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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)

PROFIT FORECAST IN RELATION TO THE DISCLOSEABLE TRANSACTION

Reference is made to the announcement (the "**Announcement**") of Interchina Holdings Company Limited (the "**Company**") dated 8 March 2010 in relation to, among others, the New Internal Disposal and the New Internal Acquisition. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as defined in the Announcement.

PROFIT FORECAST

As set out in the Announcement, the valuation of the New Targets constitutes profit forecast under Rule 14.61 of the Listing Rules. Set out below are the texts of the letter from the Board and the letter from the Company's auditors in connection with the valuation of the New Targets:

(a) Letter from the Board

8 March 2010

The Stock Exchange of Hong Kong Limited
11th Floor,
One International Finance Centre
1 Harbour View Street,
Hong Kong

Dear Sir/Madam,

DISCOUNTED CASH FLOW FORECAST OF THE NEW TARGETS

We, hereby confirm that, in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, have reviewed the calculations for discounted cash flow forecast in the valuation report issued by 廣州中天衡資產評估有限公司 (GZZA Inc.) (the "Valuer") regarding the fair value of the New Targets as at 31 December 2009 (the "Valuation Reports"). Pursuant to the Rule 14.62 of the Listing Rules, the Reporting Accountant of the Company have examined the arithmetical accuracy of the calculation of the Valuation Reports in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants.

We hereby confirm that the discounted cash flow forecast made pursuant to the Valuation Reports is made after due and careful enquiry.

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

(b) Letter from the Company's auditor

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

8 March 2010

The Directors
Interchina Holdings Company Limited
Room 701, 7/F., Aon China Building
29 Queen's Road Central
Hong Kong

Dear Sirs

Interchina Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")

Comfort letter on forecasts underlying the valuations on the Group's sewage treatment businesses in the People's Republic of China (the "PRC") in connection with discloseable transactions relating to internal restructuring

We report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 12 February 2010 prepared by 廣州中天衡資產評估有限公司 in respect of the Valuation of the Group's sewage treatment business as at 31 December 2009 in connection with proposed acquisition of the entire equity interest in Interchina (Changli) Sewage Treatment Company Limited (國水(昌黎)污水處理有限公司), Interchina (Maanshan) Sewage Treatment Company Limited (國水(馬鞍山)污水處理有限公司) and Ordos Interchina Water Treatment Company Limited (鄂爾多斯國中水務有限公司), 75% equity interest in Interchina (Qinhuangdao) Sewage Treatment Company Limited (國中(秦皇島)污水處理有限公司) and 80% equity interest in Taiyuan Haofeng Waste Water Company Limited (太原豪峰污水處理有限公司) by Heilongjiang Interchina Water Treatment Company Limited, an indirect owned subsidiary of the Company, from the Group, as published in the Company's announcement dated 8 March 2010.

The Valuation which is determined based on the discounted cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the valuation which is regarded as a profit forecast under Rule 14.62 of the Listing Rules.

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

Basis of opinion

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the procedures under Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the sewage treatment business in the PRC.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

VALUATION

Set out below is a summary of the valuation of the New Targets as at 31 December 2009, as assessed by 廣州中天衡資產評估有限公司 (GZZA INC.), an independent professional PRC valuer, adopting the income approach (收益法) and containing their principal assumptions at arriving at the valuation:

