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INTERCHINA HOLDINGS COMPANY LIMITED

國 中 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

THIRD SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF THE EQUITY INTEREST OF BLACK DRAGON

SUMMARY

Reference is made to the announcement of the Company dated 24 August 2007 in relation to, among others, the Black Dragon Transfer, the announcement of the Company dated 14 September 2007 in relation to the extension of time for the despatch of the circular in relation to the Black Dragon Transfer and the announcement of the Company dated 15 November 2007 in relation to, among others, the second supplemental agreement to the Black Dragon Transfer.

The Third Supplemental Agreement

Subsequent to the execution of the Black Dragon Share Transfer Agreement, the Supplemental Agreement and the Second Supplemental Agreement, on 17 December 2007, the Vendor and Interchina (Tianjin) entered into the Third Supplemental Agreement.

Pursuant to the Third Supplemental Agreement, Interchina (Tianjin) and the Vendor have agreed to increase the consideration of the Share Segregation Reform to be borne by Interchina (Tianjin) from a maximum of RMB173 million (equivalent to approximately HK\$180 million) to RMB 192.5 million (equivalent to approximately HK\$200.5 million), which will be satisfied by (i) waiving the Loan of RMB173 million (equivalent to approximately HK\$180 million) in relation to the acquisition of the Water Projects by Black Dragon; and (ii) payment of RMB19.5 million (equivalent to approximately HK\$20.3 million) in cash. The RMB19.5 million (equivalent to approximately HK\$20.3 million) shall be deposited into an account of a bank designated by the Vendor before 26 December 2007. The abovementioned RMB19.5 million (equivalent to approximately HK\$20.3 million) will be paid to the holders of A Shares of Black Dragon on the basis of RMB0.2 (equivalent to approximately HK\$0.21) for every A Share of Black Dragon. As at the date of this announcement, Black Dragon has 97.5 million A Shares in issue.

Listing Rules' implications

The Black Dragon Transfer constitutes and remains (after entering into the Third Supplemental Agreement) a major transaction of the Company under Rule 14.06 of the Listing Rules. The EGM will be held to consider and, if thought fit, approve the Black Dragon Share Transfer Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Vendor and its associates (as defined in the Listing Rules) do not hold any Shares. So far as is known to the Directors, no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further information on the Black Dragon Transfer; (ii) the accountant's report on Black Dragon; (iii) pro forma financial information of the Enlarged Group; and (iv) the notice of the EGM, will be despatched to the Shareholders. As set out in the Second Announcement, the Company has applied and the Stock Exchange has granted an extension of the deadline for the despatch of the circular to a date falling on or before 31 January 2008.

Reference is made to the announcement of Interchina Holdings Company Limited (the "Company") dated 24 August 2007 (the "First Announcement") in relation to, among others, the Black Dragon Transfer, the announcement of the Company dated 14 September 2007 (the "Second Announcement") in relation to the extension of time for the despatch of the circular in relation to the Black Dragon Transfer and the announcement of the Company dated 15 November 2007 (the "Third Announcement") in relation to, among others, the second supplemental agreement to the Black Dragon Transfer. Terms defined in this announcement shall have the same meanings as those defined in the First Announcement, the Second Announcement and the Third Announcement, unless the context requires otherwise.

(I) THE THIRD SUPPLEMENTAL AGREEMENT

Date

17 December 2007

Parties

- (i) The Vendor; and
- (ii) Interchina (Tianjin), a wholly-owned subsidiary of the Company.

Subject matter of the Third Supplemental Agreement

As stated in the Third Announcement, pursuant to the Second Supplemental Agreement, Interchina (Tianjin) shall conduct the share segregation reform (公司股權分置改革) of Black Dragon (being the conversion of the non-circulating Black Dragon Sales Shares into listed A Shares) (the "Share Segregation Reform") at the consideration of a maximum of RMB173 million (equivalent to approximately HK\$180 million) for the Share Segregation Reform. The consideration of the Share Segregation Reform will be satisfied by waiving the Loan to the extent of the amount of the consideration of the Share Segregation Reform.

