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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EverChina Int'l Holdings Company Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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EVERCHINA INT'L HOLDINGS COMPANY LIMITED
潤中國國際控股有限公司

(formerly known as "Interchina Holdings Company Limited 國中控股有限公司")

(incorporated in Hong Kong with limited liability)

(Stock code: 202)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the board of directors of EverChina Int'l Holdings Company Limited is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Gram Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 30 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 15/F, CCB Tower, 3 Connaught Road Central, Hong Kong on Friday, 15 August 2014 at 10:30 a.m. is set out on pages 57 to 58 of this circular. A form of proxy for use at the extraordinary general meeting of the Company is enclosed with this circular.

Whether or not you are able to attend the extraordinary general meeting of the Company, you are requested to complete the accompanying form of proxy in accordance with instructions printed thereon and return it to the share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time for holding the extraordinary general meeting of the Company or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting of the Company or any adjournment thereof should you so wish.

7 July 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition by the Purchaser of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 21 March 2014 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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
“Competent Person’s Report”	a technical report dated December 2011 issued by Mr. Nurdi Irianto in relation to the Mining Blocks
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of HK\$318,000,000 for the sale and purchase of the Sale Shares and the Sale Loan under the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 15/F, CCB Tower, 3 Connaught Road Central, Hong Kong on 15 August 2014 at 10:30 a.m. and, if thought fit, to approve the Agreement and the transactions contemplated thereunder

DEFINITIONS

“Gram Capital” or “Independent Financial Advisor”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the transactions contemplated thereunder
“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 Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than the Vendor and his associates
“Independent Third Party”	independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Group and its connected persons (as defined under the Listing Rules)
“Indonesian Company”	P.T. Satwa Lestari Permai, a company incorporated in the Republic of Indonesia with limited liability and a subsidiary of the Company
“Latest Practicable Date”	2 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Mining Blocks”	the mining area located in the Fatumetan and Tanini Village, sub-districts of South Amfoang and Takari, Kupang Regency, East Nusatenggara Regency Province, Republic of Indonesia, with aggregate area of 2,000 hectare where the estimate manganese resources is located

DEFINITIONS

“Mining Licence”	the mining business licence called Ijin Usaha Pertambangan issued by the Head of Regency of Kupang, Indonesia, under which the Indonesian Company is licensed to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in the Mining Blocks
“Mining Right”	the right conferred under the Mining Licence in relation to the Mining Blocks
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Interchina Resources Holdings Limited, a wholly-owned subsidiary of the Company
“Rp”	Rupiah, the lawful currency of Indonesia
“Sale Loan”	being the aggregate amount owned by the Target to the Vendor immediately prior to Completion, which is interest free, unsecured and repayable on demand
“Sale Shares”	50,000 shares of US\$1.00 each in the capital of the Target, being the entire issued share capital of the Target as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Target”	All Yield Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target and the Indonesian Company
“US\$”	U.S. dollars, the lawful currency of the United States of America
“Vendor”	Mr. Ji Wenwen
“%”	per cent.

DEFINITIONS

For the purpose of this circular, all amounts denominated in US\$ and RP have been translated (for information only) into HK\$ using the exchange rate of US\$1: HK\$7.8 and RP1: HK\$0.0007. No representation is made that any amounts in US\$, RP or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.



EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(formerly known as "Interchina Holdings Company Limited 國中控股有限公司")

(incorporated in Hong Kong with limited liability)

(Stock code: 202)

Executive Directors:

Mr. Jiang Zhaobai (*Chairman*)
Mr. Shen Angang
Mr. Lam Cheung Shing, Richard
Mr. Gu Yungao

Registered office:

15th Floor
CCB Tower
3 Connaught Road Central
Hong Kong

Independent non-executive Directors:

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Chen Yi, Ethan

7 July 2014

To the Shareholders

Dear Sirs or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 21 March 2014, the Purchaser entered into the Agreement with the Vendor in relation to the Acquisition. Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of the Target, and the Sale Loan at the Consideration (being an aggregate of HK\$318,000,000).

As the Vendor is the sole shareholder of the Target and the Target is currently holding 17.5% equity interest in the Indonesian Company, being a subsidiary of the Company, the Vendor is therefore regarded as a connected person of the Company under Chapter 14A of the

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Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company which is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

The purpose of this circular is to provide you with further details of the Agreement and the transactions contemplated thereunder and the notice of the EGM.

THE AGREEMENT

Date

21 March 2014 (signed after the trading hours)

Parties

Purchaser: Interchina Resources Holdings Limited, a wholly-owned subsidiary of the Company

Vendor: Mr. Ji Wenwen

As the Vendor is the sole shareholder of the Target and the Target is currently holding 17.5% equity interest in the Indonesian Company, being a subsidiary of the Company, the Vendor is regarded as a connected person of the Company under the Listing Rules.

Assets to be acquired

- (i) The Sale Shares, representing the entire issued share capital of the Target, which in turn will hold 30% equity interest in the Indonesian Company upon Completion; and
- (ii) the Sale Loan, being the aggregate sum due and owing by the Target to the Vendor immediately prior to Completion.

As at the Latest Practicable Date, the amount due and owing by the Target to the Vendor was US\$6,051,500 (equivalent to approximately HK\$47,201,700). Such balance was mainly arising from the shareholder's loan advanced by the Vendor to the Target for the lending of US\$6,000,000 (equivalent to approximately HK\$46,800,000) to an Independent Third Party (the "Loan") in 2012. Details of the Loan and further details of the Indonesian Company is set out in the section headed "Information of the Indonesian Company" below.

The original purchase cost of the Target to the Vendor amounted to HK\$150,000,000.

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Consideration

The Consideration is HK\$318,000,000, of which the consideration for the Sale Loan is equivalent to its face value and the consideration for the Sale Shares shall be the balance of the Consideration after deducting the consideration for the Sale Loan. The Consideration will be satisfied in cash in the following manners:

- (a) HK\$159,000,000 shall be payable by the Purchaser to the Vendor (or his nominee(s)) as deposit (the “**Deposit**”) and part payment of the Consideration within 10 days after signing of the Agreement; and
- (b) HK\$159,000,000 shall be payable by the Purchaser to the Vendor (or his nominee(s)) upon Completion.

In the event the conditions precedent set out in the Agreement are not satisfied (or as the case may be, waived) on or before the Long Stop Date (as defined below), or the Purchaser has served a notice to the Vendor stating it is not satisfied with the results of the due diligence review conducted pursuant to the Agreement, or the Purchaser has exercised its right of rescission in accordance with the Agreement, or Completion does not take place in accordance with the terms thereof, the Vendor shall refund the Deposit (without interest) to the Purchaser within 7 Business Days after written demand from the Purchaser in such method as the Purchaser may agree.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor and by reference to the valuation of the Mining Right at US\$138,000,000 (equivalent to approximately HK\$1,076,400,000) as at 31 January 2014. Such valuation was assessed by Roma Appraisals Limited, a firm of independent professional valuers, adopting the income-based approach. Based on the Board’s understanding, Roma Appraisals Limited is experienced in the valuation of natural resources including manganese ore and has the relevant experience in carrying out valuation for natural resources companies, the issued shares of which are listed in Hong Kong and the Republic of Indonesia. The information contained in such valuation report was accurate, complete and not misleading under Rule 2.13(2) of the Listing Rules. The Consideration represents a discount of approximately 1.5% over the 30% of the valuation of the Mining Right i.e. HK\$322,920,000. The Consideration will be financed by internal resources of the Group.

Conditions precedent

Completion is subject to the following conditions:

- (a) the passing of the necessary resolution(s) by the shareholders of the Company (other than those who are required to abstain from voting under the Listing Rules) at the extraordinary general meeting of the Company to approve the Agreement and the transactions contemplated thereunder;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;

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- (c) the Target having become the registered and beneficial owner of 30% equity interest in the Indonesian Company;
- (d) all necessary consents, licences, and approvals required to be obtained on the part of the Vendor and the Target Group in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (e) the Purchaser being satisfied with the results of the due diligence review to be conducted under the Agreement; and
- (f) there being no breach of the warranties given by the Vendor in the Agreement and such warranties having remained true and accurate in all respects up to and including Completion.

In relation to the condition precedent set out in paragraph (d) above, as advised by the Vendor, the Vendor and the Target Group shall obtain the new business registration of the Indonesian Company to be issued by the Indonesia Investment Coordinating Board after the Target has acquired 12.5% equity interest in the Indonesian Company from other existing shareholders of the Indonesian Company.

Pursuant to the Agreement, the Vendor has provided certain warranties in relation to (i) the Vendor as regards his power and capacity to enter into the Agreement and to transfer the Sale Shares and the Sale Loan; and (ii) the Target as regards its assets, the management accounts and litigation status.

The Purchaser may at its discretion at any time waive in writing the condition (e) set out above. Save as aforesaid, none of the above conditions are capable of being waived. The Vendor shall use his best endeavours to procure the fulfilment of the conditions (c), (d) and (f) above. If any of the conditions set out above have not been satisfied (or as the case may be, waived) on or before 4:00 p.m. on 30 September 2014 (or such later date as the Purchaser may agree) (the “**Long Stop Date**”), the Agreement shall cease and determine notwithstanding any other provisions of the Agreement and the Vendor shall within 7 Business Days from the cessation and termination of the Agreement refund the Deposit to the Purchaser without interest, and thereafter neither party thereto shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, the Company had no intention to waive any conditions precedent specified above and none of conditions precedent specified above had been fulfilled.

Completion

Completion shall take place on the third Business Day after the fulfilment (or waiver, as the case may be) of the conditions precedent or such other date as the Purchaser may agree.

Upon Completion, the Target shall become a wholly-owned subsidiary of the Company, which in turn will directly hold 30% equity interest in the Indonesian Company. The equity interests in the Indonesian Company held by the Group will then be increased from 65% to

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95%. The Indonesian Company will be treated as a 95%-owned subsidiary of the Company, with 5% non-controlling interest and its accounts will continue to be consolidated to that of the Group.

INFORMATION OF THE TARGET GROUP AND REGULATIONS IN INDONESIA

The Target

The Target was incorporated in the British Virgin Islands on 1 July 2010 with limited liability and is engaged in investment holding. As at the Latest Practicable Date, the principal assets of the Target were the 17.5% equity interest in the Indonesian Company and the Loan. Upon Completion, the Target shall be directly interested in 30% of the equity interest in the Indonesian Company.

In 2012, the Target granted the Loan in the principal amount of US\$6,000,000 (equivalent to approximately HK\$46,800,000) to an Independent Third Party for a term of 5 years. The Loan is interest free and secured by a pledge of 2,500 shares in the Indonesian Company held by Mr. Daniel Cherlin, representing 5% equity interest in the Indonesian Company, in favour of the Target. As at the Latest Practicable Date, the Loan was still outstanding.

According to the Vendor, the Target is undergoing a corporate restructuring in order to acquire 12.5% equity interest in the Indonesian Company from other existing shareholders of the Indonesian Company, such that upon Completion the Target will hold 30% equity interest in the Indonesian Company.

