
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Interchina Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**PROPOSED CAPITAL REORGANISATION
AND
INCREASE IN AUTHORISED SHARE CAPITAL**

Financial adviser to Interchina Holdings Company Limited



KINGSTON CORPORATE FINANCE LIMITED

A notice convening the EGM (as defined herein) of Interchina Holdings Company Limited (the “**Company**”) to be held at Pine Room, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong on 18 September 2009 (Friday) at 3:00 p.m. is set out on pages 15 to 17 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company’s share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

24 August 2009

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained in this circular misleading.

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DEFINITIONS

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

“Accumulated Losses”	such parts of the unconsolidated accumulated losses of the Company which the Court permit to be eliminated by the credit arising from the Capital Reduction
“Articles of Association”	the articles of association of the Company from time to time
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.09 on each of the Shares in issue and by reducing the nominal value of all the unissued Shares from HK\$0.10 each to HK\$0.01 each
“Capital Reduction Reserve Account(s)”	the capital reduction reserve account(s) of the Company to be set up as the Court may approve upon the Capital Reduction becoming effective
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction and the Share Consolidation
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Companies Registrar”	the Registrar of Companies in Hong Kong
“Company”	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Convertible Note Option”	the option to subscribe for the Second Tranche Convertible Notes, details of which are set out in the announcement issued by the Company dated 27 July 2009

DEFINITIONS

“Court”	The Court of First Instance of the High Court of Hong Kong
“Director(s)”	director(s) of the Company
“Effective Date”	the date upon which the Capital Reorganisation becomes unconditional and effective when all the conditions to which it is subject are satisfied, which is tentatively expected to be 13 November 2009. Further announcement will be made in the event of any changes
“EGM”	the extraordinary general meeting of the Company to be held on 18 September 2009 (Friday) at 3:00 p.m. at Pine Room, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation and the Increase in Authorised Share Capital
“First Tranche Convertible Notes”	the unsecured convertible notes with principal value of HK\$120,000,000 issued by the Company on 31 July 2009, details of which are set out in the announcement issued by the Company dated 27 July 2009
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$400,000,000 divided into 4,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 6,000,000,000 new Consolidated Shares upon the Capital Reorganisation becoming effective
“June Convertible Notes”	the unsecured convertible notes with principal value of HK\$35,000,000 issued by the Company on 15 June 2009, details of which are set out in the announcements issued by the Company dated 9 June 2009 and 10 June 2009
“Latest Practicable Date”	21 August 2009, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining the information contained herein

DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reduced Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reduction but before the Share Consolidation
“Registrar”	Tricor Tengis Limited, being the Company’s share registrar and transfer office in Hong Kong
“Second Tranche Convertible Notes”	the unsecured convertible notes with principal value of HK\$250,000,000 to be issued by the Company upon the exercise of the Convertible Note Option, details of which are set out in the announcement issued by the Company dated 27 July 2009
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Shareholder(s)”	holder(s) of the Share(s) or the Reduced Share(s) or the Consolidated Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every ten (10) Reduced Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

2009

Last time for lodging form of proxy in respect of the EGM (<i>Note 1</i>)	3:00 p.m. 16 September
EGM (<i>Note 1</i>)	3:00 p.m. 18 September
Announcement of the result of the EGM to be published	18 September
Notice of the hearing date of the petition to confirm the Capital Reduction published in the newspapers (<i>Note 2</i>)	21 October
Hearing of the petition to confirm the Capital Reduction (<i>Note 2</i>)	10 November
Announcement of the result of hearing of the petition to confirm the Capital Reduction and the Effective Date to be published (<i>Note 2</i>)	11 November
Registration of the order of the Court to confirm the Capital Reduction and the minute thereof with the Companies Registrar (<i>Note 3</i>)	13 November
Effective Date (<i>Note 3</i>)	after 4:00 p.m. 13 November
First day of free exchange of the existing Share certificates for the Consolidated Share certificates	16 November
Dealings in the Consolidated Shares commence	9:30 a.m. 16 November
Original counter for trading in existing Shares in board lots of 5,000 Shares (in the form of existing share certificates) closes	9:30 a.m. 16 November
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. 16 November
First day for designated broker to stand in the market to provide matching service for selling and buying of odd lots of the Consolidated Shares	9:30 a.m. 30 November
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:30 a.m. 30 November
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) commences	9:30 a.m. 30 November

