
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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 RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES,
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Interchina Holdings Company Limited to be held at 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 9:30 a.m. on Friday, 12 August 2011 is enclosed. A form of proxy is also enclosed.

Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the annual general meeting or any adjourned meeting should you so wish.

18 July 2011

CONTENTS

	<i>Page</i>
Responsibility Statement	ii
Definitions	1
Letter from the Board	
Introduction	5
Proposed Re-election of Retiring Directors	6
Proposed General Mandates to Issue and Repurchase Shares	6
Proposed Adoption of the New Share Option Scheme and Termination of the Existing Share Option Scheme	6
Annual General Meeting	8
Recommendations	9
General information	9
Appendix I – Information on Retiring Directors	10
Appendix II – Explanatory Statement on Proposed Repurchase Mandate	13
Appendix III – Principal Terms of the New Share Option Scheme	16
Notice of Annual General Meeting	24

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme be adopted by ordinary resolution of the Company at the Annual General Meeting;
“AGM Notice”	notice of the Annual General Meeting which is set out on pages 24 to 29 of this circular;
“Annual General Meeting”	the annual general meeting of the Company to be held at 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 9:30 a.m. on Friday, 12 August 2011, to consider and, if appropriate, to approve the resolutions to be proposed at the Annual General Meeting or any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the same meaning as ascribed in the Listing Rules;
“Board”	the board of Directors;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of 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 Stock Exchange;
“Directors”	the directors of the Company;
“Eligible Employees”	any employee (whether full time or part time employee, including any executive directors but not any non-executive director and independent non-executive director) of the Company, its Subsidiaries and any Invested Entity;
“Existing Issue Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 30 July 2010 to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 30 July 2010;

DEFINITIONS

“Existing Repurchase Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 30 July 2010 to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 30 July 2010;
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 2 September 2002;
“Grantee”	any Participant (or any company wholly-owned by the Participant) who accepts the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Invested Entity”	any entity in which the Group holds an equity interest (irrespective of the percentage of such equity interest);
“Latest Practicable Date”	13 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme proposed to be conditionally approved at the Annual General Meeting, the principal terms of which are set out in Appendix III to this circular;
“Option(s)”	an option to subscribe for Shares to be granted pursuant to the New Share Option Scheme;

DEFINITIONS

“Participant”	any of the following: (aa) any Eligible Employee; (bb) any non-executive director (including independent non-executive director) of the Company, any of its Subsidiaries or any Invested Entity; (cc) any supplier of goods or services to any member of the Group or any Invested Entity; (dd) any customer of the Group or any Invested Entity; and (ee) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity;
“PRC”	the People’s Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of relevant resolution granting such proposed issue mandate;
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of relevant resolution granting such proposed repurchase mandate;
“Retiring Directors”	Mr. Zhang Yang, Mr. Lam Cheung Shing, Richard and Mr. Ho Yiu Yue, Louis;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

DEFINITIONS

“Subsidiaries”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

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:

Mr. Zhang Yang
Mr. Lam Cheung Shing, Richard
Mr. Zhu Yongjun
Mr. Zhang Chen

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
Mr. Fu Tao

18 July 2011

*To the Shareholders, and for information only,
holders of options of the Company*

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES,
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting for the approval of (a) proposed re-election of the Retiring Directors; (b) the grant to the Directors of the Proposed Issue Mandate; (c) the grant to the Directors of the Proposed Repurchase Mandate; (d) the extension of the Proposed Issue Mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate; and (e) the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Articles of Association, Mr. Zhang Yang, Mr. Lam Cheung Shing, Richard and Mr. Ho Yiu Yue, Louis shall retire from office. All of the Retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Brief biographies of the Retiring Directors to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 30 July 2010, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Directors.

In accordance with the provisions of the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall lapse if, inter alia, they are revoked or varied by ordinary resolutions of the Shareholders in general meeting.