Set out below is the unaudited financial information of the Target for the three years ended 31 March 2014 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year Ended 31 March 2012 HK\$	For the year ended 31 March 2013 HK\$	For the year ended 31 March 2014 HK\$
Loss before taxation	11,700	11,700	11,700
Loss after taxation	11,700	11,700	11,700
Net liabilities	378,300	366,600	354,900

Based on the information provided by the Vendor, the net liabilities of the Target as at 31 March 2014 was approximately HK\$354,900 which consisted assets of approximately HK\$47,556,600 (including the Loan) and liabilities of approximately HK\$47,201,700 which represented the shareholder's loan due and owing by the Target to the Vendor.

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The Indonesian Company

The Indonesian Company was incorporated in the Republic of Indonesia on 8 October 2005 with limited liability and is a mining company under the Laws of the Republic of Indonesia. As at the date of the Agreement, the Indonesian Company had an authorised share capital of Rp5,000,000,000 (equivalent to approximately HK\$3,500,000) divided into 50,000 shares of Rp100,000 (equivalent to approximately HK\$70) each, all of which have been issued and fully paid. As at the date of the Agreement, the Indonesian Company was owned as to 65% by Universe Glory Limited, a direct wholly-owned subsidiary of the Purchaser, 17.5% by the Vendor, 10% by Lianbo Limited, 5% by Mr. Daniel Cherlin and 2.5% by Mr. Aristoteles Cherlin. To the best of Directors' knowledge, information and belief, and having made all reasonable enquiries, save for being a shareholder of the Indonesian Company, Mr. Daniel Cherlin is third party independent of the Group and its connected persons (as defined in the Listing Rules).

The Indonesian Company is the legal holder of the Mining Licence to exclusively conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in the Mining Blocks for a period of 20 years ending in November 2031. As stipulated in the Mining Licence, the Target can apply for extension of the Mining Licence for production activities two years prior to expiration of the Mining Licence. As advised by the Indonesia legal advisers, under the relevant regulation of Indonesia, the Mining Licence may be extended twice, each for a period of 10 years. Based on the available estimate manganese resources of the Mining Blocks, the carrying value of the Mining Right as at 31 March 2014 was approximately HK\$1,068,600,000 as shown in the consolidated financial statements of the Company for the year ended 31 March 2014. Since obtaining the Mining Licence by the Indonesian Company in November 2011, the relevant construction has been underway, but no production has commenced. The construction of processing plant was completed in September 2013 with well-equipped facilities including administration office, communication room, housing accommodation, warehouse, electricity generator, vibration screener and grinding machine — not only can it process and refine the Group's own manganese ore it can also provide service to outsider customer. The construction of the Mining Block has not commenced. Based on current estimation, the Indonesian Company will require approximately one year to complete the construction works which includes (i) construction of all necessary infrastructure at the Mining Block such as haul road, water supply and electric power; and (ii) purchase of any necessary equipment and machinery for production. Therefore, the Indonesian Company/the Mining Block did not generate any revenue but recorded an adjusted loss before and after taxation of approximately HK\$1,865,000 and HK\$1,652,000 for the two years ended 31 March 2014 respectively, which were prepared based on the accounting policy of the Group and in accordance with the Hong Kong Financial Reporting Standards.

Based on the total measured, indicated and inferred manganese resources of approximately 18.8 million tonnes, the Indonesian Company has prepared a preliminary production plan (the "**Production Plan**"), which has been finalised and agreed by the Company's competent person. It is currently expected that the Mining Blocks will commence production in the second quarter of 2015 with expected average annual production of manganese of not less than 750,000 tonnes starting from 2017.

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According to the Production Plan, it will require total capital expenditure of approximately US\$44,100,000 (equivalent to approximately HK\$343,980,000) for the first five years which mainly represents cost of purchasing machinery, equipment for the mining works and the infrastructure maintenance. The capital expenditure is summarised as follows:

Year	1	2	3	4	5
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Office equipment	13,205	—	—	—	—
Machinery and equipment	<u>77,844</u>	<u>66,940</u>	<u>66,963</u>	<u>57,751</u>	<u>61,277</u>
Total	<u>91,049</u>	<u>66,940</u>	<u>66,963</u>	<u>57,751</u>	<u>61,277</u>

Based on the understanding of the management of the Company, due to the fact that the ore body is close to the surface of the mine and has little overburden, open pit mining would be the preferred mining method as it fulfills a number of criteria including economics, technical feasibility, environmental and social acceptability.

Shareholders of the Indonesian Company are responsible to provide an advance of not less than US\$20,000,000 (equivalent to approximately HK\$156,000,000) to the Indonesian Company as shareholders' loan to fund initial capital expenditure for the first and second production year and to support initial operational need, such as to complete the construction works. The Group's contribution to such US\$20,000,000 (equivalent to approximately HK\$156,000,000) will be financed by the Group's internal resources. Based on the current estimation, the Indonesian Company would generate not less than HK\$150,000,000 operating profit in each of the third, fourth and fifth production year. As such, it is expected that the remaining balance of US\$24,100,000 (equivalent to approximately HK\$187,980,000) will be generated from the operation of the Indonesian Company. In relation to the Group's internal resources, the Group is assessing the market condition of their various investments and does not eliminate the possibility of disposing any of them.

In order to obtain approval to export manganese overseas, the Indonesian Company is currently applying for the certificate of Clean and Clear (the "**Certificate of CnC**") from the Ministry of Energy and Mineral Resources of the Republic of Indonesia ("**MEMR**"). Once the Indonesian Company has obtained the Certificate of CnC, the Indonesian Company can apply for the export licence from the Ministry of Trade of the Republic of Indonesia to export manganese. It is expected that the Certificate of CnC will be issued by the middle of July 2014. Save as disclosed in this circular, there is no other licence, certificate, consent or approval required before the Indonesian Company can commence production. As at the Latest Practicable Date, the Target had not entered into any offtake agreements for its manganese ore products.

Regulations Governing the Exploitation and Export of Mineral Resources in Indonesia

Indonesia is the fourth largest country on earth (behind just the PRC, India and the United States) with estimate population of approximately not less than 250 million. As a country with abundant natural resources, the Indonesian government has been encouraging foreign capital to

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develop its resources with the implementation of a number of laws to protect foreign investment. The Indonesian government believes that through attracting overseas' investment, it can stimulate the local economy, increase employment rate and improve the standard of living of the local peoples in Indonesia. However, at the same time, the Indonesian government also has adopted certain policies which may be unfavourable to foreign investors to protect the local economy.

According to Regulation No. 28 of 2009 regarding Mining Service Business (“**PerMen 28/2009**”) issued by the Minister of Energy and Mineral Resources in Indonesia on 30 September 2009, mining licence holders cannot contract out all activities to a mining services company, but must carry out mining, processing and refining of coal and minerals. Therefore, mining companies have to procure their own mining equipment and make available the related manpower and expertise to undertake those activities when they are obliged to undertake mineral extractions.

PerMen 28/2009 aimed to ensure the use of local businesses and restrict the use of affiliate companies. If other or foreign contractors are appointed, the law requires those contractors to subcontract part of the contracted work from the mining companies to appropriately competent local contractors. This new regulation might promote local economy.

Besides, according to Indonesia's Government Regulation No.1 of 2014 (“**GR1/2014**”) and Minister of Energy and Mineral Resources Regulation No.1 of 2014 which are enacted on 11 January 2014, export of raw minerals are banned. Manganese is one of the five metals that can be exported after they are processed in the three-year grace period. After the grace period, the raw minerals have to be purified before being exported. With the implementation of such regulation, more smelting facilities and capacities would be developed in Indonesia, which would in turn benefit Indonesia's economy according to the government officials.

Since the Group has its own processing plant and is planning to purchase mining equipment and hiring local manpower and expertise to undertake the part of mining activities, it is of the view that the Group has complied with PerMen 28/2009. Currently, the Group does not plan to have own smelting facilities. However, the Group would also consider to build a smelting facilities, if necessary in the processing plant in order to comply with the GR1/2014 in the future.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Group's interest in the Indonesian Company will increase from 65% to 95% and the non-controlling interest of the Indonesian Company will decrease from 35% to 5%. The financial statements of the Indonesian Company shall continue to be accounted for in the Group's consolidated financial statements with non-controlling interest of 5% held by Mr. Daniel Cherlin. The Acquisition would not lead to a material change in the net asset value of the Group but (i) the total assets of the Group will be decreased by HK\$271,200,000 which represents the Consideration of HK\$318,000,000 less the Loan of US\$6,000,000 (equivalent to approximately HK\$46,800,000); and (ii) the total liabilities of the Group will be decreased by HK\$271,200,000 due to the decrease in the percentage of the non-

LETTER FROM THE BOARD

controlling interest of the Indonesian Company upon Completion and the profit or loss generated from the Indonesian Company attributable to the Company will be 95%, instead of 65%.

REASONS FOR THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the environmental water treatment operation, property investment operation, financing and securities investment operation and natural resources operation.

The Mining Blocks are located in Kupang Regency, East Nusatenggara Regency Province, Republic of Indonesia, a region well known globally as a source of high-grade manganese ore. Manganese ore is typically divided into three grade categories, defined by their manganese content: high grade (>44%), medium grade (>30% and <44%) and low grade (<30%). High grade manganese ore usually requires crushing and screening without going through beneficiation to be in concentrate form whereas low grade manganese ore requires improvement for commercial use. Manganese is one of many important elements found in nature and is the fourth most consumed element in the world, following iron, aluminum and copper. Manganese has played a key role in the development of various steelmaking processes and its continuing importance is indicated by the fact that about 90% of manganese consumed annually goes into steel as an alloying element. No satisfactory substitute for manganese in steel has been identified that can combine its relatively low price with the outstanding technical benefits. Other than steel, the second most important market for manganese, in dioxide form, is portable dry cell batteries. Due to the implementation of economic reform and urbanisation, the PRC has been one of the major producers and users of steel for several years. According to the record of National Bureau of Statistics of the PRC, the annual production of steel in the PRC for 2011, 2012 and 2013 amounted to approximately 683 million tonnes, approximately 715 million tonnes and approximately 775 million tonnes, with an increase of approximately 13.5% from 2011 to 2013. World manganese ore production reached approximately 16 million tonnes in 2012. Almost 87% of the world available manganese reserves is mainly located in Ukraine (27%), South Africa (24%), Australia (16%), India (10%) and Gabon Republic (10%) respectively. According to the PRC Customs statistics (*Source: 中國產業資訊網發佈的《2014-2019年中國錳礦市場分析及投資趨勢預測報告》*), import of manganese ore reached approximately 16 million tonnes in 2013, representing an increase of 33% as compared to 2012. Therefore, the global demand for manganese is mainly driven by the demand from the PRC. The continuation of the PRC's reform and implementation of urbanisation will support the demand of steel and therefore it is expected the demand for manganese ore will remain strong with limited downside risks. In this regard, the Company believes that demand for manganese ore will be considerable. It is expected that the average grade of manganese ore content extracted from the Mining Blocks is >40%. The Republic of Indonesia is a country with abundant natural resources and has been encouraging foreign capital to develop its resources with the implementation of a number of laws to protect foreign investment. The Indonesian Company is one of the two companies that have obtained the production and operation licence in Kupang. The lower freight cost as a result of close proximity of Kupang to the PRC will mean that Indonesia's high-grade manganese ore is well positioned to capture this huge market potential. In this regard, the Board is confident that the Mining Blocks will have considerable development potential in the future.