EXPECTED TIMETABLE

Latest time for designated broker to stand in
the market to provide matching service for
selling and buying of odd lots of the Consolidated Shares 4:00 p.m. 18 December

Temporary counter for trading in the Consolidated Shares
in board lots of 500 Consolidated Shares
(in the form of existing share certificates) removes 4:00 p.m. 18 December

Parallel trading in the Consolidated Shares
(in the form of new and existing share certificates) ends 4:00 p.m. 18 December

Last day of free exchange of the existing Share certificates
for the Consolidated Share certificates 23 December

Notes:

1. The forms of proxy and, if required by the Company, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy or office copy of such power or authority, shall be deposited at the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not later than 48 hours before the time appointed for holding the EGM and taking the poll therein or the adjourned meeting thereof. Completion and return of a form of proxy for the EGM will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should the Shareholder so wish. In such event, the returned form of proxy will be deemed to have been revoked.
2. The date of hearing of the petition is subject to the availability of the date for the Court to confirm the Capital Reduction and is subject to change. Further announcement(s) will be made as and when appropriate.
3. The Capital Reorganisation will become effective when the Capital Reduction, which forms part of the Capital Reorganisation, is confirmed by the Court and a copy of the order of the Court and a minute of order approved by the Court containing the particulars required under the Companies Ordinance are delivered to the Companies Registrar for registration, which is expected to take place on 13 November 2009.

If there is any change in this expected timetable, the Company will make further announcement.

LETTER FROM THE BOARD



INTERCHINA HOLDINGS COMPANY LIMITED

國 中 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

Executive Directors:

Ms. Wing Man Yi (*Chairman*)

Mr. Lam Cheung Shing, Richard (*Deputy Chairman*)

Mr. Zhu Yongjun (*Deputy Chairman*)

Registered Office

Room 701, 7/F

Aon China Building

29 Queen's Road Central

Hong Kong

Independent Non-Executive Directors:

Ms. Ha Ping

Mr. Ho Yiu Yue, Louis

Mr. Ko Ming Tung, Edward

Dr. Fu Tao

24 August 2009

*To the Shareholders and, for information only,
holder(s) of the outstanding share options,
convertible note option and convertible notes of the Company*

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION AND INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

Reference is made to the announcement of the Company dated 24 July 2009. The Board proposes (i) to reduce the share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.09 on each of the Shares in issue as at the Latest Practicable Date and any further Shares which may be issued prior to the date on which the petition for the confirmation of the Capital Reduction is heard by the Court and by reducing the nominal value of all the issued and unissued Shares from HK\$0.10 each to HK\$0.01 each, follow by (ii) a consolidation of every ten (10) Reduced Shares into one (1) Consolidated Share. The Board also proposes that, upon the Capital Reorganisation becoming effective, the authorised share capital of the Company be increased from HK\$400,000,000 divided into 4,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 6,000,000,000 new Consolidated Shares.

LETTER FROM THE BOARD

The purpose of this circular is to give the Shareholders further information on the Capital Reorganisation and the Increase in Authorised Share Capital and to give notice of the EGM to the Shareholders at which relevant resolutions (as appropriate) will be proposed to consider and, if thought fit, to approve the Capital Reorganisation and the Increase in Authorised Share Capital.

CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders a proposal to effect the Capital Reorganisation involving the Capital Reduction and the Share Consolidation.

Capital Reduction

The Capital Reduction will be effected pursuant to the Companies Ordinance and the Articles of Association. As at the Latest Practicable Date, the authorised share capital of the Company was HK\$4,000,000,000 divided into 40,000,000,000 Shares, of which 22,192,193,632 Shares have been issued and are fully paid.

The Board proposes to reduce the authorised share capital of the Company from HK\$4,000,000,000 divided into 40,000,000,000 Shares to HK\$400,000,000 divided into 40,000,000,000 Reduced Shares by cancelling the issued and paid up capital to the extent of HK\$0.09 on each of the Share in issue as at the Latest Practicable Date and any further Shares which may be issued prior to the date on which the petition for the confirmation of the Capital Reduction is heard by the Court and by reducing the nominal value of all the issued and unissued Shares from HK\$0.10 each to HK\$0.01 each.

