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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

MAJOR AND CONNECTED TRANSACTION

THE PURCHASE AGREEMENT

The Board is pleased to announce that on 24 December 2015 (after trading hours), the Company entered into the Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Group has conditionally agreed to acquire the Properties at an aggregate consideration of RMB616,000,000 (equivalent to approximately HK\$733,333,000).

Pursuant to the Purchase Agreement, the WFOE shall enter into the Leasing Agreement with the Leasing Agent and the Guarantee Agreement with the Vendor respectively. Pursuant to the Leasing Agreement, the Leasing Agent agrees (i) to provide exclusive leasing agent services to the WFOE at the agency fee equivalent to 1% of the monthly rental of the Properties and (ii) to procure that the Rental Income generated from the Properties for each year during the term shall not be less than 3.5% of the Consideration. Pursuant to the Guarantee Agreement, the Vendor shall guarantee the payment obligation of the Leasing Agent in relation to the aforesaid Rental Income guarantee under the Leasing Agreement.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios in respect of the Acquisition exceeds 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules which is subject to reporting, announcement and shareholders' approve requirements under Chapter 14 of the Listing Rules.

As the Vendor is the owner/developer of the Properties which is owned as to 99% by Mr. Jiang, an executive Director and the chairman of the Company and 1% by Mr. Jiang Lei, the brother of Mr. Jiang, the Vendor is regarded as a connected person of the Company under Chapter 14A of 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.32 of the Listing Rules.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Purchase Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek the Independent Shareholders' approval of the Purchase Agreement and the transactions contemplated thereunder at the GM by way of poll whereby the Vendor and his associates shall abstain from voting.

GENERAL

A circular containing, among other things, (i) details of the Acquisition; (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM, will be despatched to the Shareholders on or before 29 January 2016 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

INTRODUCTION

The Board is pleased to announce that on 24 December 2015 (after trading hours), the Company entered into the Purchase Agreement with the Vendor pursuant to which the Group has conditionally agreed to acquire the Properties at the aggregate Consideration of RMB616,000,000 (equivalent to approximately HK\$733,333,000).

THE PURCHASE AGREEMENT

The principal terms of the Purchase Agreement are as follows:

Date: 24 December 2015 (after the trading hours)

Parties:

Purchaser : the Company

Vendor : 上海萊因思置業有限公司 (Shanghai Lai Yin Si Zhiye Company Limited*)

The Vendor is owned (i) as to 99% by Mr. Jiang, an executive Director and the chairman of the Company; and (ii) as to 1% by Mr. Jiang Lei, the brother of Mr. Jiang. The Vendor is therefore regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

According to the Vendor, it is principally engaged in property development and management, assets management and investment consultancy services.

The Group is in the process of establishing a WFOE for the purpose of holding the Properties and for the purpose of entering into the Leasing Agreement. Pursuant to the Purchase Agreement, the Company shall have the right to assign its rights and obligations thereunder to the WFOE.

Assets to be acquired

The Properties, being 14 retail units located at Levels 1–3 of Above the Bund Square, No. 948 Dongdaming Road, Hongkou District, Shanghai, the PRC with total area of 8,585.79 sq.m. Above the Bund Square is a 17-storey commercial building, of which Levels 1–3 is designated for retail use and Levels 4–17 is designated for office use. It is located in a prime area on the north of the Bund (外灘), Shanghai, the PRC, close to the shipping commercial zone (航運商貿區) and the modern commercial zone (現代商貿區) of Shanghai, the PRC. It is approximately 5.1 kilometres to People's Square (Shanghai) (人民廣場), approximately 9.1 kilometres to the commercial area of Jingan District (靜安區商圈), approximately 5.4 kilometres to Lujiazui (陸家嘴) and approximately 11.7 kilometres to Xujiahui (徐家匯). As at the date of this announcement, all 14 retail units comprising the Properties are vacant.

According to the Vendor, the original development cost of the Properties (including the land cost) to the Vendor amounted to approximately RMB497,200,600 (equivalent to approximately HK\$591,905,000), representing approximately RMB57,910 (equivalent to approximately HK\$68,940) per sq.m.