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The Company has been interested in obtaining full ownership of the Mining Blocks. At the beginning of 2011, the Company, through the acquisition of entire equity interest in Universe Glory Limited, indirectly held 65% equity interest of the Indonesian Company. At present, the daily operation and management of the Indonesian Company is fully controlled by the Group. However, since each of the shareholders of the Indonesian Company is required to contribute additional capital proportionate to their shareholding in order to commence production of the Mining Blocks, any investment and development plan of the Mining Blocks would need to be approved by the shareholders of the Indonesian Company. In the past two years, shareholders of the Indonesian Company could not reach unanimous approval on any production plan, including but not limited to when the Mining Blocks should commence production as well as the total additional capital required for commencement of the production etc.. Since the relevant production plan had not been finalised, the Indonesian Company did not generate any revenue for the past two years. The Company considers that the Acquisition represents an opportunity for the Group to consolidate the shareholding in the Indonesian Company at a reasonable price which would improve the efficiency of decision making process of the Indonesian Company. In addition, by acquiring more equity interest in the Indonesian Company, the Company will be entitled to a larger portion of the profit of the Indonesian Company. According to the Production Plan, it estimated that the operation of the Mining Blocks would break even in two years after commencement of production. In order to speed up the progress of the Production Plan, upon Completion, the Indonesian Company will accelerate the relevant construction work at the Mining Blocks and set up a team of operational staff to prepare pre-operating work including mine design and any other feasibility proposal of the Mining Blocks. According to the Production Plan, it is believed the natural resources operation will make contribution to the cash flow and revenue stream of the Group in the third year after commencement of the production.

The terms of the Agreement have been negotiated on an arm's length basis. Accordingly, the Board believes the Acquisition is in line with the business plan of the Company and the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interest of the Company and the Independent Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the Vendor is the sole shareholder of the Target and the Target is currently holding 17.5% equity interest in the Indonesian Company, a subsidiary of the Company, the Vendor is therefore regarded as a connected person of the Company under the Listing Rules. Accordingly, the Acquisition 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 no Director has a material interest in the Acquisition, no Director is required to abstain from voting on the Board resolution to approve the Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

An Independent Board Committee has been formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. The Company will seek the Independent Shareholders' approval of the Agreement and the transactions contemplated thereunder at the EGM by way of poll. As at the Latest Practicable Date, the Vendor and his associates do not hold any Shares. As no Shareholder has a material interest in the Agreement, no Shareholder will be required to abstain from voting at the EGM.

EGM

A notice convening the EGM to be held at 15/F, CCB Tower, 3 Connaught Road Central, Hong Kong on Friday, 15 August 2014 at 10:30 a.m. is set out on pages 57 to 58 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the form of proxy and return it to the office of the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Gram Capital and the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
EverChina Int'l Holdings Company Limited
Lam Cheung Shing, Richard
Executive Director and Chief Executive Officer



EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(formerly known as “Interchina Holdings Company Limited 國中控股有限公司”)

(incorporated in Hong Kong with limited liability)

(Stock code: 202)

7 July 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular dated 7 July 2014 (the “**Circular**”) of EverChina Int'l Holdings Company Limited (the “**Company**”) of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to advise you as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Agreement.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 15 of the Circular and the letter from Gram Capital as set out on pages 18 to 30 of the Circular which contain, among other things, their advice, recommendations to us regarding the terms of the Agreement and the principal factors and reasons taken into consideration for their advice and recommendations.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the advice and recommendations of Gram Capital and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Agreement are fair and reasonable as far as the Independent Shareholders are concerned and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

Mr. Ho Yiu Yue, Louis

Mr. Ko Ming Tung, Edward
Independent Board Committee

Mr. Chen Yi, Ethan

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

7 July 2014

*To: The independent board committee and the independent shareholders
of EverChina Int'l Holdings Company Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 7 July 2014 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 21 March 2014, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target, and the Sale Loan at the aggregate Consideration of HK\$318,000,000.

With reference to the Board Letter, the Acquisition constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively. As such, the Acquisition is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group or the Target Group, and we have not been furnished with any such evaluation or appraisal, save and except for the valuation report of the Mining Right (the "**Valuation Report**") as set out in Appendix I to the Circular. The Valuation Report was prepared by Roma Appraisals Limited (the "**Valuer**"). Since we are not experts in the valuation of land, properties, business and/or mining right, we have relied solely upon the Valuation Report for the fair value of the Mining Right as at 31 January 2014.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor, the Target Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this

LETTER FROM GRAM CAPITAL

opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Gram Capital is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Business overview of the Group

As referred to in the Board Letter, the principal activities of the Group are environmental water treatment operation, property investment operation, financing and securities investment operation and natural resources operation.

Set out below are the audited consolidated financial results of the Group for the two financial years ended 31 March 2014, as extracted from the Company's results announcement for the financial year ended 31 March 2014 (the "**Results Announcement**"):

	For the financial year ended 31 March 2014	For the financial year ended 31 March 2013	Year on year change from FY2012/2013 to FY2013/2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Turnover	40,785	370,612	(89.0)
— Environmental water treatment operation	—	339,219	(100.0)
— Property investment operation	23,473	21,674	8.3
— Financing and securities investment operation	17,312	9,719	78.1
— Natural resources operation	—	—	N/A
Profit for the year	178,815	948,285	(81.1)

As depicted by the above table, the Group recorded a significant decrease in turnover of approximately 89.0% from approximately HK\$370.6 million for the financial year ended 31 March 2013 to approximately HK\$40.8 million for the financial year ended 31 March 2014. Due to the completion of the Group's disposal of 110,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited ("**Heilongjiang Interchina**") in January 2013, Heilongjiang Interchina has become an associate investment of the Group and its revenue was no longer consolidated into the Group's financial statements.

LETTER FROM GRAM CAPITAL

Therefore, the Group's revenue from the environmental water treatment operation segment had become nil for the financial year ended 31 March 2014. In addition, the Group recorded decrease in profit from approximately HK\$948.3 million for the financial year ended 31 March 2013 to approximately HK\$178.8 million for the financial year ended 31 March 2014. As disclosed in the Results Announcement, such significant decrease in profit was mainly attributable to the one-off gain of approximately HK\$1.6 billion from the aforesaid disposal of Heilongjiang Interchina which was recognised by the Group during the financial year ended 31 March 2013.

As advised by the Directors, with the fact that Heilongjiang Interchina became an associate investment of the Group, the Company has been seeking opportunities to expand the Group's business portfolios in order to expand its revenue stream. On 29 November 2013, the Group entered into a sale and purchase agreement to acquire the entire share capital of Loyal Rich International Investment Limited, a company which owns the Express by Holiday Inn Wujiaochang Shanghai, such that the revenue stream as well as the property investment portfolio of the Group would be further expanded and enhanced. On 16 May 2014, the Group further disposed of 72,000,000 shares of Heilongjiang Interchina and Heilongjiang Interchina remains as an associate investment of the Group.

Information on the Target Group

The Target

As extracted from the Board Letter, the Target was incorporated in the British Virgin Islands with limited liability and is engaged in investment holding. As at the Latest Practicable Date, the principal assets of the Target were the 17.5% equity interest in the Indonesian Company and the Loan. According to the Vendor, the Target is undergoing a corporate restructuring in order to acquire 12.5% equity interest in the Indonesian Company from other existing shareholders of the Indonesian Company and such that upon Completion, the Target will hold 30% equity interest in the Indonesian Company.

In 2012, the Target granted the Loan in the principal amount of US\$6,000,000 (equivalent to approximately HK\$46,800,000) to an Independent Third Party for a term of five years. The Loan is interest free and secured by a pledge of 2,500 shares of the Indonesian Company held by Mr. Daniel Cherlin, representing 5% equity interest in the Indonesian Company, in favour of the Target (the "**Pledge**"). As at the Latest Practicable Date, the Loan was still outstanding.

LETTER FROM GRAM CAPITAL

Set out below is the unaudited financial information of the Target for the three financial years ended 31 March 2014 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the financial year ended 31 March 2014 HK\$	For the financial year ended 31 March 2013 HK\$	For the financial year ended 31 March 2012 HK\$
Turnover	—	—	—
Loss before and after tax	(11,700)	(11,700)	(11,700)
	As at 31 March 2014 HK\$	As at 31 March 2013 HK\$	As at 31 March 2012 HK\$
Net liabilities	(354,900)	(366,600)	(378,300)

The Indonesian Company

As extracted from the Board Letter, the Indonesian Company was incorporated in the Republic of Indonesia with limited liability and is a mining company under the Laws of the Republic of Indonesia. As at the Latest Practicable Date, the Indonesian Company was owned as to 65% by Universe Glory Limited, a direct wholly-owned subsidiary of the Purchaser, 17.5% by the Vendor, 10% by Lianbo Limited, 5% by Mr. Daniel Cherlin and 2.5% by Mr. Aristoteles Cherlin.

The Indonesian Company is the legal holder of the Mining Licence to exclusively conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore at the Mining Blocks for a period of 20 years ending in November 2031. Based on the available estimate of manganese resources of the Mining Blocks, the carrying value of the Mining Right as at 31 March 2014 was approximately HK\$1,068,600,000 as shown in the consolidated financial statements of the Company for the financial year ended 31 March 2014.

As confirmed by the Directors, since obtaining the Mining Licence by the Indonesian Company in November 2011, the relevant construction has been underway, but no production has commenced. The Directors further advised us that the construction of processing plant was completed in September 2013 with well-equipped facilities which not only can it process and refine the Group's manganese ore but it can also provide service to outside customers. The construction of the Mining Blocks has not commenced. Therefore, the Indonesian Company/Mining Blocks did not generate any revenue but recorded adjusted losses before and after taxation of approximately HK\$1,865,000 and HK\$1,652,000 for the two financial years ended 31 March 2014 respectively (prepared

LETTER FROM GRAM CAPITAL

based on the accounting policy of the Group and in accordance with the Hong Kong Financial Reporting Standards). Based on the current estimation, it is expected that the Indonesian Company will require approximately one year to complete the construction works.

As for the regulations governing the exploitation and export of mineral resources in the Republic of Indonesia, Shareholders may refer to the section headed “Regulations governing the exploitation and export of mineral resources in Indonesia” of the Board Letter for further details. As confirmed by the Directors, the Indonesian Company has complied with the relevant existing regulations and will comply with other applicable regulations in effect from time to time.