Assuming that no new Shares will be issued after the Latest Practicable Date and prior to the Capital Reduction becoming effective, a credit of approximately HK\$1,997,297,427 will arise as a result of the Capital Reduction. Subject to the approval of and to the extent permitted by the Court, the credit arising from the Capital Reduction will be utilised to set off the Accumulated Losses. After setting off the Accumulated Losses, all or part of the balance of the credit arising from the Capital Reduction will be transferred to the Capital Reduction Reserve Account(s) and/or such other account(s) of the Company in such ways as the Court may direct. The amount standing to the credit of the Capital Reduction Reserve Account(s) and/or such other account(s) of the Company will be dealt with and applied in accordance with such directions and subject to such conditions as the Court may impose (if any), and/or in such manners as the Board considers appropriate.

Share Consolidation

Upon the Capital Reduction becoming effective, every ten (10) Reduced Shares will be consolidated into one (1) Consolidated Share. Any fraction of the Consolidated Shares arising from the Capital Reorganisation will not be issued to the Shareholders but will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Consolidated Shares will rank *pari passu* in all respects with each other.

LETTER FROM THE BOARD

CONDITIONS OF THE CAPITAL REORGANISATION

The implementation of the Capital Reorganisation is conditional upon, among other things:

- (i) the passing of a special resolution or relevant resolutions (as appropriate) by the Shareholders approving the Capital Reorganisation at the EGM;
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in, the Consolidated Shares in issue upon the Capital Reorganisation becoming effective;
- (iii) the Court making an order confirming the Capital Reduction pursuant to sections 58 to 60 of the Companies Ordinance;
- (iv) the registration by the Companies Registrar of a copy of the order of the Court confirming the Capital Reduction and a copy of the minute containing the particulars required under section 61 of the Companies Ordinance duly approved by the Court; and
- (v) the compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction.

Assuming that all the above conditions are fulfilled, the Capital Reorganisation will become effective on the registration of the court order and the minute as referred to in condition (iv) above.

As the Effective Date will depend upon the timetable of the Court, it is not ascertainable at present and the dates indicated in the section headed "Expected Timetable" are for reference only and are subject to change. It is tentatively anticipated that the Capital Reorganisation would become effective on 13 November 2009. An application will be made to the Court for the approval of the Capital Reduction as soon as practicable after the Capital Reorganisation is approved by the Shareholders by way of a special resolution or relevant resolutions (as appropriate) at the EGM. Further announcement(s) (if any) will be made to inform the Shareholders of the progress of the matter as and when appropriate.

EFFECTS OF THE CAPITAL REORGANISATION

Business

The business and management of the Company and the Group will not be changed as a result of the implementation of the Capital Reorganisation.

Financial position

Implementation of the Capital Reorganisation will not alter the business and the underlying assets/liabilities or financial position of the Company and the Group, other than the payment of professional expenses relating thereto.

LETTER FROM THE BOARD

Rights of the Shareholders

Implementation of the Capital Reorganisation will not affect the Shareholders' proportionate interests and voting rights in the Company. The Consolidated Shares will rank pari passu in all respects with each other.

Share Options

The Company adopted the share option scheme of the Company on 2 September 2002 (the "Scheme"). As at the Latest Practicable Date, there are 940,000,000 outstanding share options granted by the Company under the Scheme entitling the holders thereof to subscribe for 940,000,000 Shares.