Ordinary resolutions set out as resolutions 4(1)(d) and 4(2)(c) in the AGM Notice will be proposed at the Annual General Meeting to revoke the Existing Issue Mandate and the Existing Repurchase Mandate respectively. Resolutions to consider, and if thought fit, to approve the Proposed Issue Mandate and the Proposed Repurchase Mandate as set out in resolutions 4(1)(a), (b), (c) and (e) and resolutions 4(2)(a), (b) and (d) in the AGM Notice respectively will also be proposed at the Annual General Meeting. With reference to the Proposed Issue Mandate and the Proposed Repurchase Mandate, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant thereto. As at the Latest Practicable Date, the number of Shares in issue was 3,561,919,363 Shares. Subject to the passing of the resolution granting the Proposed Issue Mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed to issue a maximum of 712,383,872 Shares upon exercise of the Proposed Issue Mandate in full.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company pursuant to the ordinary resolution of the Shareholders on 2 September 2002. The Existing Share Option Scheme has a term of 10 years from its adoption date which will expire on 2 September 2012. The Board proposes to replace the Existing Share Option Scheme by the New Share Option Scheme. An ordinary resolution will be proposed at the Annual General Meeting to

LETTER FROM THE BOARD

seek Shareholders' approval of the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme. According to the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme, in such event no further options will be offered but the provisions of the Existing Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the Existing Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

Under the Existing Share Option Scheme, options to subscribe for an aggregate of 524,749,000 Shares had been granted, out of which options to subscribe for 335,449,000 Shares have been exercised and options to subscribe for 182,800,000 Shares remained outstanding as at the Latest Practicable Date. Options to subscribe for 6,500,000 Shares had lapsed under the Existing Share Option Scheme since its adoption. Save as disclosed and up to the Latest Practicable Date, no other options which remained exercisable had been granted under the Existing Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. The purpose of the New Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

The New Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, at the time of the grant of the Options, the Company may specify such minimum period or performance target and the rules of the New Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an Option. The basis for determination of the exercise price is also specified precisely in the rules of the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage the Participants to acquire proprietary interests in the Company. No trustees will be appointed under the New Share Option Scheme.

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution approving, inter alia, the adoption of the New Share Option Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

LETTER FROM THE BOARD

If the above condition (ii) is not satisfied on or before 31 August 2011, the New Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme. As at the Latest Practicable Date, no Option has been granted or agreed to be granted under the New Share Option Scheme. The Existing Share Option Scheme shall be terminated upon the New Share Option Scheme becoming effective. Such will be a natural consequence and not a condition of the adoption of the New Share Option Scheme.

As at the Latest Practicable Date, there were 3,561,919,363 Shares in issue. Assuming no further Shares are issued prior to the Adoption Date, Options to subscribe for a total of 356,191,936 Shares may be granted under the New Share Option Scheme, representing 10% of the total issued share capital of the Company as at the Adoption Date.

The Directors consider it inappropriate to disclose the value of Options which may be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, exercise period, interest rate, expected volatility and other variables. As no Option has been granted, certain variables are not available for calculating the value of Options. The Directors believe that any calculation of the value of Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme at the Annual General Meeting.

The full terms of the New Share Option Scheme can be inspected at the principal office of the Company at Room 701, 7/F, Aon China Building, 29 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 9:30 a.m. on Friday, 12 August 2011 is set out on pages 24 to 29 of this circular. Pursuant to Rules 13.39(4) to 13.39(5) of the Listing Rules, any voting of the Shareholders at the Annual General Meeting will be taken by way of poll and an announcement on the poll results of the Annual General Meeting will be made by the Company after the Annual General Meeting.

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy and return it to the

LETTER FROM THE BOARD

office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Annual General Meeting or any adjourned meeting should you so wish.