The Mining Blocks and the Competent Person’s Report

The resource estimates considered in the valuation of the Mining Right were based on the Competent Person’s Report dated December 2011 (for details, please refer to the announcement of the Company captioned “Profit forecast in relation to discloseable and connected transaction” which was published on 21 March 2014 (the “**Announcement**”)).

We have read through the Competent Person’s Report. Although we have not conducted independent investigation on the qualification of the competent person, we noted from the Competent Person’s Report that Mr. Nurdi Irianto, the competent person, has over ten years of experience as a geologist in exploration, prospect evaluation and resource estimation and is a member of Canadian Institute of Mining, Metallurgy and Petroleum, a leading technical society of professionals in the Canadian minerals, metals, materials and energy industries founded in 1898. As confirmed by the Valuer, they have reviewed the independency and relevant experience of the competent person and are satisfied that the competent person has adequate experience relevant to the style of mineralisation and type of deposit in relation of the Mining Blocks.

As confirmed by the competent person, the Competent Person’s Report is suitable and appropriate under the current Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) (2012 edition), which came into effect on 1 December 2013, given that there has been no change to the project’s status in any form. In particular, no modifications were made to the project’s data in terms of (i) geophysical surveys to provide extra information on stratum and mineral properties utilising resistivity of minerals; (ii) trenching and soil sampling to determine traces of weathered and eroded material/minerals relating to mineralisation; (iii) additional drilling to determine lithology, alteration mineralogy, strike length, structural properties, and plunge and dip to assist in the assessment of the ore domain’s dimensions in three dimensions; (iv) resource estimation including wire-framing, mineralisation envelope, composite lengths, spatial analysis and variography, and block modelling and the JORC Code classification categories; (v) metallurgical testing to determine processing methodology and mineral composition of the ore; (vi) social impact status on the community and the environment including waterways, infrastructure effects, flora and fauna, noise and dust, and human settlements; and (vii) permitting and economic viability

LETTER FROM GRAM CAPITAL

of the project. Hence, the Board and the Valuer are of the view that it is fair and reasonable to value the Mining Right as at 31 January 2014 based on the data as contained in the Competent Person's Report.

Since we are not experts in mining or valuation, we are not in the capacity to comment on the differences between the JORC Code of 2004 and the JORC Code of 2012, and we have relied on the representation of the Valuer and the competent person in this regard.

As extracted from the Competent Person's Report, the Mining Blocks have a total mining area of 2,000 hectares with Measured, Indicated and Inferred manganese resources of approximately 18.8 million tonnes. Mining at the Mining Blocks is sound geologically based on JORC Code compliant data and procedures.

The competent person also stated in the Competent Person's Report that since the ore body of the Mining Blocks is close to the surface and has little overburden, open pit mining would be the preferred method as it fulfils the economical and technical feasibility, as well as the environmental and social acceptability.

Shareholders may refer to the section headed "Information of the Target Group" of the Board Letter as well as the Valuation Report for further details of the Target Group and the preliminary production plan of the Mining Blocks (the "**Production Plan**"), which has been finalised and agreed by the Company's competent person.

Reasons for the Acquisition

With reference to the Board Letter and as further advised by the Directors, the Company has been interested in obtaining full ownership of the Mining Blocks. The Company, through the acquisition of the entire equity interest in Universe Glory Limited at the beginning of 2011, indirectly holds 65% equity interest in the Indonesian Company. Since the relevant production plan had not been finalised, the Indonesian Company did not generate any revenue for the past two years. The Company considers that the Acquisition represents an opportunity for the Group to consolidate its shareholding in the Indonesian Company at a reasonable price, which would improve the efficiency of the decision making process of the Indonesian Company.

According to the Directors, at present, the daily operation and management of the Indonesian Company is fully controlled by the Group. However, since each of the shareholders of the Indonesian Company is required to contribute additional capital in proportionate to their shareholding in the event of commencement of production of the Mining Blocks, any investment and development plan of the Mining Blocks would need to be approved by the shareholders of the Indonesian Company. In the past two years, shareholders of the Indonesian Company have been communicating verbally and could not reach unanimously approval on any production plan, including but not limited to when should the Mining Blocks commence production and how much is the total additional capital required for commencement of production of the Mining Blocks etc.. Since no consensus has been reached for the past two years, the Directors are of the opinion that should the Company not carrying out the Acquisition, there might not be any progress of

LETTER FROM GRAM CAPITAL

development of the Mining Blocks in the foreseeable future. In addition, given the strong demand for manganese ore, the Directors are confident that the Mining Blocks will have considerable development potential.

In light of the above, we concur with the Directors that the future business development of the Indonesian Company and in turn the interest of the Group's existing 65% shareholding in the Indonesian Company may continue to be hindered in the event that the Group is unable to obtain full ownership of the Indonesian Company to commence the development of the Mining Blocks.

On the other hand, we noted that Mr. Daniel Cherlin will still hold 5% equity interest in the Indonesian Company after the Completion. Accordingly, we have further enquired into the Directors with regard to such arrangement and the Directors advised us that since Mr. Daniel Cherlin is a local Indonesian, it is expected that he should be able to communicate with the Indonesian government and local community on matters regarding the future operation and production of the Indonesian Company more efficiently and effectively. Moreover, due to the Pledge, the Directors expected that the Group shall be able to enjoy complete control over the Indonesian Company before the Loan is fully repaid.

Upon Completion, the Indonesian Company will accelerate the relevant construction works at the Mining Blocks and set up a team of operational staff to prepare the pre-operating work including mine design and other feasibility proposals of the Mining Blocks. In this relation, we have discussed with the Directors with regard to the Production Plan. We understand from the Directors that since the open pit mining method, being a relatively less complex and time consuming mining method, would be adopted at the Mining Blocks, it is expected that full production of the Mining Blocks would commence in the second quarter of 2015 with expected average annual production of manganese ore of not less than 750,000 tonnes starting from 2017.

Based on the Directors' estimation, the total capital requirements of the Mining Blocks from 2015 to 2019 are approximately US\$44,100,000 (equivalent to approximately HK\$343,980,000). Shareholders of the Indonesian Company are responsible to provide an advance of not less than US\$20,000,000 (equivalent to approximately HK\$156,000,000) to the Indonesian Company as shareholders' loan to fund the initial capital requirement for the first and second production year and to support the initial operational need of the Mining Blocks. The Group's contribution to such US\$20,000,000 (equivalent to approximately HK\$156,000,000) will be financed by the Group's internal resources, and the Group is assessing the market condition of its various investments and does not eliminate the possibility of disposing any of them. Based on the current estimation, the Indonesian Company would generate not less than HK\$150,000,000 operating profit in each of the third, fourth and fifth production year. As such, it is expected that the remaining balance of US\$24,100,000 (equivalent to approximately HK\$187,980,000) will be generated from the operation of the Indonesian Company.

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With respect to the foregoing, we have obtained the breakdown of the US\$44,100,000 total capital requirements together with the Production Plan, and have further discussed with the Company and the Valuer regarding the same.

The Directors believe that although the Acquisition could not bring immediate revenue stream and generate immediate profit to the Group, based on the current preliminary estimation, the operation of the Mining Blocks would break even in two years after commencement of the production, and make contribution to the cash flow and revenue stream of the Group in the third year after commencement of the production. By acquiring more equity interest in the Indonesian Company, the Company will be entitled to a larger portion of the future potential profit of the Indonesian Company.

For our due diligence purpose, we have also researched independently over the internet for information regarding manganese. In this respect, we noted that manganese is mainly used for steel production, directly in pig iron production and indirectly through upgrading ore to ferroalloys, and there is no satisfactory substitute for the major applications of manganese. Hence, the demand for manganese is closely related to the production of steel while most of the manganese requirements of the industrialised countries are supplied in the form of alloys. According to the 2013 Annual Review published by the International Manganese Institute, being a not-for-profit industry association founded in 1975 which represents companies involving in manganese business development and research organisations around the world, in January 2014, the world steel production reached approximately 1.6 billion million tonnes in 2013, representing an increase of approximately 4.2% as compared to 2012, of which approximately 0.78 billion million tonnes or 49% of world steel was produced in the PRC. With the continuous growth of the economy of the PRC, we are advised by the Directors that they are optimistic about the prospects of the manganese market as driven by the continuous strong demand for steel to support the infrastructure and building projects in the PRC. Furthermore, we noted from the Mineral Commodity Summaries conducted by the United States Geological Survey that the world manganese mine production has increased from 10,800 thousand metric tonnes in 2009 to 15,800 thousand metric tonnes in 2012 and it was estimated that the world manganese mine production will reach 17,000 thousand metric tonnes in 2013.

The Company further confirmed that since the mining business requires significant amount of capital investment in exploration, development, mining and processing operation, currently the Company has no intention to explore into any other natural resources investment opportunity. Upon Completion, the Group would focus on the development of the Mining Blocks for the mining business of the Group and has no current intention to acquire other mines.

In view of the foregoing reasons for and background of the Acquisition, together with the probable positive prospects of the manganese market, we concur with the Directors that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole even though it is not a principal activity of the Group and hence is not conducted in the ordinary and usual course of business of the Group.

2. Terms of the Agreement

The Agreement

On 21 March 2014, the Purchaser entered into the Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target, and the Sale Loan at the aggregate Consideration of HK\$318,000,000.

As at the Latest Practicable Date, the Sale Loan amounted to US\$6,051,500 (equivalent to approximately HK\$47,201,700), and such balance was mainly arising from the Loan.

The Consideration

The Consideration is HK\$318,000,000, of which the consideration for the Sale Loan is equivalent to its face value and the consideration for the Sale Shares shall be the balance of the Consideration after deducting the consideration for the Sale Loan.

The Consideration will be payable in cash by the Company in the following manners: (i) as to HK\$159,000,000 shall be payable by the Purchaser to the Vendor (or his nominee(s)) as deposit (the “**Deposit**”) and part payment of the Consideration within ten days after signing of the Agreement; and (b) as to HK\$159,000,000 shall be payable by the Purchaser to the Vendor (or his nominee(s)) upon Completion. According to the Directors, it is the intention of the Company to satisfy the cash Consideration by the Group’s internal resources.

As confirmed by the Directors, the Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor by reference to the preliminary valuation of the Mining Right at US\$138,000,000 (equivalent to approximately HK\$1,076,400,000) as at 31 January 2014 (the “**Valuation**”).

In this regard, we noted that the Consideration represents a slight discount of approximately 1.5% to “30% of the Valuation”, i.e. HK\$322,920,000.

