to approximately HK\$6.19) as quoted on the Shanghai Stock Exchange for the last five days immediately prior to the Disposal
Settlement	:	Cash

Immediately before the Disposal, Interchina Tianjin held an aggregate of 299,312,500 Heilongjiang Interchina Shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina as at the date of this announcement.

Immediately after completion of the Disposal, Interchina Tianjin holds 227,312,500 Heilongjiang Interchina Shares, representing approximately 15.61% of the total share capital of Heilongjiang Interchina as at the date of this announcement. Heilongjiang Interchina will continue to be an associate investment of the Group.

The aggregate Consideration of RMB311,760,000 (equivalent to approximately HK\$392,151,000) has been determined after arm’s length negotiations with reference to the Closing Price and in accordance with the relevant rules governing transactions under the

block trading system of the Shanghai Stock Exchange, pursuant to which the Consideration per Heilongjiang Interchina Shares should be within the range of plus or minus 10% of the Closing Price.

INFORMATION OF HEILONGJIANG INTERCHINA

Heilongjiang Interchina is an associate investment of the Company and the Company through its wholly-owned subsidiary, Interchina Tianjin, indirectly held 299,312,500 Heilongjiang Interchina Shares immediately prior to the Disposal, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina as at the date of this announcement.

Heilongjiang Interchina is principally engaged in sewage and water treatment operation, construction of sewage and water treatment plants, the provision of technical services that is related to sewage treatment in the PRC. Currently Heilongjiang Interchina operates eight sewage treatment projects, two water supply projects, a water project construction company, a technical company specialise in the development and production of landfill leachate treatment technology and holds approximately 36.8% equity interest in Josab International AB, a public limited company whose shares are listed on the Stockholm Stock Exchange, Sweden.

Set out below is a summary of the audited consolidated financial information of Heilongjiang Interchina for the two years ended 31 December 2013, which was prepared in accordance with PRC accounting standard:

	For the year ended 31 December 2013	For the year ended 31 December 2012
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
Profit before taxation	176,089,486.09	90,604,515.69
Profit after taxation	146,488,455.37	79,064,692.23

The audited consolidated net assets of Heilongjiang Interchina as at 31 December 2012 and 2013 were approximately RMB 1,066,841,557.28 and RMB2,328,268,184.36 respectively.

Set out below is a summary of the consolidated financial information of Heilongjiang Interchina for the six months ended 30 September 2013 and the year ended 31 March 2013, which was prepared in accordance with Hong Kong Financial Reporting Standards:

	For the six months end 30 September 2013	For the year ended 31 March 2013
	<i>HK\$</i>	<i>HK\$</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Profit before taxation	69,964,000	257,764,000
Profit after taxation	58,655,000	218,611,000
Net assets value	3,327,006,000	3,487,642,000

As at 30 September 2013, the unaudited carrying value of the investment in Heilongjiang Interchina amounted to HK\$1,843,702,000.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the investment of property operation, financing and securities operation, natural resources operation and environmental water treatment operation. The Group mainly operates the environmental water treatment operation through its associate company, Heilongjiang Interchina.

As at 31 March 2014, the Group had total outstanding bank and other borrowings of approximately HK\$442,575,000, of which approximately HK\$415,094,000 (the “Loan”) will fall due by the end of May 2014. The Loan was borrowed by Interchina Tianjin and bearing an interest rate of 8.63% per annum. The Board is of the view that the Disposal can provide immediate funding to Interchina Tianjin for the repayment of the Loan. It is intended that the net proceeds from the Disposal will be used to repay the Loan. Following repayment of the Loan, the Group’s total outstanding bank and other borrowings will reduce significantly to HK\$27,481,000 and the estimated interest expenses will be lowered by approximately HK\$35,823,000.

Based on the above reasons, the Board considers that the Disposal is fair and reasonable, and is in the best interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT AND USE OF PROCEEDS

Immediately after the Disposal, the Group holds 227,312,500 Heilongjiang Interchina Shares, representing approximately 15.61% of the issued share capital of Heilongjiang Interchina as at the date of this announcement. Heilongjiang Interchina will continue to be an associate investment of the Group as Mr. Zhu Yongjun, the chairman and executive director of Heilongjiang Interchina, is also the legal representative and the director of Interchina Tianjin. The Board considers the Group may continue to exercise significant influence over the business activities of Heilongjiang Interchina.

It is estimated that, as a result of the Disposal, the Group will recognise an estimated loss of approximately RMB40,640,000 (equivalent to approximately HK\$51,120,000), being the Consideration less the unaudited carrying value of HK\$6.16 per Heilongjiang Interchina Share as at 30 September 2013, which is calculated based on the unaudited carrying value of the investment in Heilongjiang Interchina, amounting to HK\$1,843,702,000 divided by the 299,312,500 Heilongjiang Interchina Shares owned by the Group before the Disposal. The amount of the actual loss arising from the Disposal will be determined by the actual carrying value per Heilongjiang Interchina Share as at completion of the Disposal, and therefore may be different from the estimated amount mentioned above.

The net proceeds of the Disposal amount to approximately HK\$391,400,000, which will be used by the Group for repayment of the Loan.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Closing Price”	has the meaning ascribed to the term in the section headed “The Disposal” of this announcement
“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
“Consideration”	has the meaning ascribed to the term in the section headed “The Disposal” of this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	has the meaning ascribed to the term in the section headed “The Disposal” of this announcement
“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
“Heilongjiang Interchina Share(s)”	the shares of RMB1.00 each 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 Third Party/ (ies)”	independent third party who is independent of the Group and its connected persons (as defined under the Listing Rules)

“Interchina Tianjin”	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
“Loan”	has the meaning ascribed to the term in the section headed “The Disposal” of this announcement
“Main Board”	the Main Board of the Stock Exchange
“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 HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

Conversion of RMB into HK\$ is based on the exchange rate of RMB0.795 = HK\$1.00.

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

Hong Kong, 16 May 2014

As at the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Deyu, Mr. Lu Yaohua and Mr. Gu Yungao; and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan.