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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)

DISCLOSEABLE TRANSACTION

On 9 June 2009, before trading hours, the Company entered into the Disposal Agreement with the Purchaser in relation to the Disposal, being the disposal of the entire issued share capital of Success Flow (being the Sale Share) and the amount due from Success Flow to the Company as at Completion (being the Shareholder's Loan). The Consideration is HK\$55,000,000, of which HK\$5,000,000 (or the equivalent amount in RMB) shall be payable as part Consideration to the Company (or its nominee) within five Business Days after the date of the Disposal Agreement and the balance of HK\$50,000,000 (or the equivalent amount in RMB) shall be payable to the Company (or its nominee) on the Completion Date.

Success Flow is principally engaged in investment holding which is indirectly interested in the entire equity interest of the WFOE. As at the date of this announcement, the WFOE is holder of the Properties, being 23 retail units in a commercial building in Beijing, the PRC.

The Disposal is subject to the condition set out in the paragraph headed "Condition" below.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE DISPOSAL AGREEMENT

Date

Before trading hours on 9 June 2009

Parties

Purchaser : Time Logistic Limited, which is beneficially owned by Hu Yinman

Vendor : the Company

As informed by the Purchaser, the principal business carried on by the Purchaser is investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Group and independent of its connected persons (as defined in the Listing Rules) of the Group.

Assets to be disposed

Pursuant to the Disposal Agreement, the Company has agreed to sell to the Purchaser (i) the Sale Share, representing the entire issued share capital of Success Flow; and (ii) the Shareholder's Loan, representing the amount due from Success Flow to the Company as at Completion.

Consideration

The Consideration is HK\$55,000,000, of which HK\$5,000,000 (or the equivalent amount in RMB) shall be payable as part Consideration to the Company (or its nominee) within five Business Days after the date of the Disposal Agreement and the balance of HK\$50,000,000 (or the equivalent amount in RMB) shall be payable to the Company (or its nominee) on the Completion Date.

In the event the Purchaser shall serve a notice of termination by reason of the Company's non-fulfillment of its obligations under the Disposal Agreement, the Company shall refund the HK\$5,000,000 paid to it.

The Consideration was determined after arm's length negotiations between the Purchaser and the Company, after taking into account (i) the audited consolidated net liabilities of the Success Flow Group prepared under HKFRSs as at 30 April 2009 of approximately HK\$10,917,000; (ii) the valuation of the Properties in the amount of RMB111,700,000 (equivalent to approximately HK\$128,391,000) as at 31 March 2009, as assessed by Savills Valuation and Professional Services Limited, the independent professional valuers; and (iii) the consolidated bank and other borrowings of the Success Flow Group amounted to approximately HK\$61,009,000 as at 30 April 2009. The Directors consider the terms of the Disposal are fair and reasonable and are on normal commercial terms and it is in the interests of the Company and the Shareholders as a whole.

Condition

Completion is subject to the Purchaser being satisfied with the results of the due diligence reviews on the Success Flow Group.

If the above condition has not been fulfilled within two months from the date of the Disposal Agreement or such other date as the Purchaser and the Company may agree in writing, the Purchaser shall have the right to serve a written notice to the Company to terminate the Disposal Agreement.

Completion

Completion will take place on a day (which shall be agreed by the Company and the Purchaser in writing) within 10 Business Days upon receiving a written notice from the Purchaser stating that it is satisfied with the due diligence reviews on the Success Flow Group or such other date as the Purchaser and the Company may agree.

INFORMATION ON SUCCESS FLOW GROUP

Success Flow was incorporated in the British Virgin Islands on 10 July 2006. It is an investment holding company and its principal investment is its shareholding in the entire issued share capital of HK Company. HK Company was incorporated in Hong Kong on 28 December 2001 and is interested in the entire issued share capital of the WFOE. The WFOE was established on 14 December 2006, which directly owns the Properties. The audited consolidated net liabilities of Success Flow as at 31 March 2009 amounted to approximately HK\$11,086,000 and the audited consolidated net loss (both before and after taxation and extraordinary items) for the year ended 31 March 2009 was HK\$50,641,000.