RECOMMENDATIONS

The Directors consider that the proposed resolutions for approval of (a) proposed re-election of the Retiring Directors; (b) granting to the Directors the Proposed Issue Mandate; (c) granting to the Directors the Proposed Repurchase Mandate; (d) to extend the Proposed Issue Mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate; and (e) the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are in the interests of the Company, the Shareholders and, in particular, the Group as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

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

This appendix sets out the information, as required to be disclosed by the Listing Rules, on the Retiring Directors proposed to be re-elected at the Annual General Meeting.

(1) Mr. Zhang Yang

Mr. Zhang Yang (“Mr. Zhang”), aged 48, rejoined the Company as an executive Director and chairman in January 2011. Mr. Zhang was appointed as an executive Director during the period from March 2000 to May 2009 and chairman of the Group during the period from September 2000 to May 2009. Mr. Zhang was also appointed as an executive director and chairman of Kai Yuan Holdings Limited, the issued shares of which are listed on the Stock Exchange, during the period from December 2001 to April 2007. Mr. Zhang was also appointed as a non-executive director and honourable chairman of China Pipe Group Limited, the issued shares of which are listed on the Stock Exchange, during the period from July 2007 to September 2008. Mr. Zhang studied in Industrial Automation Department of Shanghai Second Staff University. He has over twenty years of experience in industrial investment and management. Mr. Zhang is a substantial shareholder of the Company and is the brother of Mr. Zhang Chen who is an executive Director.

Save as disclosed herein, as at the Latest Practicable Date, (a) Mr. Zhang had not held any directorship in other listed public companies in the last three years and did not hold any other positions with the Company or other members of the Group; and (b) Mr. Zhang did not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

The Company has not entered into any service contract with Mr. Zhang and Mr. Zhang had not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Zhang is entitled to an annual remuneration of approximately HK\$4,260,000. He is also entitled to a discretionary bonus and reasonable out-of-pocket expenses. His remuneration was determined by the Board with reference to Mr. Zhang’s duties and responsibilities as well as the Company’s remuneration policy. As at the Latest Practicable Date, Mr. Zhang was interested in 1,033,300,000 Shares (representing approximately 29.01% of the issued share capital of the Company) within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no information in relation to Mr. Zhang which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matters in relation to the proposed re-election of Mr. Zhang that need to be brought to the attention of the Shareholders.

(2) Mr. Lam Cheung Shing, Richard

Mr. Lam Cheung Shing, Richard (“Mr. Lam”), aged 52, is the deputy chairman and chief executive officer of the Company since June 2009. In August 2001, Mr. Lam was appointed as an executive Director and deputy chief executive officer of the Company and was designated as the chairman of the Company during the period from May 2009 to June 2009. He was also the company secretary of the Company during the period from March 2004 to June 2009. Mr. Lam was appointed as an executive director of Kai Yuan Holdings Limited, the issued shares of which are listed on the Stock Exchange, during the period from

December 2001 to July 2008 and re-designated as a non-executive director during the period from July 2008 to November 2008. Mr. Lam was appointed as an executive director of China Pipe Group Limited, the issued shares of which are listed on the Stock Exchange, during the period from June 2007 to February 2009. Mr. Lam is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Lam was admitted to the Master Degree of Business Administration in the Chinese University of Hong Kong in 2006. Mr. Lam spent over ten years in PriceWaterhouseCoopers, an international accounting firm, and promoted to a senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Prior to joining the Group, Mr. Lam held senior positions in a number of listed companies in Hong Kong, including Sun Hung Kai & Co., Limited, Kingsway SW Asset Management Limited and U-Cyber Technology Holdings Limited. Save as disclosed herein, Mr. Lam had not held any directorship in any other public companies in the past three years and did not held any other position in the Group as at the Latest Practicable Date.

