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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)

FURTHER INFORMATION ON DISCLOSEABLE TRANSACTION

Reference is made to the announcement of the Company dated 2 March 2011 regarding a discloseable transaction in relation to the acquisition of the entire issued share capital of the Target and the Shareholder's Loan (the "**Announcement**"). Unless the context requires otherwise, terms used in this announcement shall have the same meanings as those defined in the Announcement.

To comply with the relevant provisions of the Listing Rules, the Company would like to provide Shareholders with the information regarding the valuation report in respect of the Mining Block held by SLP (the "**Valuation Report**"). The Company has appointed Roma Appraisals Limited, an independent competent evaluator, to prepare the Valuation Report. As at the date of this announcement, the preparation of the Valuation Report is still in progress. However, the Company would like to set out the basis of valuation, the relevant assumptions and the reason to adopt income-based approach in the valuation (subject to adjustment) as below for Shareholders' information:

A) Basis of valuation:

The valuation is based on going concern premise and conducted on a market value basis. Market value is defined as "the amount for which an asset could be exchange, or a liability settled between knowledgeable, willing parties in an arm's length transaction".

B) The valuation is prepared on the basis of the following specific assumptions:

- SLP has free and uninterrupted rights to operate the Project throughout the period until all resources of the Project is fully exploited and subject to no land premium or any payment to the government of substantial amount;
- SLP is entitled to dispose of, transfer and assign freely the interests in the Project for the whole of the unexpired terms as granted without payment of any premium to the governments;

- SLP can be freely disposed of and transferred free from all encumbrances for its existing or approved uses in the market to purchasers;
- All relevant approvals and business certificates, permits or licences to operate the business in the localities in which SLP operates or intends to operate would be officially obtained and renewable upon expiry;
- There will be sufficient supply of technical staff in the industry in which SLP operates, and SLP will retain competent management, key personnel and technical staff to support its ongoing operation and development;
- SLP will successfully develop the Project as planned;
- SLP has adopted reasonable and necessary security measures and has considered contingency plans against any disruption (such as fire, change of government policy, labour dispute, implementation of serious statutory mining safety measures, geologic formation structurally deformed and other types of unexpected accident or natural disasters or catastrophes) to the scheduled mining operations;
- There exist reliable and adequate transportation network and capacity for processing the mining products;
- There will be no major changes in the current taxation laws in the localities in which SLP operates or intends to operate. The rates of tax payable shall remain unchanged and all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which SLP operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of SLP; and
- Interest rates and exchange rates in the localities for the operation of SLP will not differ materially from those presently prevailed.

C) Reason for adoption of Income-Based Approach

In the process of valuing SLP, the independent competent evaluator has taken into account the uniqueness of its operation and the industry it is participating. The market-based approach (i.e. valuation of a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions) was not adopted in this case because most of the important assumptions of the comparable transactions, such as discount or premium on the transaction considerations, are not readily available. The asset-based approach (i.e. valuation based on the general concept that the earning power of a business entity is derived primarily from its existing assets) was also not adopted because it cannot reflect the market value of SLP. The independent competent evaluator has therefore considered the adoption of income-based approach in arriving at the market value of SLP.

Financial information used:

- Measured Resource of approximately 3.7 million tonnes and Indicated Resource of approximately 5.1 million tonnes.
- Discount rate used is 21.84%.
- 11.60% marketability discount has been considered.

The above information is based on the information contained in the draft Valuation Report.

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

Hong Kong, 4 March 2011

As at the date of this announcement, the executive Directors are Mr. Zhang Yang, 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.