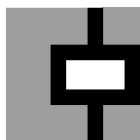


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INTERCHINA HOLDINGS COMPANY LIMITED

中國控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 202)

ISSUE OF TRANCHE 2 CONVERTIBLE NOTE PURSUANT TO EXERCISE OF OPTION BY SUBSCRIBER UNDER SUBSCRIPTION AGREEMENT DATED 12 FEBRUARY 2007

The Board is pleased to announce that on 9 March 2007, the Company received a written notice given by the Subscriber pursuant to the terms of the Subscription Agreement that the Subscriber elected to exercise the Option to require the Company to issue the Tranche 2 Convertible Note in the aggregate principal amount of HK\$51,698,000 to the Subscriber.

Second Completion Date took place on 12 March 2007.

Reference is made to the announcement (the "Announcement") dated 13 February 2007 issued by the Company. Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the Announcement.

EXERCISE OF OPTION

The Board is pleased to announce that on 9 March 2007, the Company received a written notice given by the Subscriber pursuant to the terms of the Subscription Agreement that the Subscriber elected to exercise the Option to require the Company to issue the Tranche 2 Convertible Note in the aggregate principal amount of HK\$51,698,000 to the Subscriber.

Tranche 2 Completion is conditional on the following conditions being fulfilled (or waived by the Subscriber in writing) at or before 5:00 p.m. (Hong Kong time) on the day immediately prior to the Second Completion Date:

- (a) Tranche 1 Completion having occurred in accordance with the terms and conditions of the Subscription Agreement;
- (b) the Company having committed no default or breach of any of the warranties (which relate to, among other matters, the share capital, financial and operational aspects of the Group) given by the Company as contained in the Subscription Agreement or default or breach of the Subscription Agreement or its obligations under the Tranche 1 Convertible Note;
- (c) the Listing Committee of the Stock Exchange having:
 - (i) (if required) approved the issue of the Tranche 2 Convertible Note either unconditionally or subject to conditions to which the Company does not object; and
 - (ii) granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber has any reasonable objection) the listing of and permission to deal in the Conversion Shares which may fall to be issued under Tranche 2 Convertible Note.

As at the date of this announcement, all of the above conditions had been fulfilled.

Second Completion Date took place on 12 March 2007.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Please refer to the Announcement for a summary of the principal terms of the Tranche 2 Convertible Note.

The Conversion Shares falling to be issued upon conversion of the Tranche 2 Convertible Note will be issued under the general mandate (the "General Mandate") granted to the Directors at the annual general meeting of the Company held on 26 August 2006. A maximum number of 1,116,984,726 Shares may be issued under the General Mandate. As at the date of this announcement, 600,000,000 Shares had been issued thereunder pursuant to the conversion of Tranche 1 Convertible Note in full.

The Directors are aware that any downward adjustment of the Conversion Price will result in the total number of Conversion Shares that can be issued upon conversion of the Tranche 2 Convertible Note exceeding the maximum number of Shares that may be issued under the General Mandate. In this connection, the Directors undertake to procure the Company (i) not to enter into any transaction (which include, among other things, consolidations, subdivisions and reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issues, issue of securities at less than the then market price, modification of rights of conversion, exchange or subscription to securities from time to time) which will trigger any such downward adjustment of the Conversion Price as provided for in the Tranche 2 Convertible Note or (ii) to exercise the rights of redemption of the Tranche 2 Convertible Note to ensure that the Conversion Shares that may fall to be issued thereunder will not exceed the General Mandate in compliance with the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

The Company received the conversion notice of the Tranche 1 Convertible Note in full from the Subscriber on 1 March 2007.

Up to the date of this announcement, the shareholding structure of the Company immediately before and after the exercise of the conversion rights attached to the Tranche 2 Convertible Note in full was as follows:

	Existing Shareholding		Shareholding immediately after the issue of the Conversion Shares upon conversion of Tranche 2 Convertible Note in full	
	Number of Shares	% (approximate)	Number of Shares	% (approximate)
Wealth Land Development Corp. (<i>Note</i>)	103,495,000	1.7	103,495,000	1.5
Subscriber	600,000,000	9.7	1,116,980,000	16.7
Other public shareholders	5,481,428,632	88.6	5,481,428,632	81.8
Total	<u>6,184,923,632</u>	<u>100.0</u>	<u>6,701,903,632</u>	<u>100.0</u>

Note: Wealth Land Development Corp. is wholly and beneficially owned by Zhang Yang, an executive Director and the chairman of the Company.

By Order of the Board
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Director and Company Secretary

Hong Kong, 12 March 2007

As at the date of this announcement, the executive Directors are Mr. Zhang Yang, Mr. Chan Wing Yuen, Hubert and Mr. Lam Cheung Shing, Richard and the independent non-executive Directors are Mr. Wong Hon Sum, Ms. Ha Ping and Dr. Tang Tin Sek.

Please also refer to the published version of this announcement in The Standard.