Subject to the Capital Reorganisation becoming effective, corresponding adjustments will be made on the basis that the proportion of the issued share capital of the Company to which a grantee of share options is entitled shall remain the same before and after such adjustments in accordance with the rules of the Scheme and the relevant supplementary guidelines issued by the Stock Exchange. The exercise price of the share options and the aggregate number of Consolidated Shares falls to be issued upon exercise of the share options with effect from the date on which the Capital Reorganisation becoming effective are as follows:

Exercise price per Share	Number of Shares which may be issued pursuant to the share options	Adjusted exercise price per Consolidated Share as a result of the Capital Reorganisation	Adjusted number of Consolidated Shares which may be issued pursuant to the share options as a result of the Capital Reorganisation
HK\$0.146	78,000,000	HK\$1.46	7,800,000
HK\$0.103	<u>862,000,000</u>	HK\$1.03	<u>86,200,000</u>
	<u>940,000,000</u>		<u>94,000,000</u>

Convertible Notes

Pursuant to the subscription agreements dated 9 June 2009 (as supplemented by a supplemental agreement dated 10 June 2009) and 27 July 2009, the Company has issued the June Convertible Notes and the First Tranche Convertible Notes and the Convertible Note Option respectively. On 4 August 2009, the First Tranche Convertible Notes were fully converted into Shares.

Subject to the Capital Reorganisation becoming effective, the conversion price and/or the number of Consolidated Shares fall to be issued upon exercise of the conversion rights attached to the June Convertible Notes and the Second Tranche Convertible Notes will be

LETTER FROM THE BOARD

adjusted in accordance with the instruments creating the respective convertible notes. The conversion price of the June Convertible Notes and the Second Tranche Convertible Notes will be adjusted from HK\$0.10 per Share to HK\$1.00 per Consolidated Share and the aggregate number of Consolidated Shares falls to be issued upon exercise of the June Convertible Notes and the Second Tranche Convertible Notes will be adjusted from 2,850,000,000 Shares to 285,000,000 Consolidated Shares with effect from the date on which the Capital Reorganisation becoming effective.

Announcement(s) in relation to the adjustments of the share options under the Scheme and the June Convertible Notes and the Second Tranche Convertible Notes will be published in due course, and written confirmation(s) regarding the adjustments will be provided by the auditors of the Company accordingly.

Save as the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Share Capital

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and after the implementation of the Capital Reorganisation:

	Prior to the Capital Reorganisation	Immediately following the Capital Reorganisation becoming effective (Note)
Nominal value of each Share / Consolidated Share	HK\$0.10	HK\$0.10
Number of authorised Shares / Consolidated Shares	40,000,000,000	4,000,000,000
Authorised share capital	HK\$4,000,000,000	HK\$400,000,000
Number of Shares / Consolidated Shares in issue	22,192,193,632	2,219,219,363
Issued and fully paid-up share capital	HK\$2,219,219,363	HK\$221,921,936

Note: The issued share capital immediately after the Capital Reorganisation becoming effective is presented on the assumption that no further Shares would be issued or repurchased between the Latest Practicable Date and the date of the EGM.

LETTER FROM THE BOARD

Board Lot Size

Upon the Capital Reorganisation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will remain unchanged at 5,000 Consolidated Shares per board lot, which is the same board lot size for trading in the Shares on the Stock Exchange.

REASONS FOR THE CAPITAL REORGANISATION

To facilitate future fund raising exercise of the Company

During the periods between 13 June 2005 to 7 February 2007 and 9 January 2008 to 29 July 2009, the Shares have generally been traded below its par value of HK\$0.10 per Share. Under section 50 of the Companies Ordinance, the Company is not permitted to issue new Shares at a discount to the par value of the Shares, unless, among other things, the issue is authorised by a resolution of the Shareholders and is sanctioned by the Court. Moreover, section 58 of the Companies Ordinance further provides that a company, the net assets of which are less than its paid-up share capital, may not effect a capital reduction to re-designate the nominal value of its shares unless, among other things, the capital reduction is sanctioned by the Court. These statutory requirements, coupled with the fact that the Shares have generally been traded below its par value of HK\$0.10 per Share, create difficulty for the Company to raise and to issue new equity capital as and when needed unless the Company proceeds with and obtains the sanction of the Court for the Capital Reduction.

The completion of the Capital Reduction will reduce the par value of the Shares to HK\$0.01 per Reduced Share. Following the Share Consolidation, the market price per Consolidated Share is expected to be higher than its par value as a result of the Capital Reorganisation, therefore providing the Company with greater flexibility in pricing its own shares which may be issued in any future equity fund raising exercise. In addition, the Share Consolidation will increase the nominal value of the then Reduced Shares and therefore will increase the trading price per board lot and hence reducing the overall transaction and handling costs for dealings in the Consolidated Shares.