The Company has not entered into any service contract with Mr. Lam and Mr. Lam had not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Lam is entitled to an annual remuneration of approximately HK\$3,324,000. Mr. Lam emoluments were determined by the Board with reference to Mr. Lam's duties and responsibilities as well as the Company's remuneration policy. Save as being an executive Director, deputy chairman and chief executive officer of the Company, Mr. Lam did not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lam was deemed to be interested in 49,900,000 Shares (representing approximately 1.40% of the issued share capital of the Company) within the meaning of Part XV of the SFO, of which the Shares to be allotted and issued to Mr. Lam upon the exercise in full of the options granted to Mr. Lam.

Save as disclosed herein, there is no information in relation to Mr. Lam which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matters in relation to the proposed re-election of Mr. Lam that need to be brought to the attention of the Shareholders.

(3) Mr. Ho Yiu Yue, Louis

Mr. Ho Yiu Yue, Louis ("Mr. Ho"), aged 63 was appointed as an independent non-executive Director in April 2009. He obtained a Master Degree of Business Administration in Finance & Operations Research from Concordia University in Canada and is an Associate Member of both Hong Kong Institute of Certified Public Accountants and Australia Society of Certificate Practising Accountants. Mr. Ho had over 30 years working experience with international accounting professional firms and had been admitted as partner in Ernst & Young, PriceWaterhouseCoopers and Arthur Andersen, focusing on technology risk, system and process assurance and risk consulting practices. During that period, Mr. Ho provided services and advices to numerous blue chip corporations in both Hong Kong and the PRC. Mr. Ho was an independent non-executive director of China Pipe Group Limited, the issued shares of which are listed on the Stock Exchange. Save as disclosed herein, Mr. Ho had not held any directorship in any other public companies in the past three years and did not held any other position in the Group as at the Latest Practicable Date.

The Company has not entered into any service contract with Mr. Ho and Mr. Ho had not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the Articles of Association. The aggregate emoluments paid to Mr. Ho for the year ended 31 March 2011 amounted to approximately HK\$360,000. Mr. Ho emoluments were determined by the Board with reference to Mr. Ho's duties and responsibilities as well as the Company's remuneration policy. Save as being an independent non-executive Director, Mr. Ho did not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Ho was deemed to be interested in 3,500,000 Shares (representing approximately 0.10% of the issued share capital of the Company) within the meaning of Part XV of the SFO, of which the Shares to be allotted and issued to Mr. Ho upon the exercise in full of the options granted to Mr. Ho.

Save as disclosed herein, there is no information in relation to Mr. Ho which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matters in relation to the proposed re-election of Mr. Ho that need to be brought to the attention of the Shareholders.

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Proposed Repurchase Mandate.

(1) Share Capital

As at the Latest Practicable Date, the number of Shares in issue was 3,561,919,363 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 356,191,936 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

(2) Source of Funds

Repurchases must be funded out of fund legally available for the purpose and in accordance with the Articles of Association and the laws of Hong Kong, the jurisdiction in which the Company is incorporated.

(3) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and, or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it would have a material adverse impact on the working capital position and gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company for year ended 31 March 2011, being the date to which the latest published accounts of the Company were made up. The Directors do not propose to exercise the general mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

(4) Share Prices

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 months immediately preceding the Latest Practicable Date:

Month	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
July	0.90	0.75
August	0.97	0.82
September	0.93	0.89
October	0.91	0.88
November	1.04	0.88
December	1.29	0.95
2011		
January	1.36	1.17
February	1.50	1.28
March	1.71	1.47
April	1.60	1.40
May	1.55	1.31
June	1.39	1.13
July (up to and including the Latest Practicable Date)	1.43	1.30

(5) General

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong, as well as the regulations set out in the memorandum and Articles of Association.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Proposed Repurchase Mandate is approved.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Code. Accordingly, a Shareholder, or group of Shareholders acting in

concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Mr. Zhang was interested in 1,033,300,000 Shares, representing approximately 29.01% of the issued share capital of the Company. In the event that the Proposed Repurchase Mandate is exercised in full and there is no change in the issued share capital of the Company as at the date of passing of the relevant resolution granting the Proposed Repurchase Mandate, his percentage of shareholding would be increased to approximately 32.24% of the issued share capital of the Company. In the event that the Directors shall exercise the Proposed Repurchase Mandate in full and assuming there is no change in the issued share capital of the Company as at the date of passing of relevant resolution granting the Proposed Repurchase Mandate, Mr. Zhang would be required to make a mandatory offer under Rule 26 of the Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