Pursuant to the Third Supplemental Agreement, Interchina (Tianjin) and the Vendor have agreed to increase the consideration of the Share Segregation Reform to be borne by Interchina (Tianjin) from a maximum of RMB173 million (equivalent to approximately HK\$180 million) to RMB192.5 million (equivalent to approximately HK\$200.5 million), which will be satisfied by (i) waiving the Loan of RMB173 million (equivalent to approximately HK\$180 million) in relation to the acquisition of the Water Projects by Black Dragon; and (ii) payment of RMB19.5 million (equivalent to approximately HK\$20.3 million) in cash. The RMB19.5 million (equivalent to approximately HK\$20.3 million) shall be deposited into an account of a bank designated by the Vendor before 26 December 2007. The abovementioned RMB19.5 million (equivalent to approximately HK\$20.3 million) will be paid to the holders of A Shares of Black Dragon on the basis of RMB 0.2 (equivalent to approximately HK\$ 0.21) for every A Share of Black Dragon. As at the date of this announcement, Black Dragon has 97.5 million A Shares in issue.

Pursuant to an undertaking from the Vendor and Black Dragon dated 20 December 2007, the Vendor and Black Dragon undertake that the Vendor or Black Dragon will refund the abovementioned RMB19.5 million (equivalent to approximately HK\$20.3 million) to Interchina (Tianjin) at the request of Interchina (Tianjin) if, after the completion of the Share Segregation Reform, the Restructuring Proposal is suspended or is not completed within the time mentioned in the Agency Agreement, i.e. 180th day after the date of the Agency Agreement.

As stated in the Third Announcement, Black Dragon shall repay the Loan and the interest to Interchina (Tianjin) in cash within 15 Business Days after the 180th day after the date of the Agency Agreement if (i) the Restructuring Proposal is not approved by the CSRC within 180 days after the date of the Agency Agreement, or (ii) the Agency Agreement has been terminated by Black Dragon and Interchina (Tianjin).

(II) REASONS FOR THE THIRD SUPPLEMENTAL AGREEMENT

Black Dragon has communicated with the holders of A Shares of Black Dragon in relation to the Share Segregation Reform. As informed by Black Dragon, the holders of A Shares of Black Dragon requested the increase of the consideration of the Share Segregation Reform. As the Share Segregation Reform shall be approved by the holders of A Shares of Black Dragon and the Share Segregation Reform is a condition to the resumption of trading of Black Dragon's shares, Black Dragon and Interchina (Tianjin) have agreed to increase the consideration of the Share Segregation Reform to be borne by Interchina (Tianjin) by entering into the Third Supplemental Agreement.

The Directors consider that the terms of the Third Supplemental Agreement are in the interests of the Shareholders and the Company as a whole as the above arrangement can facilitate the resumption of trading of the shares of Black Dragon.

The Directors (including the independent non-executive Directors) considered that the terms of the Third Supplemental Agreement are on normal commercial terms and have been agreed after arm's length negotiations, the terms of which are fair and reasonable.

(III) LISTING RULES IMPLICATION

The Black Dragon Transfer constitutes and remains (after entering into the Third Supplemental Agreement) a major transaction of the Company under Rule 14.06 of the Listing Rules. The EGM will be held to consider and, if thought fit, approve the Black Dragon Share Transfer Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Vendor and its associates (as defined in the Listing Rules) do not hold any Shares. So far as is known to the Directors, no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further information on the Black Dragon Transfer; (ii) the accountant's report on Black Dragon; (iii) pro forma financial information of the Enlarged Group; and (iv) the notice of the EGM, will be despatched to the Shareholders. As set out in the Second Announcement, the Company has applied and the Stock Exchange has granted an extension of the deadline for the despatch of the circular to a date falling on or before 31 January 2008.

(IV) DEFINITIONS

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

“Third Supplemental Agreement” a supplemental agreement dated 17 December 2007 entered into between the Vendor and Interchina (Tianjin) further amending and supplementing the terms of the Black Dragon Share Transfer Agreement (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement)

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

Hong Kong, 21 December 2007

For the purpose of this announcement, translations of RMB into HK\$ have been calculated by using an exchange rate of HK\$1.00 = RMB0.96.

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.