Valuation Target:	the New Targets including Interchina (Qinhuangdao) Sewage Treatment Company Limited, Interchina (Changli) Sewage Treatment Company Limited, Interchina Maanshan Sewage Treatment Company Limited, Ordos Interchina Water Treatment Company Limited and Taiyuan Haofeng Wastewater Treatment Company Limited.
Valuation Institution:	廣州中天衡資產評估有限公司 (GZZA INC.), a valuation institution with an Asset Appraisal Qualification Certificate issued by the Ministry of Finance, which can engage in valuations involving state-owned assets and financial reporting purposes, as well as valuations of corporate value, intangible assets, machinery and equipment, real estates and etc.
Valuation Purpose:	Heilongjiang Interchina proposed to acquire the equity interests of the New Targets. As a result, a valuation of the shareholders' interests in the New Targets is required. This asset valuation report is deemed as the reference for the determination of the price of this economic behavior.
Valuation Reference Date:	31 December 2009.
Valuation Method:	Income approach refers to an appraisal method of calculating the value of the corporation being appraised by means of translating the expected future earnings into a present value at an appropriate discount rate or capitalization rate.
Discount Rate:	This valuation used the capital assets pricing model (CAPM) to determine the discount rate of the net cash flow. The discount rate used is 11.2% for the valuation of Qinhuangdao, Maanshan and Changli and 12.2% for the valuation of Ordos and Taiyuan.

Valuation Assumptions-The valuation was prepared on the following principle assumptions:

General Assumptions

1. It was assumed that the valuation objects were in the transaction process and the valuer conducted the valuation based on the trading conditions of the valuation objects. The result of the valuation was the estimate of the most achievable transaction price of the valuation objects.

2. It was assumed that the assets involved in the valuation target were being traded in the open market; the buyers and sellers were equal in the market with opportunities and time to acquire adequate market information and transactions of both the buyers and sellers were carried out voluntarily, rationally and under non-mandatory conditions.

3. It was assumed that after the economic behavior of the valuation purpose has been realized, the assets involved in the valuation objects would continued to be used in situ in accordance with their use and usage at the Valuation Reference Date.

Assumptions of the status of the valuation object at the Valuation Reference Date

1. The financial statements at the Valuation Reference Date provided by the corporation were audited and this valuation was conducted on the basis that the book value of the assets was valid and fair.

2. It was assumed that the purchase, acquisition and progress of construction and development involved in the valuation object complied with the requirement of relevant laws and regulations in the state.

3. It was assumed that the assets involved in the valuation object did not carry any defect of right, liabilities and limitation that affected its value and it was assumed that the property tax and payables involved in the valuation object have been fully paid.

4. It was assumed that the tangible assets such as inventory and equipment involved in the valuation object did not have any major technical problems that affected its continuous use; there was no harmful matter in those assets that would have an adverse effect to their values and there was no hazard and other harmful environmental condition at the location of those assets which would have an adverse effect to the value of those assets.

Predicted Assumptions

1. No significant changes in the prevailing laws, regulations and policies and macro-economy of the state and no significant changes in the political, economic and social environment in the regions where the parties of this transaction are located;

2. It was assumed that the operator of the company was responsible, and the management of the company was able to perform its duties;

3. Except for the agreements on the concession contract adjustment entered into with the relevant department before the Valuation Reference Date, the concession agreements will be strictly complied with;

4. The valuation did not take into account the impact of water price adjustment on the appraised value;

5. Unless otherwise stated, it was assumed that the company has fully complied with all relevant laws and regulations;

6. It was assumed that the accounting policies adopted by the company in the future in all material aspects are in general consistent with the accounting policies adopted in compilation of this report;

7. It was assumed that based on the company's existing management approach and standard, the business scope and approach are consistent with the current direction;

8. No significant changes in related interest rates, exchange rates, tax bases and tax rates and policy-imposed levies;

9. No other factors of force majeure or unforeseeable factors that may give rise to material adverse impact on the company.

10. This valuation used the equity structure of the appraised corporation at the Valuation Reference Date as a framework and did not take into account possible equity changes or restructuring after the Reference Date.

Valuation limitations

1. Only inspected the physical appearance of the tangible assets of the valuation objects and no special technical inspection has been conducted on the technical information, technology status, structures and appendages of those assets.

2. The valuation did not take into account the impact on the asset value in case of major changes in macroeconomic policies in the state and unforeseeable factors such as force majeure events.

