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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)

LEGALLY-BINDING FRAMEWORK AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

After trading hours on 5 November 2010, Interchina Tianjin, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the PRC Partner, in respect of the proposed formation of the JV with a registered capital of RMB50 million and a total investment amount of RMB500 million. The JV will be principally engaged in the exploration, processing and sale of natural soda water.

Pursuant to the Framework Agreement, Interchina Tianjin and the PRC Partner will hold 80% and 20% equity interests in the JV respectively. The formation of the JV is subject to the signing of the JV Agreement and obtaining of the approvals from the relevant regulatory bodies in the PRC. Should the JV Agreement be entered into by Interchina Tianjin, the transaction contemplated under the JV Agreement may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

It should be noted that formation of the JV is still subject to, among others, the signing of the JV Agreement. Accordingly, the proposed formation of the JV may or may not proceed. Shareholders of the Company and other investors are advised to exercise caution when dealing in the Shares.

This announcement is made by Interchina Holdings Company Limited (the “**Company**”) pursuant to Rule 13.09(1) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Framework Agreement

After trading hours on 5 November 2010, Interchina (Tianjin) Water Treatment Company Limited (“**Interchina Tianjin**”), a wholly-owned subsidiary of the Company, entered into a legally binding framework agreement (the “**Framework Agreement**”) with 北安市人民政府 (the People’s Government of Beian City*) (the “**PRC Partner**”), in respect of the proposed formation of a joint venture (the “**JV**”) in the People’s Republic of China (the “**PRC**”). To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company (the “**Directors**”), the PRC Partner and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Pursuant to the Framework Agreement, the registered capital of the JV shall be RMB50 million while its total investment amount shall be RMB500 million. The JV will be principally engaged in the exploration, processing and sale of natural soda water. Interchina Tianjin and the PRC Partner will hold 80% and 20% equity interests in the JV respectively. Interchina Tianjin shall contribute (in proportion to its equity interests) towards the registered capital of the JV in cash while the PRC Partner shall contribute by injecting of the exploitation right, the exploration right and right of use in relation to the identified exploration area of natural soda water together with all relevant information involved. Interchina Tianjin will be responsible for any fund-raising for the JV.

Currently, it is estimated that the annual production capacity of natural soda water by the JV is as follows:

After commencement of production	Estimated annual production capacity <i>(tonnes)</i>
First year	50,000
Second year	100,000
Third year	150,000
Fourth year	300,000
Fifth year	600,000

Pursuant to the Framework Agreement, the PRC Partner undertakes that (i) within one year after the JV has commenced production and (ii) upon the JV’s annual production capacity having reached the above plan, there shall be no other projects of the same nature in Beian City, save for any then existing brands.

Interchina Tianjin and the PRC Partner will enter into a definitive joint venture agreement (the “**JV Agreement**”) which will set out the definitive terms of the JV to be negotiated among the parties. If Interchina Tianjin and the PRC Partner did not enter into the JV Agreement within four months from the date of the Framework Agreement, either party shall have the right to terminate the Framework Agreement. Moreover, if the JV is not established by Interchina Tianjin within two months from the date of the Framework Agreement, the PRC Partner shall have the right to terminate the Framework Agreement.

The formation of the JV is subject to the signing of the JV Agreement and obtaining of the approvals from the relevant regulatory bodies in the PRC. Should the JV Agreement be entered into by Interchina Tianjin, the transaction contemplated under the JV Agreement may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

It should be noted that formation of the JV is still subject to, among others, the signing of the JV Agreement. Accordingly, the proposed formation of the JV may or may not proceed. Shareholders of the Company and other investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 5 November 2010

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

* *For identification purpose only*