Consideration

The Consideration is RMB616,000,000 (equivalent to approximately HK\$733,333,000). The Consideration will be satisfied in cash as follows:

- (a) as to RMB184,800,000 (equivalent to approximately HK\$220,000,000) payable within 10 working days upon signing of the Purchase Agreement;
- (b) as to RMB369,600,000 (equivalent to approximately HK\$440,000,000) payable within 10 working days upon fulfilment of the following conditions:
 - (1) the establishment of the WFOE having been completed;
 - (2) the Vendor and the WFOE having entered into the sale agreement (上海市商品房出售合同) and the registration of the sale of the Properties having completed;
 - (3) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the general meeting of the Company to approve the Purchase Agreement and the transactions contemplated thereunder;

- (4) all obligations on the part of the Vendor under the Purchase Agreement having been performed and there being no breach of the warranties given by the Vendor in the Purchase Agreement and such warranties having remained true and accurate and not misleading in all material respects;
 - (5) the Company having received a legal opinion issued by the PRC legal advisers in the form and substance to the satisfaction of the Company;
 - (6) there being no encumbrances on the Properties and its land use right; and
 - (7) the delivery of the Properties by the Vendor to the WFOE.
- (c) as to the balance of RMB61,600,000 (equivalent to approximately HK\$73,333,000) payable within 10 working days upon the WFOE having been registered as owner of the Properties.

In the event the conditions precedent set out in paragraph (b)(1) to (6) above are not satisfied on or before 31 March 2016 or such other date as the Vendor and the Company may agree in writing, the Company shall have the right to terminate the Purchase Agreement. Within 5 working days upon receiving the written termination notice from the Company, the Vendor shall refund any Consideration paid by the Group under the Purchase Agreement together with interest to the Group.

The Consideration was determined after arm's length negotiations between the Company and the Vendor and by reference to the preliminary valuation of the Properties at RMB685,000,000 (equivalent to approximately HK\$815,476,000) as at 11 December 2015. Such valuation was assessed by Savills Valuation and Professional Services Limited, a firm of independent professional valuers, adopting the market approach. The Consideration will be substantially financed by the internal resources of the Group and partially by way of borrowings, if necessary.

The Board (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Purchase Agreement after being advised by the independent financial adviser) is of the view that the terms of the Purchase Agreement (including the Consideration) is fair and reasonable.

Delivery

Delivery of the Properties is subject to the following conditions (the “**Delivery Conditions**”):

- (a) the Vendor having received 建設工程竣工驗收備案表 (Construction Completion Certificate*) and 大產證 (Real Estate Title Certificate*) and the Properties complied with the delivery standard as set out in the Purchase Agreement;
- (b) all obligations on the part of the Vendor under the Purchase Agreement having been performed and there being no breach of the warranties given by the Vendor in the Purchase Agreement and such warranties having remained true and accurate and not misleading in all material respects;

- (c) the Vendor having obtained all necessary consents, permits, registrations, records and licences for delivery of the Properties in accordance with the applicable laws;
- (d) the Leasing Agent having entered into the Leasing Agreement; and
- (e) the Vendor having entered into the Guarantee Agreement.

Delivery of Properties shall take place upon fulfilment of the conditions above and the Group being satisfied with the inspection results of the Properties.

In the event there being any fundamental defects of the Properties leading to any actual breach of the Delivery Conditions, the Company shall have the right to terminate the Purchase Agreement. Within 5 working days upon receiving the written termination notice from the Company, the Vendor shall refund any Consideration paid by the Group under the Purchase Agreement together with interest and pay the Termination Penalty to the Group.

If the Delivery Conditions are not satisfied or the Vendor fails to deliver the Properties to the Group on or before 30 April 2016 or such other date as the Vendor and the Company may agree in writing, the Company shall have the right to terminate the Purchase Agreement. Within 5 working days upon receiving the written termination notice from the Company, the Vendor shall refund any Consideration paid by the Group under the Purchase Agreement together with interest and pay the Termination Penalty to the Group.