Principal Valuation Basis

1. "Assets Evaluation Standards-Basic Standards" (Cai Qi [2004]20) issued by the Ministry of Finance;

2. "Assets Evaluation Standards-Appraisal Report", "Assets Evaluation Standards-Appraisal Program" and "Numerical Guidelines on Assets Evaluation" (Zhong Ping Xie [2007]189) issued by the China Appraisal Society;

3. "Regulatory Opinions on Operations of Assets Appraisal (Trial Implementation)" (Guo Zi Ban Fa [1996]23) issued by the former State Administration of State-owned Assets;

4. "Directive Opinions of the Registered Asset Valuer concerning the Legal Ownership of the Valuation Object" (Hui Xie [2003]18) issued by the Chinese Institute of Certified Public Accountants;

5. "Guidance on Appraisal of Enterprise Value (Trial Implementation)" (Zhong Ping Xie [2004]134) issued by the China Appraisal Society);

6. "Assets Evaluation Standards-Intangible Assets" (Zhong Ping Xie [2008]217) issued by the China Appraisal Society;

7. "Law of the People's Republic of China on the Administration of Urban Property";

8. "Law of the People's Republic of China on Land Administration" and "Implementation Rules of the Law of the People's Republic of China on Land Administration";

9. "Assets Evaluation Standards-Fixed Asset" (Zhong Ping Xie [2007]189) issued by the China Appraisal Society;

10. "Valuation Standards for Real Estates" (National Standards of the PRC GB/T50291-1999);

11. "Regulations for the Valuation of Urban Land" (National Standards of the PRC GB/T18508-2001);

12. "Assets Evaluation Standards-Machinery and Equipment" (Zhong Ping Xie [2007]189) issued by the China Appraisal Society;

13. Financial information of the corporation at the Valuation Reference Date concerning the valuation objects;

14. Vehicle licenses and other related information of property rights of the corporation concerning the valuation target;

15. Concession agreements and their related information of the corporation concerning the valuation objects; and

16. Future forecast of the corporation concerning the valuation target.

Valuation Conclusion: After implementing the necessary valuation program, the above valuation purpose, valuation assumptions and valuation limitations, as at the Valuation Reference Date of 31 December 2009, the valuation conclusion formed by adopting the income approach for each of the New Targets were:

I. the total shareholders' interest of Qinhuangdao before and after the valuation was RMB57,307,200 and RMB91,400,000 respectively. The market value of acquiring 75% equity interest of Qinhuangdao was RMB68,550,000;

II. the total shareholders' interest of Maanshan before and after the valuation was RMB54,214,900 and RMB59,300,000 respectively;

III. the total shareholders' interest of Changli before and after the valuation was RMB23,146,000 and RMB24,600,000 respectively;

IV. the total shareholders' interest of Ordos before and after the valuation was RMB62,684,800 and RMB65,600,000 respectively; and

V. the total shareholders' interest of Taiyuan before and after the valuation was RMB90,800,000 and RMB95,600,000 respectively. Heilongjiang Interchina proposed to acquire the 80% equity interest of Taiyuan held by Regent Victor and the market value of the respective shareholders' interest in the Taiyuan was RMB76,480,000.

GENERAL

The following are the qualifications of the experts who have given their opinion in this announcement:

Name	Qualification
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants
廣州中天衡資產評估有限公司 (GZZA Inc.)	Registered valuer of the PRC

As at the date of this announcement, each of the experts above did not have any shareholding in any shares of the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group. Each of the experts above has given and has not withdrawn its written consent to the issue of this announcement with reference to its name included herein in the form and context in which it appears.

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

Hong Kong, 26 March 2010

As at the date of this announcement, the executive Directors are Mr. Zhang Jack Jiyei, Mr. Lam Cheung Shing, Richard and Mr. Zhu Yongjun and the independent non-executive Directors are Ms. Ha Ping, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Dr. Fu Tao.