Trading multiples analysis for the Acquisition

In order to assess the fairness and reasonableness of the Consideration, we have attempted to perform a trading multiples (i.e. price to earnings and price to book ratios) analysis. Nevertheless, we noted that (i) the Target had been loss making during the financial year ended 31 March 2014; (ii) the Target recorded net liabilities as at 31 March 2014; (iii) the manganese mining business is rather unique and that to the best of our knowledge and endeavour, there is only one company listed on the Stock Exchange, being CITIC Dameng Holdings Limited (stock code: 1091), which is also principally engaged in this business; and (iv) based on our independent research, it was difficult to find sufficient public information with regard to comparable transactions similar to the Acquisition and hence we have discussed with the Valuer and we understand that there were limited relevant comparable transactions similar to the Acquisition. Due to the above factors, we

LETTER FROM GRAM CAPITAL

consider the trading multiples analysis to be inapplicable and we have not conducted any in-depth investigation into the comparability of those possible relevant comparable transactions.

The Valuation

The Valuation was conducted by the Valuer by adopting the excess earning method under the income-based approach so as to obtain the fair value of the Mining Right in present value term. For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the performance of the Valuation; and (iii) the steps taken by the Valuer when conducting the Valuation. From the mandate letter and other relevant information provided by the Valuer, including the list of mineral resources related projects which the Valuer had been involving in and the Valuer's company brochure, and based on our interview with the Valuer, we noted that the Valuer have extensive experience in conducting valuation and technical report for transactions involving mineral resources for listed companies. We are satisfied with the terms of engagement and independency of the Valuer as well as their qualification and experience for performing the Valuation. The Valuer have also confirmed that when conducting the Valuation, they have taken steps including (i) reviewing the Competent Person's Report to understand the condition and resource estimates of the Mining Blocks; (ii) reviewing the pertinent information concerning the Mining Blocks as provided by the management of the Company; (iii) conducting interviews with the management of the Company to understand the current status and future plan of the Mining Blocks; and (iv) studying the general mining industry and economy of the Republic of Indonesia and the manganese market, for due diligence purpose.

To form a better understanding on the Valuation, we have first discussed with the Valuer regarding the methodology of the Valuation. As advised by the Valuer, taking into account the uniqueness of the Indonesian Company's operation in the manganese mining industry, the market-based approach was not adopted because transactions involving the sale and purchase of manganese mines are limited and therefore there were insufficient similar and relevant comparable transactions. As aforementioned, we noted that there is only one company listed on the Stock Exchange which is also principally engaged in the manganese mining business and such finding may be basically consistent with the representation of the Valuer. The asset-based approach was not adopted because it could not capture the future earning potential of the Mining Right and therefore failed to reflect the fair value of the Mining Right. The Valuer adopted the income-based approach such that the fair value of the Mining Right can be measured by the present worth of the economic benefits to be received over its useful life.

Then, we have further discussed with the Valuer regarding the bases and assumptions adopted for the Valuation under the income-based approach and studied the calculations of the Valuation. In this relation, we noted that (i) the forecasted manganese price was based on the monthly average price of manganese in 2013 as extracted from Bloomberg and assuming no price growth which we consider to be fair and reasonable as we noted that movement of the historical manganese ore spot price did not demonstrate a long term

LETTER FROM GRAM CAPITAL

stable trend within the past two years; (ii) the forecasted production data applied was based on the Production Plan; (iii) the discount rate (which was determined with reference to the weighted average cost of capital) was calculated based on the capital asset pricing model and reflected, among other things, (a) the risk free rate, being the 10-year Indonesian government bond yield rate as at 31 January 2014; (b) the market expected return based on the 10-year average market expected return of Indonesia; (c) the beta coefficient based on the median adjusted beta coefficient of certain comparable companies as at 31 January 2014 as extracted from Bloomberg; (d) other risk premium that reflect the business risks of the Indonesia Company; (e) the cost of debt based on the average Indonesian Rupiah loan interest rate of a group of banks as at 31 January 2014; and (f) the debt-to-equity ratio based on the median debt-to-equity ratio of those comparable companies as at 31 January 2014. We have studied the supporting documents substantiating the bases and assumptions for the Valuation, such as the relevant Bloomberg extracts and the loan interest rate data, and enquired into the Valuer the reasons for adopting those assumptions. As confirmed by the Valuer, the assumptions they adopted are based on current available information and we concur with the Valuer that their assumptions are not unusual for valuation.

Overall speaking, we understand that the Valuer are satisfied with (i) the rationality of the bases and assumptions; and (ii) the appropriateness and accuracy of the estimates and calculations, adopted for the Valuation. During the course of our discussion with the Valuer, we had not identified any major factor which caused us to doubt the fairness and reasonableness of the Valuer's professional judgement.

In addition, we noticed from the Announcement that the auditor of the Company have examined the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation was based and are of the opinion that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions made by the Directors. Moreover, the Announcement also contains a letter from the Board confirming that the discounted cash flow forecast made pursuant to the Valuation Report is made after due and careful enquiry.

Taking into account that the Consideration represents a discount to "30% of the Valuation", we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Refund of the Consideration

Pursuant to the Agreement, in the event that the conditions precedent set out in the Agreement are not satisfied (or as the case may be, waived) on or before the Long Stop Date, or the Purchaser has served a notice to the Vendor stating that it is not satisfied with the results of the due diligence review conducted pursuant to the Agreement, or the Purchaser has exercised its right of rescission in accordance with the Agreement, or Completion does not take place in accordance with the terms thereof, the Vendor shall refund the Deposit (without interest) to the Purchaser within seven Business Days after written demand from the Purchaser in such method as the Purchaser may agree.

LETTER FROM GRAM CAPITAL

We are of the view that the aforementioned refund arrangement for the Consideration would safeguard the interest of the Company and is thus favourable to the Company.

Having considered the aforesaid terms of the Agreement, we are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Acquisition

Upon Completion, the Group's interest in the Indonesian Company will increase from 65% to 95% and the non-controlling interest of the Indonesian Company will decrease from 35% to 5%. As advised by the Directors, the financial statements of the Indonesian Company shall continue to be accounted for in the Group's consolidated financial statements with non-controlling interest of 5% held by Mr. Daniel Cherlin.

As confirmed by the Directors, the Acquisition would reduce the total assets of the Group by HK\$271,200,000. Furthermore, the profit or loss generated from the Indonesian Company attributable to the Company will become 95%, instead of 65%.

Since the Company will satisfy the Consideration in cash by the internal resources of the Group, the Group's working capital would be reduced due to the Acquisition. According to the Results Announcement, the Group had cash and cash equivalents of approximately HK\$321.8 million as at 31 March 2014. As also referred to in the announcement of the Company dated 28 March 2014, following the termination of the Group's proposed acquisition of the residential units located at Above The Bund, the Group has requested the vendor to refund the total consideration of RMB194,127,315. Thus, the Directors expect that the Group would have sufficient working capital immediately upon Completion.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Doris Sing
Director

MINING RIGHT VALUATION

FOR
EVERCHINA INT'L HOLDINGS
COMPANY LIMITED

PREPARED BY
ROMA APPRAISALS LIMITED

DATE : 7 July 2014



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7 July 2014

EverChina Int'l Holdings Company Limited

15/F., CCB Tower,
3 Connaught Road Central,
Hong Kong

Case Ref: KY/NR1515/SEP13

Dear Sir/Madam,

Re: Fair Value of Mining Right of a Manganese Mine Owned by PT Satwa Lestari Permai

In accordance with the instructions from EverChina Int'l Holdings Company Limited, formerly known as Interchina Holdings Company Limited (hereinafter referred to as the "Company"), we have performed the valuation of the fair value of the mining right (hereinafter referred to as the "Mining Right") held by PT Satwa Lestari Permai (hereinafter referred to as the "Business Enterprise") in relation to the manganese mine located at the Kupang City, Timor Island, Indonesia (hereinafter referred to as the "Mine"), as at 31 January 2014 (hereinafter referred to as the "Date of Valuation").

This report states the purpose of valuation, scope of work, economic and industry overviews, overviews of the Business Enterprise, the Mine and the intangible asset, basis of valuation, investigation and analysis, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose only. This valuation report is not a mineral asset valuation report prepared in accordance with Chapter 18 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the “Management”).

In preparing this report, we have had discussions with the Management in relation to the development and prospect of the manganese mining, the development, operations and other relevant information of the Mining Right and the Mine. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Mining Right and the Mine provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

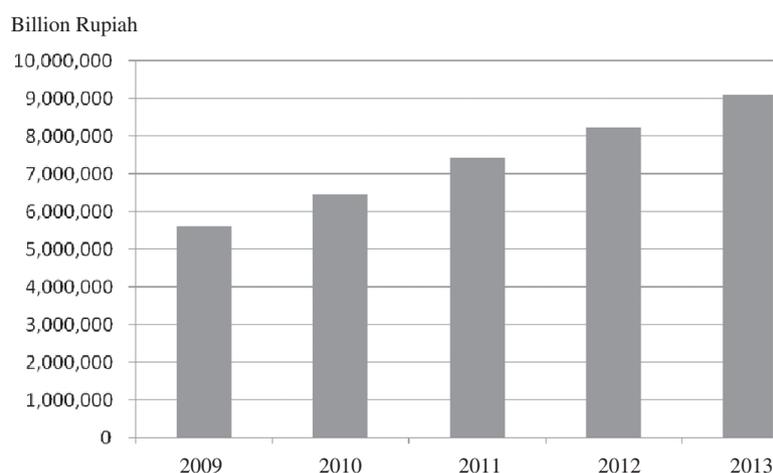
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in Indonesia

Being a member of the Group of Twenty Finance Ministers and Central Bank Governors (“G-20”) major economies, Indonesia is one of the emerging market economies in the world. Since late 1980s, Indonesia has undergone significant regulatory changes to encourage economic growth, which was predominantly financed with both foreign and domestic investments.

Indonesia’s economy has been growing steadily in the past decade, supported by a stable political environment with a democratic political system. According to Badan Pusat Statistik, Indonesia has been able to sustain growth in nominal gross domestic product (“GDP”) over the last five years. The nominal GDP for 2012 was about INR9,084 trillion, a 10.4% increase over the past year. Figure 1 illustrates the nominal GDP of Indonesia from 2009 to 2013.

Figure 1 — Nominal Gross Domestic Product of Indonesia from 2009 to 2013



Source: *Badan Pusat Statistik*

4. INDUSTRY OVERVIEW

4.1 Worldwide Manganese Industry

4.1.1 Overview

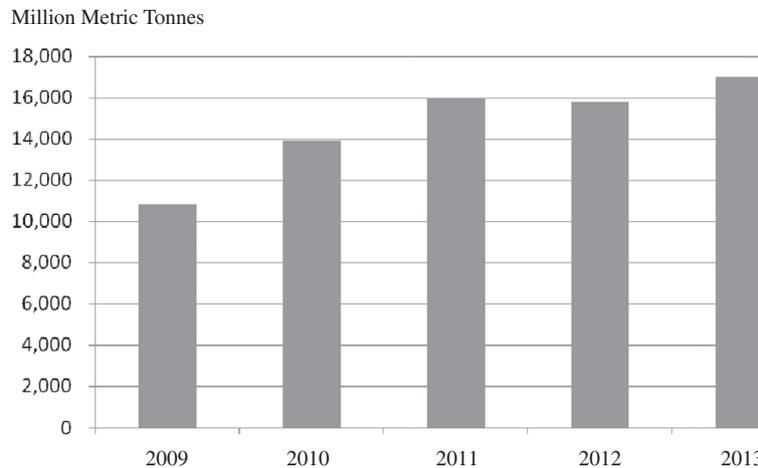
Manganese is mainly used in iron and steel production, or as alloying agent for aluminum. There are currently no close substitutes for manganese. According to the publication “Production of Manganese Ferroalloys” by Dr. Sverre E. Olsen, the average unit consumption of manganese per ton of steel is about 7.5 kilogram per tonne, and this is also dependent on the product types and the technological progress of different countries.

