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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)

REGARDING THE SIGNING OF THE FRANCHISE AGREEMENT FOR THE SEWAGE TREATMENT PROJECT OF SHANDONG HEKOU LANSE ECONOMIC DEVELOPMENT ZONE

This announcement is made by the Company pursuant to rule 13.09 of the Listing Rules.

On 25 August 2011, Heilongjiang Interchina, a 53.77% owned subsidiary of the Company listed on the Shanghai Stock Exchange of the PRC, entered into the Franchise Agreement with the People's Government of Dongying City, Hekou District. The People's Government of Dongying City, Hekou District has granted franchise to Heilongjiang Interchina for investment, construction and operation, during the franchise period, of the sewage treatment project of Shandong Hekou Lanse Economic Development Zone in the PRC with a capacity of 40,000 tonnes/day, with a franchise period of 30 years.

This announcement is made by Interchina Holdings Company Limited (the "**Company**") pursuant to rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reference is made to the Chinese version of the overseas regulatory announcement of the Company dated 26 August 2011 concerning the announcement made by Heilongjiang Interchina Water Treatment Company Limited ("**Heilongjiang Interchina**") on the Shanghai Stock Exchange in respect of the signing of the franchise agreement for the sewage treatment project of Shandong Hekou Lanse Economic Development Zone.

THE FRANCHISE AGREEMENT

On 25 August 2011, Heilongjiang Interchina, a 53.77% owned subsidiary of the Company listed on the Shanghai Stock Exchange of the PRC, entered into a franchise agreement (“**Franchise Agreement**”) with the People’s Government of Dongying City, Hekou District. The People’s Government of Dongying City, Hekou District has granted franchise to Heilongjiang Interchina for investment, construction and operation, during the franchise period, of the sewage treatment project of Shandong Hekou Lanse Economic Development Zone in the PRC with a capacity of 40,000 tonnes/day, with a franchise period of 30 years.

Heilongjiang Interchina will establish a project company by the way of cash contribution, whose registered capital will be no less than 40% of the total investment under the preliminary plan. The registration of the project company should be completed within 3 months after the Franchise Agreement comes into effect. The construction of the project shall be completed to the stage of being ready for the trial run of water treatment within 12 months after the signing of the Franchise Agreement.

REASON FOR SIGNING THE FRANCHISE AGREEMENT

The signing of the said franchise agreement by Heilongjiang Interchina will facilitate the development of water treatment business of the Group and create financial benefits for the Group in the long term.

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

Hong Kong, 26 August 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, Mr. Ko Ming Tung, Edward and Mr. Fu Tao.