THE NEW SHARE OPTION SCHEME

This Appendix III summarises the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the rules of the New Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

(i) Who may join

The Board shall be entitled at any time within the period of ten years after the Adoption Date to make offers to any Participant, as the Board may in its absolute discretion select, to take up Options to subscribe for Shares at a price calculated in accordance with sub-paragraph (ii) below.

(ii) Subscription price of Shares

The subscription price for Shares in respect of any Options granted under the New Share Option Scheme will be a price determined by the Board, in its absolute discretion, but in any case will not be lower than the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a trading day; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (3) the nominal value of a Share on the date of grant, provided that for the purpose of calculating the subscription price, where the Shares have been listed on the Stock Exchange for less than five trading days, the new issue price shall be used as the closing price for any trading day falling within the period before such listing. Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(iii) Grant of Option

No offer for grant of Options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting for approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the announcement of the results, no Option should be granted. Options may be granted to any company wholly-owned by a Participant.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(iv) Maximum number of Shares

- (1) The total number of Shares which may be issued upon exercise of all Options which may be granted under the New Share Option Scheme and any other share option schemes of the Group shall not exceed 10% of the total number of Shares in issue on the Adoption Date (the “**Scheme Mandate Limit**”) unless the Company obtains a fresh approval from the Shareholders pursuant to (2) below. Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (2) The Company may seek approval of Shareholders in general meeting to refresh the Scheme Mandate Limit provided that the Scheme Mandate Limit so refreshed must not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshment by the Shareholders. All options granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme and any other share option schemes of the Company and exercised options) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In seeking the approval, the Company shall send a circular to the Shareholders.
- (3) The Company may grant Options to Participant(s) beyond the Scheme Mandate Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the specified proposed Participants, the number and terms of the Options to be granted, the purpose of granting Options to the proposed Participants, and how these Options serve such purpose.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time.

No Participant shall be granted an Option if the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of the proposed grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the Shareholders in general meeting with the proposed Participant and his associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed Participant and the number and terms of the Options granted and to be granted. The number and terms of Options to be granted to such proposed Participant must be fixed before the Shareholders’ approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

Any grant of Option to the Directors, chief executive or substantial Shareholders (as defined in the Listing Rules) or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Option).

Where any grant of Option is made to a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director or any of their respective associates and the proposed grant of Option, when aggregated with the Options already granted and to be granted (including exercised, cancelled and outstanding Options) to such person(s) in the 12-month period up to and including the date of such grant, would entitle such person(s) to subscribe for over 0.1% of the Shares in issue and having an aggregate value in excess of HK\$5,000,000 based on the closing price of the Shares on the date of each grant, then the proposed grant of Option must be subject to approval by Shareholders in accordance with the Listing Rules. A circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms of the Option proposed to be granted. All connected persons of the Company must abstain from voting in favour at such general meeting. The Shareholders' approval as described above will also be required for any change in the terms of any Options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates.

(v) Time of exercise of Option

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may in its absolute discretion determine which shall not be more than ten years from the date of grant of the Option and subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an Option.

(vi) Rights are personal to Grantee

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. In the event that the Option is granted to a company wholly-owned by a Participant, such Participant shall not sell, transfer, encumber, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the share capital of such company wholly-owned by him. Any breach of the foregoing shall render the outstanding Options having automatically lapsed.