Demand for steel has been rising due to the ongoing economic boom leading to rapid growth in various industries in China and India, the world’s two most populous countries in Asia, with simultaneous increase in steel production. Demand for manganese as an ingredient in steel production will therefore increase at the same time.

4.1.2 World Manganese Production

Total world production of manganese alloys was estimated by the United States Geological Survey (“USGS”) to exceed 16 million metric tonnes in 2013, which was higher than the production of 2012. Figure 2 illustrates the global manganese alloy production from 2009 to 2013.

Figure 2 — Global Manganese Alloy Production from 2009 to 2013

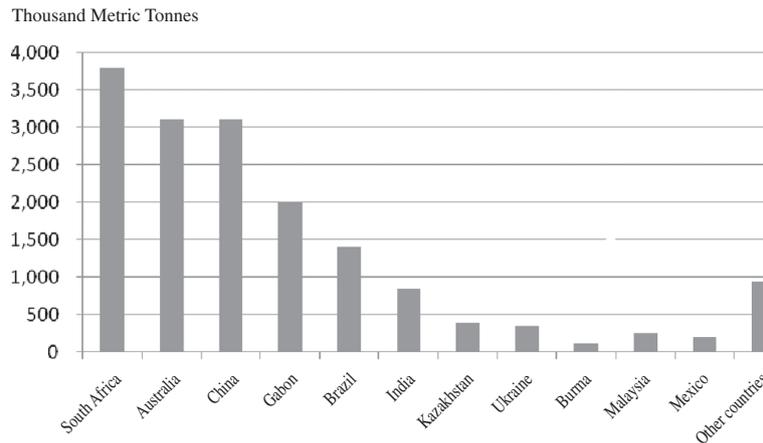


Source: USGS Mineral Commodity Summaries

Note: Figure in 2013 is an estimate

South Africa was the largest producer of manganese units, followed by Australia, and China, of which their total production represents the bulk of the world production at 58.8% in 2013. Figure 3 illustrates the estimated world manganese ore production by countries in 2013.

Figure 3 — Estimated World Manganese Ore Production by Countries in 2013



Source: USGS Mineral Commodity Summaries

4.1.3 World Manganese Consumption

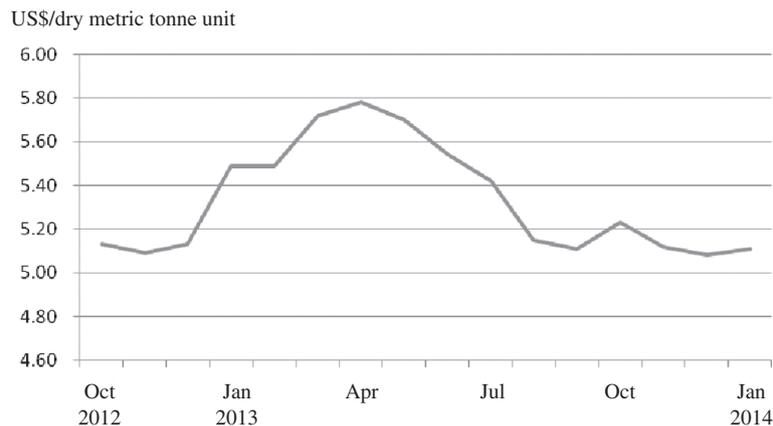
Most of the global manganese production is related to steel production. Therefore, its consumption is mainly derived from steel demand and has a direct influence from the steel industry.

According to monthly data released by World Steel Association, global crude steel production rose about 20.8% during the period between 2009 and 2013. This is partly due to the continuing expansion of the Chinese steelmaking capacity. The data has shown that, out of the steel production of 1.64 billion metric tonnes in 2013, 775 million metric tonnes were produced by China in 2013. Thus, China alone accounted for around 47% of the global steel production.

4.2 Indonesia Manganese Industry

Demand of manganese ore from the local steel and iron industry is dependent to the domestic infrastructure and the economic development. According to Metal Bulletin, a specialist international publisher and information provider for the global steel, non-ferrous and scrap metals markets, the price of manganese ore of 44% metal content was US\$5.11 per dry metric tonne unit (where metric tonne unit is defined to be one metric tonne of ore containing 1% metal being measured) in January 2014. Figure 4 depicts the spot price of manganese ore of 44% from October 2012 to January 2014.

Figure 4 — Spot Price of Manganese Ore of 44% Metal Content from October 2012 to January 2014



Source: Metal Bulletin, extracted from Bloomberg

4.3 Regulations Governing the Exploitation and Export of Mineral Resources in Indonesia

According to Regulation No. 28 of 2009 regarding Mining Service Business (“PerMen 28/2009”) issued by the Minister of Energy and Mineral Resources in Indonesia on 30 September 2009, mining business license holders cannot contract out all activities to a mining services company, but must carry out mining, processing and refining of coal and minerals. Therefore, mining companies have to procure their own mining equipment and make available the related manpower and expertise to undertake those activities when they are obliged to undertake mineral extractions.

PerMen 28/2009 aimed to ensure the use of local businesses and restrict the use of affiliate companies. If other or foreign contractors are appointed, the law requires those contractors to subcontract part of the contracted work from the mining companies to appropriately competent local contractors. This new regulation might promote local economy.

According to Indonesia’s Government Regulation No.1 of 2014 (“GR1/2014”) and Minister of Energy and Mineral Resources Regulation No.1 of 2014 (“ESDM 1/2014”) which are enacted on 11 January 2014, export of raw minerals are banned. Manganese is one of the five metals that can be exported after they are processed in the three-year grace period. After the grace period, the raw minerals have to be purified before being exported. With the

implementation of such regulation, more smelting facilities and capacities would be developed in Indonesia, which would in turn benefit Indonesia's economy according to the government officials.

For compliance of the relevant administrative requirements of the Indonesia government before the Business Enterprise can obtain approval of exporting manganese to overseas, the Business Enterprise is currently applying for the certificate of Clean and Clear (the "Certificate of CnC") from the Ministry of Energy and Mineral Resources of the Republic of Indonesia. As advised by the Management, once the Business Enterprise obtains the Certificate of CnC, the Business Enterprise can apply for the export licence from the Ministry of Trade of the Republic of Indonesia. As at the latest practicable date of the circular of the Company dated 2 July 2014, the Certificate of CnC had not been obtained. It is expected that the Certificate of CnC will be issued by the middle of July 2014.

5. THE BUSINESS ENTERPRISE AND THE MINE

5.1 The Business Enterprise

The Business Enterprise is a mining company, focused on the exploration and mining of manganese. It has obtained licenses from the Indonesian government for exploration, exploitation, refining and processing of manganese ore.

The mining concession is situated in the surrounding area of Kupang — Nusa Tenggara Timur (the western part of Timor Island), precisely located in the sub-districts of South Amfoang and Takari, Kupang Regency.

The Business Enterprise's flagship asset is South Amfoang and Takari, located 130 kilometers eastern of Kupang City, a region renowned globally as a major source of high grade manganese ore, since the Dutch colonial.

5.2 Kupang City, Timor Island, Indonesia

Kupang City is the provincial capital of East Nusa Tenggara in western Timor and it is the largest urban center in the province. It is the center of government, business, trade, and education. The city is located in West Timor, with a population of about 450,000. The transport and administrative links from Kupang with isolated islands are extensive.

Timor Island is an island at the southern end of Maritime Southeast Asia, north of the Timor Sea. It is divided between the independent state of East Timor, and West Timor, belonging to the Indonesian province of East Nusa Tenggara. The island's surface is about 30,777 square kilometers.

5.3 The Mine

The mining project lies in the villages of Fatumetan and Tanini of the Amfoang Block. The Business Enterprise plans to mine the manganese, and send to the factory in Takari Kampong about 5 kilometers from the mining location. Access to the Kupang City port is through the district road in Takari, about 30 kilometers, and then about 100 kilometers down

the provincial highway, which takes approximately 2.5 hours. Access to the mine location can be reached by land transport via main highway (Kupang — Attambua) about 100 kilometers till the Takari Sub-District, and then an additional 30 kilometers of district road (Takari to block location).

5.4 Resource Estimates

According to the Competent Person's Report (hereinafter referred to as the "Competent Person's Report") prepared by Mr. Nurdi Irianto (hereinafter referred to as the "Technical Consultant") on the Mine dated December 2011 based on the Code of the Australasian Joint Ore Reserves Committee 2004, the resource estimate of the Mine is summarized as follows:

Measured Resources (from radius influence 50 m)

	Total Volume by Radius	% Mn Nodule/Ore	Specific Gravity	Measured Resources (Tonnes)
RED CLAY (11 layers)	2,843,702	30%	4.11	3,506,284
SOIL	591,374	10%	4.11	243,054

Indicated Resources (from radius influence 100 m)

	Total Volume by Radius	% Mn Nodule/Ore	Specific Gravity	Indicated Resources (Tonnes)
RED CLAY (11 layers)	3,855,212	30%	4.11	4,753,476
SOIL	714,214	10%	4.11	293,542

Inferred Resources

	Total Volume by Radius	% Mn Nodule/Ore	Specific Gravity	Inferred Resources (Tonnes)
RED CLAY (11 layers)	7,911,245	30%	4.11	9,754,566
SOIL	698,516	10%	4.11	287,074

Source: Competent Person's Report

As advised by the Management and the Technical Consultant, we noted the following definition of red clay and soil:

- Red clay: Manganese as a primary ore, where deposit as a manganese-ore nodules/ layers sitting inside the layer of red clay alternatingly, mostly in the Mining Block they exists as manganese-nodules sizes a few centimeter to almost more 35 cm like UFO bluish-reddish black color, this deposit postulated occurs as chemical suspension Manganese-nodule is trap during deposition of red clay in deep sea water

(smoke) volcanoes anciently, sometimes a another appearance in surrounding block the exists as a layer of laminae size to 10 cm bedding inside the clay alternatingly; and

- Soil: Manganese-ore nodules or block exists as collovia (hilly debris) sitting inside the surface of soil.

