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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: 00202)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES LIMITED

THE PLACING

After trading hours on 28 April 2010, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 440,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

The 440,000,000 Placing Shares represent approximately 18.93% of the issued share capital of the Company of 2,324,219,363 Shares as at the date of this announcement and approximately 15.92% of the issued share capital of 2,764,219,363 Shares as enlarged by the allotment and issue of the 440,000,000 Placing Shares. The aggregate nominal value of the Placing Shares will be HK\$44,000,000.

The Placing Price of HK\$0.65 represents a discount of approximately 10.96% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) the average closing price of HK\$0.73 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days prior to the date of this announcement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be HK\$286,000,000. The maximum net proceeds from the Placing will amount to approximately HK\$278,700,000 which is intended to be used for development of its environmental protection and water treatment operation and exploration of potential business and investment opportunities in the future. The maximum net proceeds raised per Share upon completion of the Placing will be approximately HK\$0.63 per Share.

THE PLACING AGREEMENT

Date

28 April 2010 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 440,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. The Directors are of the view that the placing commission of 2.5% is fair and reasonable. One of the beneficial owners of the Placing Agent is interested in 700,000 Shares as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the fact that one of the beneficial owners of the Placing Agent holds 700,000 Shares as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees who will be independent professional, institutional or other investors not connected or acting in concert (as defined in the Takeovers Code) with directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after completion of the Placing.

Number of Placing Shares

The 440,000,000 Placing Shares represent approximately 18.93% of the issued share capital of the Company of 2,324,219,363 Shares as at the date of this announcement and approximately 15.92% of the issued share capital of 2,764,219,363 Shares as enlarged by the allotment and issue of the 440,000,000 Placing Shares. The aggregate nominal value of the Placing Shares will be HK\$44,000,000.

Ranking of Placing Shares

The Placing Shares will rank, upon allotment and issue, pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares and will be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

Placing Price

The Placing Price of HK\$0.65 represents a discount of approximately 10.96% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) the average closing price of HK\$0.73 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days prior to the date of this announcement.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be allotted and issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 443,843,872 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Termination and force majeure

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earliest of (a) the completion of the Placing; (b) the Long Stop Date if the conditions precedent set out above have not been satisfied (or waived, as the case may be); and (c) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (ii) The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
 - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (iii) If, at or prior to 10:00 a.m. on the date of completion of the Placing;
- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or

- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing will take place on the fourth business day after the fulfilment of the conditions set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent in writing.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Hong Kong with limited liability. The principal business activities of the Group are environmental protection and water treatment operation; property investment operation and securities and financial operation. The maximum gross proceeds from the Placing will be HK\$286,000,000. The maximum net proceeds from the Placing will amount to approximately HK\$278,700,000 which is intended to be used for development of its environmental protection and water treatment operation and exploration of potential business and investment opportunities in the future. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.63 per Share.

The Directors have considered different types of fund raising arrangement and consider that the Placing is the most efficient way in terms of cost for the Company. In the meantime, the Company can take this opportunity to broaden the capital base of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

| Date of announcement | Event | Net proceeds | Intended use of proceeds as stated in the announcement | Actual use of proceeds |
|-----------------------------|--|---|---|--|
| 9 June 2009 | Issue of convertible notes | Approximately HK\$34,800,000 | To be used for general working capital. | The proceeds have been fully applied as intended. |
| 27 July 2009 | Issue of the first tranche convertible notes and grant of option to subscribe for the second tranche convertible notes | The first tranche: Approximately HK\$120,000,000 The second tranche: Approximately HK\$252,000,000 (Note) | To be used for repayment of short term loan and as general working capital. | HK\$120,000,000 have been used to repay a short term loan and HK\$92,000,000 have been applied as general working capital. |

Note: As at the date of this announcement, the second tranche convertible notes in the principal amount of HK\$160,000,000 have not been issued.

Save as disclosed above, the Company has not conducted any fund raising exercise during the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the 440,000,000 Placing Shares are placed in full and that there being no increase in the issued Shares from the date of this announcement until completion of Placing) are set out as below:

| | As at the date this announcement | | Upon completion of the Placing (assuming the 440,000,000 Placing Shares are placed in full) | |
|---------------------------|---|----------------------|--|----------------------|
| | <i>No. of Shares</i> | <i>Approximate %</i> | <i>No. of Shares</i> | <i>Approximate %</i> |
| Zhang Yang | 534,296,500 | 22.99 | 534,296,500 | 19.33 |
| Yao Kangda | 314,008,000 | 13.51 | 314,008,000 | 11.36 |
| Public: | | | | |
| Placees | – | 0.00 | 440,000,000 | 15.92 |
| Other public Shareholders | 1,475,914,863 | 63.50 | 1,475,914,863 | 53.39 |
| Total | 2,324,219,363 | 100.00 | 2,764,219,363 | 100.00 |

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

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| “AGM” | the annual general meeting of the Company held on 18 August 2009 |
| “Board” | the board of Directors |
| “Company” | Interchina Holdings Company Limited, a company incorporated in the Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange |
| “connected persons” | has the meaning ascribed to it under Rule 1.01 of the Listing Rules and as extended by Rule 14A.11 of the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of PRC |
| “Listing Committee” | the listing committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 30 June 2010 or such later date as may be agreed by the Company and the Placing Agent in writing |
| “Placee(s)” | any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares pursuant to the terms of the Placing Agreement |
| “Placing Agent” | Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

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|---------------------|--|
| “Placing Agreement” | the conditional placing agreement dated 28 April 2010 entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Price” | HK\$0.65 per Placing Share |
| “Placing Share(s)” | a maximum of 440,000,000 new Share(s) |
| “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 |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 28 April 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.