In the circumstances, the Directors consider that the Capital Reorganisation is the most appropriate means of preparing the Company's capital structure for potential future fund raising exercises.

To eliminate the Accumulated Losses

As at 31 March 2009, being the date to which the last audited accounts of the Company were drawn up, the total amount of the unconsolidated accumulated losses of the Company, consisting of losses of both permanent and non-permanent in nature, was approximately HK\$655,359,000. The Capital Reorganisation will enable the Company to write off its Accumulated Losses. As a result of such writing-off of Accumulated Losses, the Company's capital and reserves will more closely reflect the available net assets of the Company and would give the Company a capital structure that should, subject to

LETTER FROM THE BOARD

performance, permit the payment of dividends as and when the Directors consider it appropriate in the future. The Directors, therefore, consider that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$4,000,000,000 divided into 40,000,000,000 Shares of which 22,192,193,632 Shares are in issue. In order to accommodate further expansion and growth of the Group, the Board proposes that immediately following the Capital Reorganisation becoming effective, the authorised share capital of the Company be increased from HK\$400,000,000 divided into 4,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 6,000,000,000 new Consolidated Shares.

The Increase in Authorised Share Capital of the Company is conditional upon, among other things, (i) the Capital Reorganisation becoming effective and (ii) the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the EGM.

The Directors do not have any present intention of issuing any part of the Increase in Authorised Share Capital.

LISTING AND DEALINGS

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Capital Reorganisation.

No part of the share capital of the Company is listed or dealt in on any other stock exchanges and no such listing or permission to deal is being or is proposed to be sought.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

DEALINGS IN CONSOLIDATED SHARES AND THE FREE EXCHANGE OF SHARE CERTIFICATE

Arrangements will be made so that subject to the Capital Reorganisation becoming effective, the Shareholders may submit their existing certificates for the Shares, which are pink in colour, to the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong during business hours in exchange for certificates for the Consolidated Shares, which are blue in colour, free of charge from 16 November 2009 to 23 December 2009. After the expiry of such period, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 per share certificate (or such higher amount as allowed by the Stock Exchange from time to time) for each certificate issued or cancelled, whichever is higher.

It is expected that new certificates for the Consolidated Shares will be available for collection within a period of 10 business days or so from the date of submission of the existing certificates of the Shares to the Registrar for exchange. The existing certificates of the Shares will cease to be good for delivery but will continue to be good evidence of legal title to the Consolidated Shares, valid for trading, settlement and registration purposes and may be exchanged for certificates for the Consolidated Shares at any time.

ODD LOT ARRANGEMENTS

In order to facilitate the trading of odd lots (if any) which might arise as a result of the Capital Reorganisation, the Company has appointed Kingston Securities Limited as an agent to arrange for the sale and purchase of odd lots on behalf of the Shareholders and potential investors on a 'best effort' basis. During the period from 30 November 2009 to 18 December 2009 (both dates inclusive), holders of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots or to top them up to a full board lot may contact Ms. Rosita Kiu during the aforesaid period as follows:

Contact person	Address	Telephone number
Ms. Rosita Kiu	Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong	(852) 2298 6215

Holders of the Consolidated Shares in odd lots should note that the matching of odd lots is not guaranteed.

Shareholders are recommended to consult their professional advisers if they are in any doubt as to the above procedures.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

The notice of the EGM convened for the purpose of considering and, if thought fit, passing the relevant resolutions (as appropriate) in respect of the Capital Reorganisation and the Increase in Authorised Share Capital is set out on pages 15 to 17 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event, not later than 48 hours before the time appointed for holding the EGM and taking the poll or the adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner set out in Rule 13.39(5) of the Listing Rules. No Shareholder is required to abstain from voting at the EGM.

RECOMMENDATION

The Directors believe that the Capital Reorganisation and the Increase in Authorised Share Capital are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of the EGM.