The Properties are 23 retail units of a commercial building in Beijing, the PRC, which is situated in the CBD of Beijing, close proximity to 王府井 (Wang Fu Jing). The Properties are almost fully leased out as at the date of this announcement.

FINANCIAL EFFECT OF THE DISPOSAL

Based on (i) the Consideration of HK\$55,000,000; (ii) the above unaudited consolidated net liabilities of Success Flow of HK\$10,917,000 as at 30 April 2009; and (iii) the amount of the Shareholder's Loan of HK\$80,310,000 as at the date of the Disposal Agreement, it is estimated that the loss on the Disposal is approximately HK\$14,393,000. The Company intends to use the sale proceeds as general working capital of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the investment in environmental and water treatment operation, property investment operation, securities and financial operation, and city development and investment operation as well as strategic investment in Hong Kong and the PRC.

Given the 2008 worldwide economic tsunami affecting the financial systems of many countries, the property market has also been affected. Upon completion of the acquisition of the Heilongjiang Interchina Water Company Limited, the shares of which are listed on the Shanghai Stock Exchange, the Group will focus its financial resources on water and environmental investment. As at the date of the Disposal Agreement, total borrowing in respect of the Properties to be disposed amounts to HK\$ 61,009,000, representing approximately 48% of the book value of the Properties as mentioned above. The gearing ratio of this investment is relatively high to the Group's other investment. The Board is of the view that after Completion, the average gearing ratio will be reduced and the Group does not need to make available additional funding to repay certain bank and other borrowings of approximately

HK\$61,009,000 and would have immediate available cash inflow of HK\$55,000,000 for other potential investment projects. The Directors consider that the terms and conditions of Disposal Agreement are fair and reasonable, and the Disposal is in the best interest of the Company and its Shareholders as a whole. Upon Completion, the Success Flow Group will cease to be subsidiaries of the Company.

GENERAL

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than Saturdays and Sundays) on which licensed banks in Hong Kong are generally open for business during their normal business
“Company”	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	a day (which shall be agreed by the Company and the Purchaser in writing) within 10 Business Days upon receiving a written notice from the Purchaser stating that it is satisfied with the due diligence reviews on the Success Flow Group or such other date as the Purchaser and the Company may agree
“Consideration”	the total consideration for the Disposal, being HK\$55,000,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the Shareholder’s Loan pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 9 June 2009 entered into between the Company and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries

“HK Company”	Guo Xin (China) Limited, a company incorporated in Hong Kong, the entire issued share capital of which is directly owned by Success Flow
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	the 23 retail units situated in Guo Zhong Commercial Building on no. 33 Dongshikou Avenue, Dongcheng District, Beijing, the PRC of a total gross floor area of approximately 5,807.57 sq. m.
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Time Logistic Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Hu Yinman
“Sale Share”	the one share in the issued share capital in Success Flow, representing its entire issued share capital
“Shares”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholder’s Loan”	the amount due and owing by Success Flow to the Company as at Completion, which as at the date of this announcement amounted to approximately HK\$80,310,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Flow”	Success Flow International Limited, a limited company incorporated in British Virgin Islands
“Success Flow Group”	Success Flow, HK Company and the WFOE
“WFOE”	北京龍堡物業管理有限公司, a wholly foreign owned enterprise established in the PRC, the entire equity interest of which is indirectly owned by Success Flow

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“sq. m.”	square metres
“%”	per cent.

Conversion of RMB into HK\$ is based on the exchange rate of RMB0.87 = HK\$1.00.

By Order of the Board of
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Chairman

Hong Kong, 9 June 2009

As at the date of this announcement, the executive Directors are Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun and Mr. Chan Wing Yuen, Hubert; and the independent non-executive Directors are Ms. Ha Ping, Mr. Ho Yiu Yue, Louis and Mr. Ko Ming Tung, Edward.