(vii) Rights on ceasing employment

In the event of the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by the Participant), being an Eligible Employee on the date of grant, ceasing to be an Eligible Employee for any reason, other than death or the termination of employment on any of the grounds referred to in (ix) below, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with the Company or the relevant member of the Group or the relevant Invested Entity

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

whether salary is paid in lieu of notice or not or such longer period following the date of cessation as the Board may determine (provided that the retirement of director(s) of the Group or the relevant Invested Entity at an annual general meeting of such member or Invested Entity who is/are re-elected at the same annual general meeting shall not be regarded as ceasing employment for the purpose of this paragraph).

(viii) Rights on death

In the event of the death of the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by a Participant) and provided that in the event the Grantee (or the beneficial owner of the Grantee, as the case may be) being an Eligible Employee on the date of grant, none of the events which would be a ground for termination of employment referred to in (ix) below arises prior to the death, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised).

(ix) Rights on dismissal

In the event the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by a Participant), being an Eligible Employee on the date of grant, ceases to be an Eligible Employee by reason of termination of employment on the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant member of the Group or the relevant Invested Entity, his Option shall lapse automatically (to the extent not already exercised) on the date on which the Grantee ceases to be an Eligible Employee.

(x) Effect of alterations to capital

In the event of any alteration to the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party or a placing or subscription of Shares in cash) pursuant to a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital while any Option remains exercisable, such corresponding alterations (if any), certified by an independent financial adviser or the auditors of the Company for the time being as fair and reasonable and in accordance with the requirements set out in this paragraph, shall be made in the number of Shares subject to the Option so far as unexercised; and/or the subscription price; and/or the maximum number of Shares referred to in sub-paragraph (iv) above, provided that no alteration shall be made such that a Share would be issued at less than its nominal value (and in such case the subscription price shall be reduced to the nominal value) or which would give a grantee a different proportion of the issued share capital of the Company as that to which he was previously entitled. Any adjustment made to the exercise price of, and/or the number of Shares subject to, any Options must comply with the Listing Rules and the supplemental guidance issued by the Stock Exchange on 5 September 2005.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(xi) Rights on a general offer

If a general offer or partial offer (whether by takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Grantee shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional.

(xii) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than five business days prior to the proposed general meeting of the Company whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting allot the relevant Shares to the Grantee credited as fully paid.

(xiii) Rights on a compromise or arrangement

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as or soon after it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his legal representative(s)) may forthwith and until the expiry of the period commencing from such date and ending on the earlier of the date falling two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court, exercise his Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

(xiv) Lapse of Option

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option period;
- (2) the date on which the Grantee commits a breach of (vi) above;
- (3) the expiry of any of the periods referred to in (vii) and (viii) above;
- (4) the date on which the offer (or, as the case may be revised offer) referred to (xi) above closes;
- (5) subject to (xii) above, the date of commencement of the winding-up of the Company;
- (6) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in (xiii) above;
- (7) the date on which the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by the Participant) ceasing to be an Eligible Employee by reason of (ix) above; or
- (8) the date on which the Board shall at its absolute discretion determine that the Grantee (other than an Eligible Employee) has committed any breach of contract entered into between the Grantee and the Group or any Invested Entity.

(xv) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an Option will be subject to all provisions of the articles of association of the Company and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after such date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before such date.

Unless the context otherwise requires, reference to “**Shares**” in this paragraph include shares in the Company of any other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of such shares from time to time of the Company.

(xvi) Duration of the New Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Option will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of Options (to the extent not already exercised) granted prior to such termination.

Subject to the aforesaid, the New Share Option Scheme shall be valid and effective for a period of ten years commencing from the date on which the New Share Option Scheme becomes effective, after which period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any Options granted prior thereto.

(xvii) Alterations to the New Share Option Scheme

The New Share Option Scheme may be altered in any respect by resolution of the Board except that alterations to the provisions of the New Share Option Scheme relating to (1) matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees; (2) the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme; (3) the terms and conditions of the New Share Option Scheme which are of a material nature or the terms of the Options granted (except where such alterations take effect automatically under the existing terms of the New Share Option Scheme) must be approved by Shareholders.