Property ownership certificates

Under the Purchase Agreement, the Vendor shall assist the Group in obtaining the ownership certificates (房屋產權證) in relation to the Properties. If the Group fails to obtain the new ownership certificates on or before 31 July 2016 or such other date as the Vendor and the Company may agree in writing, the Company shall have the right to terminate the Purchase Agreement. Within 5 working days upon receiving the written termination notice from the Company, the Vendor shall refund any Consideration paid by the Group under the Purchase Agreement together with interest and pay the Termination Penalty to the Group. If the Group fails to obtain the new ownership certificates on or before 31 July 2016 or such other date as the Vendor and the Company may agree in writing due to force majeure, either party to the Purchase Agreement shall have the right to terminate the Purchase Agreement. Within 5 working days upon receiving the written termination notice from the Company, the Vendor shall refund any Consideration paid by the Group under the Purchase Agreement together with interest while the Group shall return the Properties to the Vendor.

THE LEASING AGREEMENT

Pursuant to the Purchase Agreement, the WFOE shall enter into the Leasing Agreement with the Leasing Agent, being 沃華商業管理(上海)有限公司 (Wo Hua Commercial Management (Shanghai) Company Limited*), a company which is indirectly owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei, the brother of Mr. Jiang. The Leasing Agent shall provide exclusive leasing services to the WFOE for a term of three years, commencing from the date on which the Group has obtained the new ownership certificates of the Properties.

Services to be provided

During the term of the Leasing Agreement, the Leasing Agent shall (i) introduce and negotiate with the tenants of the Properties; (ii) collect rental income from the tenants; and (iii) establish a team to market and operate the Properties.

Service fee

An agency fee representing 1% of the monthly rental of the Properties is payable to the Leasing Agent. The total agency fee and marketing fee payable by the Group to the Leasing Agent under the Leasing Agreement shall not exceed RMB1,800,000 (equivalent to approximately HK\$2,143,000) per annum.

Rental Income Guarantee

The Leasing Agent guarantees that the annual rental income received by the WFOE generated from the Properties minus any fees or tax relating to the Properties payable to the Leasing Agent (the “**Rental Income**”) for the each year during the term shall not be less than 3.5% of the Consideration. In the event that the Rental Income is less than 3.5% of the Consideration, the Leasing Agent shall pay the WFOE the shortfall on a dollar-for-dollar basis.

THE GUARANTEE AGREEMENT

Pursuant to the Purchase Agreement, the WFOE shall enter into the Guarantee Agreement with the Vendor, pursuant to which in the event that the Rental Income for any year during the term of the Leasing Agreement is less than 3.5% of the Consideration and the Leasing Agent fails to pay the shortfall to the WFOE under the Leasing Agreement, the Vendor agrees to pay the WFOE the shortfall on a dollar-for-dollar basis within 5 days after the amount of Rental Income has been determined in accordance with the terms of the Purchase Agreement.

INFORMATION OF THE VENDOR, THE LEASING AGENT AND THE PROPERTIES

The Vendor is the owner/developer of the Properties. The Vendor is owned (i) as to 99% by Mr. Jiang, an executive Director and the chairman of the Company; and (ii) as to 1% by Mr. Jiang Lei, the brother of Mr. Jiang. According to the Vendor, it is principally engaged in property development and management, assets management and investment consultancy services.

The Properties comprise 14 retail units on 1st to 3rd floors of a 17-storey building completed in 2011 situated at Above the Bund Square, No. 948 Dongdaming Road, Hongkou District, Shanghai, the PRC. The Properties have an aggregate gross floor area of approximately 8,585.79 sq.m. The land use rights of the Properties have been granted for a term expiring on 4 April 2055 for retail and office use.

According to the Vendor, the Properties are vacant but have been pledged to secure bank facilities granted to the Vendor.

The Leasing Agent is indirectly owned as to 99% by Mr. Jiang and as to 1% by Mr. Jiang Lei, the brother of Mr. Jiang and provides property leasing, management and agency services and business management and consultancy services in Shanghai, the PRC.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

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

As disclosed in the Company's annual report for the year ended 31 March 2015, the Group continues to seek opportunity of acquisition of high quality property to further enhance the assets base of the Group and strengthen the profitability of the property investment segment. Given (i) the Properties is located in a prime area on the north of the Bund (外灘), Shanghai with development potential; (ii) the Consideration represents 10% discount to the market value of RMB685,000,000 as set out in the preliminary valuation mentioned above; and (iii) the Vendor together with the Leasing Agent is providing profit guarantee to the WFOE for the three years after completion of the Acquisition, the Acquisition will enhance the assets base of the Group while at the same time, the rental income from the Properties will contribute to the future revenue and income growth of the Group.