Based on our understanding from the Management, we noted the following key information regarding the Competent Person's Report:

- The Competent Person's Report was not based on any definitive feasibility study or pre-feasibility study. However, the Business Enterprise has prepared a preliminary study in relation to the exploitation, production and operation of the Mining Block;
- The Technical Consultant is a qualified geologist and a member of the Canadian Institute of Mining, Metallurgy, Petroleum. He obtained a bachelor's degree in Engineering of Geology from The Bandung Institute of Technology Indonesia and has over ten years of experience as geologist in exploration, prospect evaluation, project development, open pit mining and resources estimation; and
- The Competent Person's Report has been prepared consistent with the guidelines set by the Australasian Code for Report of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) ("The JORC Code") for independent Expert Reports.

The Technical Consultant advised the Company that since there has been no additional technical work been completed from the date of the Competent Person's Report (December 2011) and no modifications to the project's data were made in terms of:

- Geophysical surveys to provide extra information on stratum and mineral properties utilizing resistivity of minerals;
- Trenching and soil sampling to determine traces of weathered and eroded material/minerals relating to mineralization;
- Additional drilling to determine lithology, alteration mineralogy, strike length, structural properties, and plunge and dip to assist in the assessment of the ore domain's dimensions in 3D;
- Resource estimation including wire-framing, mineralization envelope, composite lengths, spatial analysis and variography, and block modelling and JORC classification categories;
- Metallurgical testing to determine processing methodology and mineral composition of the ore;
- Social impact status on the community and the environment including waterways, infrastructure effects, flora and fauna, noise and dust, and human settlements; and
- Permitting and economic viability of the project.

The Technical Consultant concluded that the 2011 Competent Person's Report will be suitable and appropriate under the current JORC Code (2012 edition), which came into effect 1 December 2013, as there has been no change to the project's status in any form.

Mr. Nurdi Irianto is a qualified geologist and has over ten year experiences in prospecting, evaluation, exploration, estimation and exploitation/production of various natural resources (including manganese, tin, zircon, copper and gold, coal and petroleum) in Indonesia. We have reviewed the independency and relevant experience of the author of the Competent Person's Report (i.e. the Technical Consultant), reporting standard and resource estimation model adopted. As stated in the Competent Person's Report, the Technical Consultant was an independent person with neither present nor prospective interest in the Company and the project. Also, he has over ten years of experience as a geologist in exploration, project development and resource estimation. We have no reason to doubt the truth and accuracy of the information of the Competent Person's Report and considered that it could be reasonably relied on.

6. THE INTANGIBLE ASSET

According to Hong Kong Accounting Standard 38 "Intangible Assets", **intangible asset** is defined as "an identifiable non-monetary asset without physical substance".

6.1 The Mining Right

Regarding the Mining Right held by the Business Enterprise, important details of the mining license are as follows:

Name of license	:	Production Operation IUP
Name of license holder	:	PT Satwa Lestari Permai
Name of issuer	:	Bupati of Kupang
Location	:	Fatumetan and Tanini Villages, Amfoang Selatan and Takari Districts, Kupang Regency, Nusa Tenggara Timur Province
Validity Period	:	18 November 2011 to 18 November 2031
Mineral Type of the Mine	:	Manganese
Area of Mining Region	:	2,000 hectares

7. BASIS OF VALUATION

Our valuation is conducted on a fair value basis. According to Hong Kong Financial Reporting Standard 13 "Fair Value Measurement", **fair value** is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

8. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development and prospect of the manganese mining industry in Indonesia, and the development, operations and other relevant information of the Business Enterprise and the Mining Right. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the manganese mining industry from external public sources as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise and the Mining Right provided to us by the Management and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information. We have not undertaken any site visits to the mine site as we relied upon the information provided by and the parameters advised by the Technical Consultant who has conducted a site visit.

The valuation of the Mining Right requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise and the Mining Right;
- The financial condition of the Business Enterprise;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements; and
- Investment returns and market transactions of entities engaged in similar intangible assets.

9. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the fair value of the Mining Right, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing intangible assets that are similar in nature.

9.1 Market-Based Approach

The Market-Based Approach values an intangible asset by comparing prices at which other intangible assets in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for

an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar intangible assets in companies that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

9.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the intangible asset. The underlying theory of this approach is that the value of the intangible asset can be measured by the present worth of the economic benefits to be received over the useful life of the intangible asset. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the intangible asset will continue to maintain stable economic benefits and growth rate.

9.3 Asset-Based Approach

The Asset-Based Approach values an intangible asset by aggregating the costs of developing the asset to its current condition, or replacing that asset.

9.4 Mining Right Valuation

In the process of valuing the Mining Right, we have taken into account of the uniqueness of the Business Enterprise's operation and the industry it is participating. When assessing the nature and prospect of the Mine, we have reviewed Competent Person's Report to understand the status and condition and resource estimates of the Mine, reviewed the pertinent information concerning the Mine as provided by the management of the Company, conducted interviews with the management of the Company to understand the current status and future plan of the Mines and studied the general mining industry and economy of Indonesia and the manganese market for due diligence purpose.

We have no reason to doubt the reasonableness of the mine plan and projections on production capacity as provided by the Management. As feasibility report was not available, we could only rely on management's representation after discussion and interview with them. We assumed the accuracy of information provided. The projections included operating costs and capital expenditures commonly required for mining operations and we considered that it could be reasonably relied on.

The Market-Based Approach was not adopted because there were insufficient similar and relevant comparable transactions solely on the intangible assets. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the Mining Right and therefore it could not reflect the fair value of the Mining Right. We have therefore considered the adoption of the Income-Based Approach in arriving at the fair value of the Mining Right.

Under the Income-Based Approach, we have adopted the excess earning method in particular to obtain the fair value of the Mining Right in present value term. This method looks at the current value of the tangible assets and other intangible assets employed as the benchmark for an estimated rate of return. This is used to calculate the profits that are required in order to induce investors to invest into those tangible and other intangible assets. Any return over and above those profits required in order to induce investment is considered to be the excess return attributable to the Mining Right. To adopt this method, we must first obtain the weighted average cost of capital (“WACC”) plus premium for the Mining Right as a basic discount rate.

9.4.1 Discount Rate of the Mining Right

9.4.1.1 Comparable Companies

We adopted several listed companies with business scopes and operations similar to those of the Business Enterprise as comparable companies. The comparable companies (hereinafter referred to as the “Comparable Companies”) were selected mainly with reference to the following selection criteria:

- The companies are principally engaged in manganese ore mining with business scopes similar to those of the Business Enterprise;
- The companies have operating segments in Asia; and
- The financial information of the companies is available to the public.

Details of the Comparable Companies adopted were listed as follows:

Company Name	Stock Code	Listing		Business Description
		Location		
CITIC Dameng Holdings Ltd.	1091.HK	Hong Kong		CITIC Dameng Holdings Ltd. mines and processes manganese. The company operates in China and Gabon.
Manganese Mineral JSC	MMC.VN	Vietnam		Manganese Mineral JSC mines manganese. The company also markets dolomite, iron and other products for the steel processing industry, and repairs road transportation vehicles.
MOIL Limited	MOIL.IN	India		MOIL Limited, offers mining operations and services. The company operates mines located in the Nagpur and Bhandara districts of Maharashtra and in the Balaghat district of Madhya Pradesh.
SMR Utama Tbk PT	SMRU.IJ	Indonesia		SMR Utama Tbk PT is a mining and natural resources company currently operating a manganese mine site in Indonesia.

Source: Bloomberg

The Comparable Companies were selected on a best effort basis after thorough searches, as regard to the similarity in their principal business activities in manganese ore mining industry with the Business Enterprise. We considered that the four Comparable Companies selected were conclusive and representative based on the selection criteria listed above.

9.4.1.2 Discount Rate Calculation

We adopted the weighted average cost of capital (“WACC”) of the Business Enterprise as basic discount rate, plus additional premium to arrive at the discount rate for the Mining Right. The WACC was computed using the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which

R_e = Cost of equity;

R_d = Cost of debt;

W_e = Weight of equity value to enterprise value;

W_d = Weight of debt value to enterprise value; and

T_c = Corporate tax rate.

The cost of equity was determined using the Capital Asset Pricing Model (“CAPM”) and was calculated using the formula below:

$$R_e = R_f + \beta \times \text{Market Risk Premium} + \text{Other Risk Premium}$$

In which

R_e = Cost of equity;

R_f = Risk-free rate; and

β = Beta coefficient.

Below is the summary of the key parameters of the discount rate adopted as at the Date of Valuation:

Key Parameters	31 January 2014
(a) Risk-free Rate	9.03%
(b) Market Expected Return	15.40%
(c) Beta Coefficient	0.75
(d) Other Risk Premium	3.00%
(e) Cost of Equity	16.80%
(f) Cost of Debt	11.79%
(g) Weight of Equity Value to Enterprise Value	81.69%
(h) Weight of Debt Value to Enterprise Value	18.31%
(i) Corporate Tax Rate	<u>25.00%</u>
WACC	<u>15.35%</u>

Notes:

- (a) The risk-free rate adopted was the yield rate of the 10-Year Indonesian government bond as at the Date of Valuation as extracted from Bloomberg.
- (b) The market expected return adopted was the 10-year average market expected return of Indonesia as extracted from Bloomberg.
- (c) The beta coefficient adopted was the median adjusted beta coefficient of the Comparable Companies as at the Date of Valuation as extracted from Bloomberg. The beta coefficient of each of the Comparable Companies was derived by regressing the Comparable Companies’ return against the broad stock market return of their respective countries where they were listed. Hence, the beta coefficients captured the industry risk of the manganese mining industry, regardless of the countries of listing and/or operation of the Comparable Companies. No adjustments were made on the beta coefficients, and the country risk of Indonesia has been taken into account in the WACC calculation by adopting risk free rate and market expected return of Indonesia.

- (d) The other risk premium was determined based on valuer's professional judgment to reflect the business risks of the Business Enterprise. In determining the other risk premium, we have considered the following factors:
- There might be natural disasters, such as earthquake and flood, which might affect the operation of the mine;
 - There might be possible delay in mining plan, which might exceed the original budgets and may not achieve the intended economic results; and
 - There might be government intervention in Indonesia, such as regulations to manganese-related business and mining right, which might result in unforeseen operating complexities.
- (e) The cost of equity was determined based on CAPM.
- (f) The cost of debt adopted was the average Indonesian Rupiah loan interest rate of a group of banks as at the Date of Valuation as extracted from Bloomberg.
- (g) The weight of equity value to enterprise value adopted was derived from the median debt-to-equity ratio of the Comparable Companies as at the Date of Valuation as extracted from Bloomberg. As advised by the Management, the Business Enterprise has not yet commenced commercial exploration and exploitation of manganese. Hence, we did not adopt the current debt-to-equity ratio of the Business Enterprise as at the Date of Valuation in the WACC computation. Industry median was adopted as a proxy or benchmark for the Business Enterprise.
- (h) The weight of debt value to enterprise value adopted was derived from the median debt-to-equity ratio of the Comparable Companies as at the Date of Valuation as extracted from Bloomberg.
- (i) The corporate tax rate adopted was the corporate tax rate in Indonesia.