Yours faithfully,
For and on behalf of the Board
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Chief Executive Officer and Executive Director

NOTICE OF EGM



INTERCHINA HOLDINGS COMPANY LIMITED

國 中 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders (the “**EGM**”) of Interchina Holdings Company Limited (the “**Company**”) will be held at Pine Room, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong on 18 September 2009 (Friday) at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. “**THAT**, subject to and conditional upon (i) the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**Court**”) making an order confirming the Capital Reduction (as defined below), which forms part of the Capital Reorganisation (as defined below), pursuant to sections 58 to 60 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Companies Ordinance**”); (ii) the registration by the Registrar of Companies in Hong Kong of a copy of the order of the Court confirming the Capital Reduction and a copy of the minute containing the particulars required under section 61 of the Companies Ordinance duly approved by the Court; (iii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the new shares of the Company in issue immediately following the Capital Reorganisation becoming effective; and (iv) the compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction, which forms part of the Capital Reorganisation:
 - (a) the authorised share capital of the Company be reduced from HK\$4,000,000,000 divided into 40,000,000,000 shares of HK\$0.10 each (the “**Share(s)**”) to HK\$400,000,000 divided into 40,000,000,000 shares of HK\$0.01 each (the “**Reduced Share(s)**”) and that such reduction be effected by cancelling the capital paid up or credited as paid up to the extent of HK\$0.09 upon each of the Shares issued as of the date on which the petition for confirmation of the Capital Reduction is heard by the Court and by reducing the nominal value of all the issued and unissued Shares from HK\$0.10 each to HK\$0.01 each (the “**Capital Reduction**”);

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- (b) subject to the approval of the Court and to the extent permitted by the Court, the credit arising as a result of the Capital Reduction be utilised to set off such parts of the unconsolidated accumulated losses of the Company which the Court permit to be eliminated by the credit (the “**Accumulated Losses**”), and all or part of the balance of the credit arising from the Capital Reduction after setting off the Accumulated Losses be transferred to the capital reduction reserve account(s) of the Company (the “**Capital Reduction Reserve Account(s)**”) and/or such other account(s) of the Company in such ways as the Court may direct, and such amount standing to the credit of the Capital Reduction Reserve Account(s) and/or such other account(s) of the Company be dealt with and applied in accordance with such directions and subject to such conditions as the Court may impose (if any) and/or in such manners as the directors of the Company consider appropriate;
- (c) subject to and forthwith upon the Capital Reduction taking effect, every ten (10) issued and unissued Reduced Shares be consolidated into one (1) share of HK\$0.10 each (the “**Consolidated Share(s)**”) in the share capital of the Company (the “**Share Consolidation**”) (the Capital Reduction and the Share Consolidation together are referred to as the “**Capital Reorganisation**”), and any fractional entitlements to the then issued Consolidated Shares resulting from the Share Consolidation shall be aggregated and sold in the form of Consolidated Shares for the benefit of the Company in such manner and on such terms as the directors of the Company may think fit; and
- (d) the directors of the Company be and are hereby authorised generally to do all acts, deeds and things, and to approve, sign and execute any documents as they shall, in their absolute discretion, consider necessary, desirable or expedient to carry into effect or to give effect to the Capital Reorganisation, setting off of the Accumulated Losses and utilisation of the balance standing to the credit of the Capital Reduction Reserve Account(s) and/or such other account(s) of the Company.”

ORDINARY RESOLUTION

- 2. “**THAT**, subject to and conditional upon the Capital Reorganisation becoming effective:
 - (a) the authorised share capital of the Company be increased from HK\$400,000,000 divided into 4,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 6,000,000,000 new Consolidated Shares (the “**Increase in Authorised Share Capital**”); and

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- (b) the directors of the Company be and are hereby authorised generally to do all acts, deeds and things, and to approve, sign and execute any documents as they shall, in their absolute discretion, consider necessary, desirable or expedient to carry into effect or to give effect to the Increase in Authorised Share Capital.”

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

Hong Kong, 24 August 2009

Registered Office
Room 701, 7/F
Aon China Building
29 Queen’s Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed with this circular. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company’s share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such holders may vote at the EGM either personally or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such holders be present at the EGM personally or by proxy, then one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
5. As at the date of this notice, the board of directors of the Company comprises three executive Directors, Ms. Wing Man Yi, Mr. Lam Cheung Shing, Richard and Mr. Zhu Yongjun; and four independent non-executive Directors, Ms. Ha Ping, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Dr. Fu Tao.