The terms of the Purchase Agreement have been negotiated on an arm's length basis. The Directors (excluding the independent non-executive Directors) believe that the Acquisition is in line with the business plan of the Company and the terms of the Purchase 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 one of the applicable percentage ratios in respect of the Acquisition exceeds 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules which is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Vendor is the owner/developer of the Properties which is owned as to 99% by Mr. Jiang and 1% by Mr. Jiang Lei, the brother of Mr. Jiang, 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.32 of the Listing Rules.

Since the Leasing Agent is indirectly owned as to 99% by Mr. Jiang and 1% by Mr. Jiang Lei, the brother of Mr. Jiang, the Leasing Agent is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. The Leasing Agreement constitutes continuing connected transaction of the Company. However, as the applicable percentage ratios in respect of the amount of the fees payable under the Leasing Agreement are less than 5% and the total fees payable is less than HK\$3,000,000 per annum, the Leasing Agreement is exempt from the reporting, annual review, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Jiang is considered to have a material interest in the Purchase Agreement, the Leasing Agreement and the Guarantee Agreement, he has abstained from voting at the Board meeting approving the Purchase Agreement, the Leasing Agreement and the Guarantee Agreement. To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Director has a material interest in the Purchase Agreement, the Leasing Agreement and the Guarantee Agreement and therefore no other Directors is required to abstain from voting on the Board resolution in relation to the Purchase Agreement, the Leasing Agreement and the Guarantee Agreement.

GM

The GM will be convened to consider and, if thought fit, approve the Purchase Agreement and the transactions contemplated thereunder by way of poll whereby the Vendor and his associates shall abstain from voting. An Independent Board Committee will be formed to advise the Independent Shareholders on the Purchase Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) details of the Acquisition; (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM, will be despatched to the Shareholders on or before 29 January 2016 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“Acquisition”	the acquisition by the Group of Properties pursuant to the terms and conditions of the Purchase Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	EverChina Int'l Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of RMB616,000,000 (equivalent to approximately HK\$733,333,000)
“Director(s)”	the director(s) of the Company

“GM”	the general meeting of the Company to be held to consider and if thought fit, to approve the Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement to be entered into between the WFOE and the Vendor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors to be established to provide recommendation to the Independent Shareholders in relation to the Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than the Vendor and his associates
“Independent Third Party”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Leasing Agent”	沃華商業管理(上海)有限公司 (Wo Hua Commercial Management (Shanghai) Company Limited*), a company established under the laws of the PRC
“Leasing Agreement”	the leasing agreement to be entered into between the WFOE and the Leasing Agent in relation to the provision of the leasing agency services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Mr. Jiang”	Mr. Jiang Zhaobai (an executive Director and the chairman of the Company)
“Properties”	a total of 14 retail units located at Above the Bund Square (白金灣廣場), No. 948 Dongdaming Road, Hongkou District, Shanghai, the PRC

“Purchase Agreement”	the sale and purchase agreement dated 24 December 2015 entered into between the Company and the Vendor in relation to the Acquisition
“Rental Income”	has the meaning as set out under the paragraph headed “Rental Income Guarantee” above in this announcement
“RMB”	Renminbi
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Penalty”	penalty calculated at 5% of the Consideration
“Vendor”	上海萊因思置業有限公司 (Shanghai Lai Yin Si Zhiye Company Limited*)
“WFOE”	a wholly foreign-owned enterprise to be established by the Group in the PRC for the purpose of holding the Properties and for the purpose of entering into the Leasing Agreement
“%”	per cent.

For the purpose of this announcement, the conversion rate of RMB to HK\$ is set at the rate of RMB1 for HK\$1.19.

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

Hong Kong, 24 December 2015

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

* for identification purpose only