Accounting for the above items, we arrived at the WACC of 15.35%. WACC of the Business Enterprise is the minimum required return that the Business Enterprise must earn to satisfy its various capital providers including shareholders and debt holders. It is generally viewed that an intangible asset is riskier than its business entity, and additional premium on WACC should be considered.

Regarding the additional premium for the Mining Right, one of the factors considered includes the fact that intangible assets (including the Mining Right) are generally not as easily and actively traded as equity shares (represented by 0.5% premium). Hence, the Mining Right would be subject to higher illiquidity risk. Furthermore, the Mining Right is subject to uncertainties whether the mining license would remain valid until the end of mine life (represented by another 0.5% premium). Since only the Mining Right subject to these factors but not the Business Enterprise as a whole, we considered that the additional premium for the Mining Rights of 1.00% on the WACC should be adopted. Hence, we arrived at the discount rate of 16.35% for the Mining Right as at the Date of Valuation.

10. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The resource estimates considered in the valuation of the Mining Right were based on the Competent Person's Report prepared by the Technical Consultant dated December 2011, which was the latest information available as advised by the Management. We understand from the Management that there was no production since December 2011, hence we assumed that the resource estimates of the Mine as at the Date of Valuation would be the same as that reported in the Competent Person's Report;
- The valuation was based on Measured and Indicated Resources only. We did not consider Inferred Resources due to its low level of confidence of in terms of tonnage, densities, shape, physical characteristics, grade and mineral content;
- Projected revenues related to the Mining Right were based on estimated annual production capacity of manganese concentrates for sale as provided by the Management. The revenues were projected to remain constant from year 2019 onwards until the end of mine life (i.e. year 2033 in which all the Measured and Indicated Resources included in the valuation were fully exploited);
- The manganese concentrates for sale would be with grading of 35% as advised by the Management, based on their plan and understanding from local management. According to the Management, the grading could be higher than 35%, but on a more conservative basis, 35% was adopted for the valuation;
- Projected royalties and charges, mining and processing costs, and other administrative expenses were the best estimates provided by the Management, with breakdown as follows:

Year	2014	2015	2016	2017	2018	2019 and onwards
	USD	USD	USD	USD	USD	USD
Royalties and Charges	0	732,920	2,852,449	10,458,978	13,945,304	14,460,330
Mining and Processing Costs	0	4,321,981	18,796,818	57,524,659	76,149,434	78,525,005
Administrative Expenses	0	1,547,400	1,666,800	1,666,800	1,666,800	1,666,800

- Income tax rate of 25%, being the corporate tax rate in Indonesia, was adopted to estimate income tax expenses;

- As advised by the Management, total capital expenditure of about US\$44 million would be incurred from year 2015 to year 2019, for buildings and infrastructure, plant and machinery, office furniture and equipment, motor vehicles and so on. The details and breakdown are as follows:

Capital Injection Year	Amount (USD)	Details
2015	750,000	Buildings & Infrastructure
	100,000	Stockpile and Infrastructure
	60,000	Renovations
	120,000	Laboratory Equipment
	5,530,000	Plant and Machinery
	30,000	Office Furniture
	40,000	Office Equipment
	593,000	Motor Vehicles
	2,062,904	Hydraulic Excavator, Dump Trucks, Tipper Trucks and Compactors
	1,673,750	Track Dozer, Bull Dozer, Mobile Tower Lights and Water Pumps
	517,500	Road Grader
	195,000	Double Cab Pick Ups
	2016	4,500,000
2,007,029		Hydraulic Excavator, Dump Trucks, Tipper Trucks and Compactors
1,816,250		Track Dozer, Bull Dozer, Mobile Tower Lights and Water Pumps
258,750		Road Grader
2017	4,547,279	Hydraulic Excavator, Dump Trucks, Tipper Trucks and Compactors
	3,323,750	Track Dozer, Bull Dozer, Mobile Tower Lights and Water Pumps
	517,500	Road Grader
	195,000	Double Cab Pick Ups
2018	3,658,654	Hydraulic Excavator, Dump Trucks, Tipper Trucks and Compactors
	3,485,000	Track Dozer, Bull Dozer, Mobile Tower Lights and Water Pumps
	258,750	Road Grader
2019	4,272,279	Hydraulic Excavator, Dump Trucks, Tipper Trucks and Compactors
	3,323,750	Track Dozer, Bull Dozer, Mobile Tower Lights and Water Pumps
	258,750	Road Grader

- It was assumed that the future operations and developments of the Mine would be in line with the financial projection, and there would be reliable and adequate transportation network and capacity for the mining products;
- It was assumed that the financial projections provided by the Management could well reflect future market conditions and economic fundamentals, and would be materialized;
- It was assumed that all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Mine operates or intends to operate would be successfully obtained or renewed upon expiry with minimal costs;
- It was assumed that there would be sufficiently supply of technical staff in the industry in which the Mine operates, and the Mine would be able to retain competent management, key personnel and technical staff to support ongoing operations and developments;

- It was assumed that there would be no major change in current taxation laws in the localities in which the Mine operates or intends to operate, and the rates of tax payable shall remain unchanged and the Mine would comply with all applicable laws and regulations;
- It was assumed that there would be no major change in the political, legal, economic or financial conditions in the localities in which the Mine operates or intends to operate, which would affect the profits attributable to the Mining Right; and
- It was assumed that interest rates and exchange rates in the localities for the operation of the Mine would not differ materially from those presently prevailing.

11. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors and information affecting the fair value of the Mining Right. The factors and information considered included, but were not necessarily limited to, the following:

- The Competent Person's Report;
- A copy of the mining license of the Mine;
- Financial statements of the Business Enterprise;
- Financial forecast of the Mining Right;
- Market trends of the manganese industry in Indonesia and worldwide;
- Registrations and legal documents related to the Mining Right and the Business Enterprise;
- General descriptions in relation to the Mining Right and the Business Enterprise; and
- Economic outlook in Indonesia.

We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

12. LIMITING CONDITIONS

The valuation reflects the facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management and the Competent Person's Report to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Mining Right and have assumed no responsibility for the title to the Mining Right appraised.

Our conclusion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The title of this report shall not pass to the Company until all professional fee has been paid in full.

13. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in United States Dollars (US\$).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise and their holding companies, subsidiaries and associated companies, or the values reported herein.

14. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the fair value of the Mining Right as at the Date of Valuation, in our opinion, was reasonably stated as **US\$138,000,000 (UNITED STATES DOLLARS ONE HUNDRED AND THIRTY EIGHT MILLION ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Kelvin Luk
CVA, CIM, AusIMM
Director

Note: Mr. Luk is a member of the International Association of Consultants, Valuators and Analysts (IACVA) and member of the Canada Institute of Mining, Metallurgy and Petroleum (CIM). Also, he is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has over ten years of experience in intangible assets valuation and consultation.

Contributor: Angela Kwan and Winnie Lam

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of Shares	Appropriate percentage of shareholding
Mr. Jiang Zhaobai ("Mr. Jiang")	The Company	Interests of controlled corporation (<i>Note</i>)	1,742,300,000 Shares (L)	28.66%
Shen Angang	The Company	Beneficial owner	187,865,000 Shares (L)	3.09%
Lam Cheung Shing, Richard	The Company	Beneficial owner	7,700,000 Shares (L)	0.13%

(L) denotes the long position held in the Shares

Note: Of which 709,000,000 Shares are held by Pengxin Holdings Company Limited while 1,033,300,000 Shares are held by Rich Monitor Limited, both being wholly and beneficially owned by Mr. Jiang. Mr. Jiang is the sole director of both Rich Monitor Limited and Pengxin Holdings Company Limited.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions

which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and persons having 5% or more shareholding

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up) or had options in respect of such capital:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares/amount of registered capital	Appropriate percentage of shareholding
Rich Monitor Limited (<i>Note</i>)	The Company	Beneficial owner	1,033,300,000 Shares (L)	17.00%
Pengxin Holdings Company Limited (<i>Note</i>)	The Company	Beneficial owner	709,000,000 Shares (L)	11.66%
The Target	P.T. Satwa Lestari Permai	Beneficial owner	8,750 shares	17.50%
Lianbo Limited	P.T. Satwa Lestari Permai	Beneficial owner	5,000 shares	10.00%

(L) denotes long position held in the Shares

Note: The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited are held by Mr. Jiang. Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 Shares under the SFO. Mr. Jiang is the sole director of both Rich Monitor Limited and Pengxin Holdings Company Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of

the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up) or who had any options in respect of such capital.

3. SERVICE CONTRACT

As at the Latest Practicable Date, there was no service contract or any proposed service contract between any of the Directors or proposed Directors and the Company or any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up), excluding contracts expiring or determinable by the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up) within a year without payment of any compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

5. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 March 2014, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up), or were proposed to be acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up).

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2014, being the date to which the latest audited consolidated accounts of the Company have been made up).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited consolidated accounts of the Company have been made up.

7. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who has given its advice and recommendation which are included in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Roma Appraisals Limited	the chartered surveyors and independent valuer
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with its opinion included in the form and context in which it is included and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2014, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (a) The registered office of the Company is at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Mr. Lau Chi Lok, Freeman who is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia.
- (d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong during 9:00 a.m. to 6:00 p.m. on any Business Day, from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the consent letter referred to in the paragraph headed “Qualification and consent of experts” in this Appendix;
- (c) the Agreement;
- (d) the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular;
- (e) the letter from Gram Capital as set out on pages 18 to 31 of this circular;
- (f) the valuation report from Roma Appraisals Limited as set out on pages 32 to 51 of this circular;
- (g) the annual reports of the Company for the two years ended 31 March 2013;
- (h) the circular of the Company dated 23 January 2014; and
- (i) this circular.



EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(formerly known as "Interchina Holdings Company Limited 國中控股有限公司")

(incorporated in Hong Kong with limited liability)

(Stock code: 202)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of EverChina Int'l Holdings Company Limited (the "**Company**") will be held at 15/F, CCB Tower, 3 Connaught Road Central, Hong Kong on 15 August 2014 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT:

- (a) the sale and purchase agreement dated 21 March 2014 (the "**Sale and Purchase Agreement**", a copy of which has been produced to this meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) entered into between Interchina Resources Holdings Limited, a wholly-owned subsidiary of EverChina Int'l Holdings Company Limited (the "**Company**"), as purchaser and Mr. Ji Wenwen as vendor (the "**Vendor**") in relation to the sale and purchase of the entire issued share capital of All Yield Investments Limited and the aggregate sum due and owing by All Yield Investments Limited to the Vendor at the aggregate consideration of HK\$318,000,000 be and is hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Sale and Purchase Agreement and the transactions contemplated thereunder."

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

Hong Kong, 7 July 2014

NOTICE OF EGM

Registered office:

15th Floor
CCB Tower
3 Connaught Road Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share of the Company (the “**Share**”), any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company’s share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. As at the date of this notice, the executive Directors are Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard 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.