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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)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES

On 17 August 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 1,215,700,000 Placing Shares at the Placing Price of HK\$0.15 per Placing Share currently expected to be not less than six Placees who are independent professional, institutional, or other investors who, together with their respective ultimate beneficial owners will be third parties independent of, and not connected with the Company or connected persons of the Company. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$182.4 million and approximately HK\$177.5 million respectively. The Company intends to use (i) approximately 90% of the net proceeds to repay other borrowings and other payables of the Group; and (ii) the remaining 10% as general working capital of the Group.

As completion of the Placing is subject to the fulfilment and/or waiver of a number of conditions and therefore may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

17 August 2018 (after trading hours)

Parties

Issuer : The Company

Placing Agent : Kingston Securities Limited

The Placing Agent has conditionally agreed to procure, on a best efforts basis, currently expected to be not less than six Placees to subscribe for up to 1,215,700,000 Placing Shares. The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing

The Placing Agent conditionally agreed to place, or procure the placing of, up to 1,215,700,000 Placing Shares at the Placing Price of HK\$0.15 per Placing Share on a best efforts basis.

Placees

The Placing Agent will place the Placing Shares to independent professional, institutional, or other investors who, together with their respective ultimate beneficial owners will be third parties independent of the Company and connected persons of the Company. It is currently expected that the Placing Shares will be placed to not less than six Placees.

Number of Placing Shares

The maximum number of 1,215,700,000 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.66% of the issued share capital as enlarged by the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Completion Date save for the allotment and issue of the Placing Shares).

Placing Price

The Placing Price of HK\$0.15 per Placing Share represents:

- (a) a discount of approximately 9.64% to the closing price of HK\$0.166 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (b) a discount of approximately 9.20% to the average closing price of HK\$0.1652 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Taking into account the estimated expenses to the Placing in the amount of approximately HK\$4.9 million, the net placing price is approximately HK\$0.146 per Placing Share.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable based on the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM held on 1 September 2017 pursuant to which the Directors were authorised to allot and issue up to 1,215,733,872 Shares, representing 20% of the total issued share capital of the Company as at 1 September 2017. As at the date of this announcement, the Company has not utilised any part of the General Mandate and the maximum of 1,215,700,000 Placing Shares under the Placing Agreement represents approximately 99.997% of the General Mandate. The allotment and issue of the Placing Shares will not be subject to Shareholders' approval.

Ranking of Placing Shares

The Placing Shares under the Placing, when fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Conditions precedent

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted the approval of the listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 7 September 2018 or such later date to be agreed between the Company and the Placing Agent in writing (the “**Long Stop Date**”), the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches).

Completion

Completion of the Placing will take place within four Business Days after the fulfilment and/or waiver of the conditions as set out in the paragraph headed “Conditions precedent” above or such other date to be agreed between the Company and the Placing Agent in writing.

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (i) the Company commits any material breach of any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties given by the Company contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated and the Placing Agent shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing, the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) property investment operation; (ii) hotel operation; (iii) financing and securities investment operations; (iv) natural resources operation; and (v) agricultural operation.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$182.4 million and approximately HK\$177.5 million respectively. The Company intends to use (i) approximately 90% of the net proceeds to repay other borrowings and other payables of the Group; and (ii) the remaining 10% as general working capital of the Group.

The Board considers that the Placing represents an opportunity for the Company to broaden its shareholder and capital base thereby increasing the liquidity of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming that the maximum number of Placing Shares are fully placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date save for the allotment and issue of the Placing Shares) are set out below:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Rich Monitor Limited (Note 1)	1,033,300,000	17.00	1,033,300,000	14.17
Pengxin Holdings Company Limited (Note 1)	709,000,000	11.66	709,000,000	9.72
Shen Angang (Note 2)	392,995,000	6.47	392,995,000	5.39
Lam Cheung Shing, Richard (Note 3)	7,700,000	0.13	7,700,000	0.11
Places	—	—	1,215,700,000	16.66
Other public Shareholders	<u>3,935,674,363</u>	<u>64.74</u>	<u>3,935,674,363</u>	<u>53.95</u>
	<u><u>6,078,669,363</u></u>	<u><u>100.00</u></u>	<u><u>7,294,369,363</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited is held by Mr. Jiang Zhaobai (“**Mr. Jiang**”), an executive Director and Chairman of the Company. Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 Shares under the SFO. Mr. Jiang is also a director of Rich Monitor Limited and Pengxin Holdings Company Limited.
2. Shen Angang is an executive Director.
3. Lam Cheung Shing, Richard is an executive Director.
4. The percentages are subject to rounding errors, if any.

As completion of the Placing is subject to the fulfilment and/or waiver of a number of conditions and therefore may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 1 September 2017
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong
“Company”	EverChina Int’l Holdings Company Limited, a company incorporated in Hong Kong with limited liability, and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 202)
“Completion Date”	the date on which completion of the Placing takes place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the The People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 1,215,700,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 August 2018 in relation to the Placing
“Placing Price”	HK\$0.15 per Placing Share
“Placing Shares”	up to 1,215,700,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 17 August 2018

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.