(xviii) Cancellation of Options granted

Any cancellation of Options granted but not exercised must be approved by the Board. Where any Option is cancelled and new Options are to be issued to the same Participant, the issue of such new Option may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as set out in (iv) above.

(xix) Performance target

There is no performance target that must be achieved before the Options can be exercised.

(xx) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (1) the passing of an ordinary resolution approving, inter alia, the adoption of the New Share Option Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and

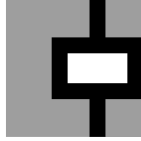
APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (2) the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of the Options under the New Share Option Scheme.

DOCUMENTS FOR INSPECTION

The full terms of the New Share Option Scheme can be inspected at the principal office of the Company at Room 701, 7/F, Aon China Building, 29 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING



INTERCHINA HOLDINGS COMPANY LIMITED

國 中 控 股 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

NOTICE IS HEREBY GIVEN that an annual general meeting of Interchina Holdings Company Limited (“**Company**”) will be held at 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 9:30 a.m. on Friday, 12 August 2011 at (or an adjournment thereof) for the following purposes:

1. To receive and consider the audited financial statements and the report of the directors and auditors for the year ended 31 March 2011;
2. To re-elect directors who offer themselves for re-election and to authorise the board of directors to fix their remuneration;
3. To re-appoint HLB Hodgson Impey Cheng as the auditors of the Company and to authorise the board of directors to fix their remuneration;
4. To consider and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares of the Company (the “**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or right to acquire Shares;
 - (iv) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

- (2) “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases, and subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
 - (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
 - (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- (3) “**THAT** conditional upon the passing of the Resolutions 4(1) and 4(2) as set out in the notice of this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 4(1) above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 4(2) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”
- (4) “**THAT:**
- (a) the rules of the new share option scheme of the Company (the “**New Share Option Scheme**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) be and are hereby approved and adopted as the new share option scheme of the Company subject to the conditions set out therein, and that the Directors be and are hereby authorised to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, notwithstanding that they or any of them may be interested in the same including without limitation to:
 - (i) implement the New Share Option Scheme and to grant options to person eligible under the New Share Option Scheme to subscribe for Shares;
 - (ii) modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is/are effected in accordance with the terms and provisions of the New Share Option Scheme in relation to modifications and/or amendments and the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
 - (iii) allot and issue and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and other share option scheme(s) (excluding the Existing Share Option Scheme, as defined below) shall not exceed 10% of the issued share capital of the Company as at the date of passing of this resolution (the “**Scheme Mandate Limit**”), with the

NOTICE OF ANNUAL GENERAL MEETING

acknowledgment that the Company may seek an approval from the shareholders in general meeting to refresh the Scheme Mandate Limit from time to time but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and other share option scheme(s) of the Company shall not in aggregate exceed 30% of the issued share capital of the Company from time to time; and

- (iv) make application at the appropriate time or times to The Stock Exchange of Hong Kong Limited and any other stock exchanges, if appropriate, for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of options granted under the New Share Option Scheme; and

- (b) the existing share option scheme adopted by the Company on 2 September 2002 (the “**Existing Share Option Scheme**”) be terminated upon the New Share Option Scheme becoming unconditional such that thereafter no further options shall be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect and options granted thereunder prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue.”

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

Hong Kong, 18 July 2011

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

Notes:

1. A shareholder of the Company (“**Shareholder**”) entitled to attend and vote at the annual general meeting (“**AGM**”) may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a Shareholder.

2. Where there are joint registered holders of any share of HK\$0.10 each in the capital of the Company (“**Share**”), any one such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM.
4. As at the date of this notice, the board of directors of the Company consists of Mr. Zhang Yang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun and Mr. Zhang Chen (all being executive directors), and Ms. Ha Ping, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Fu Tao (all being independent non-executive directors).