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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)

(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE

(2) PLACING OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

Placing Agent



KINGSTON SECURITIES LTD.

PLACING OF PLACING SHARES

After the trading hours on 13 December 2011, the Company entered into the Share Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, 712,000,000 Placing Shares through the Placing Agent, on a best effort basis, to not less than six Placées at the Placing Price.

A maximum of 712,000,000 Placing Shares under the Share Placing represent approximately 19.99% of the existing issued share capital of the Company of 3,562,669,363 Shares as at the date of this announcement and approximately 16.66% of the issued share capital of 4,274,669,363 Shares as enlarged by the Share Placing.

The Placing Price of HK\$0.31 represents a discount of approximately 18.42% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) the average closing price of HK\$0.359 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of this announcement.

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

On the assumption that all the Placing Shares are successfully placed, the gross proceeds from the Share Placing will be approximately HK\$220,720,000 and the net proceeds from the Share Placing will be approximately HK\$214,800,000.

PLACING OF CONVERTIBLE NOTES

After the trading hours on 13 December 2011, the Company entered into the CN Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place Convertible Notes of up to a principle amount of HK\$294,500,000 through the Placing Agent, on a best effort basis, to not less than six CN Places in five (5) tranches.

The Convertible Notes will carry a right to convert into Conversion Shares at the conversion price of, subject to adjustments, HK\$0.31 per Share. Assuming all the Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the HK\$294,500,000 principal amount of the Convertible Notes at the Conversion Price, a total of 950,000,000 Conversion Shares will be issued, representing approximately 26.67% of the existing issued share capital of the Company and approximately 18.18% of the Company's issued share capital as enlarged by the issue of the Placing Shares and the Conversion Shares.

On the assumption that all Convertible Notes are fully placed, the gross proceeds from the CN Placing will be HK\$294,500,000 and the net proceeds from the CN Placing will be approximately HK\$286,600,000.

The aggregate gross proceeds from the Share Placing and CN Placing will be HK\$515,220,000 and the aggregate net proceeds from the Share Placing and CN Placing will be approximately HK\$501,400,000.

EGM

The CN Placing is subject to approval of Shareholders. The Conversion Shares will be allotted and issued under the specific mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

CONNECTED TRANSACTION

Both the Placing Agent, and Kingston Corporate Finance Limited, being the financial advisor in respect of the Share Placing and the CN Placing, are indirect wholly-owned subsidiaries of Kingston Financial Group Limited, of which Mrs. Chu is a controlling shareholder. Mrs. Chu is also a substantial shareholder of the Company. Therefore the Placing Agent and Kingston Corporate Finance Limited are connected persons of the Company within the meaning of Rule 14A.11 of the Listing Rules and the services provided by the Placing Agent and Kingston Corporate Finance Limited are connected transaction. As the aggregate of the commissions and financial advisory fee payable to the Placing Agent and Kingston Corporate Finance Limited by the Company in respect of the Share Placing and the CN Placing is on normal commercial terms and is less than 5% under the relevant percentage ratios under Rules 14.07 and 14A.32 of the Listing Rules, the connected transactions in respect of the Share Placing and the CN Placing are subject only to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Circular containing, among others, further details of (i) the CN Placing, (ii) a notice of the EGM and (iii) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that each of the Share Placing Agreement and the CN Placing Agreement are subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SHARE PLACING AGREEMENT

Date

13 December 2011 (after trading hours)

Parties

The Company (as issuer) and Kingston (as Placing Agent)

Placing Agent

Kingston has conditionally agreed with the Company to place a maximum of 712,000,000 Placing Shares on a best effort basis and Kingston will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

Kingston is an indirect wholly-owned subsidiary of Kingston Financial Group Limited, of which Mrs. Chu is a controlling shareholder. Mrs. Chu is also a substantial shareholder of the Company. Therefore, Kingston is a connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules.

Placees

The Placing Agent agreed to place the Placing Shares on a best effort basis to not fewer than six Placees (who will be independent professional, institutional or other investor), who and whose ultimate beneficial owner(s) will not be connected persons (as defined in the Listing Rules) of the Company. None of the individual Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Share Placing.

Placing Shares

712,000,000 Placing Shares, representing approximately 19.99% of the Company's existing issued share capital as at the date of this announcement and approximately 16.66% of its issued share capital as enlarged by the Placing Shares.

The Placing Shares will be issued under the general mandate to allot, issue and deal with Shares granted to the Board by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the general mandate, the Company is authorized to issue up to 712,533,872 Shares. Up to the date of this announcement, no Shares have been issued under the general mandate.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.31 represents a discount of approximately 18.42% to the benchmarked closing price of HK\$0.38 per Share, which is the higher of (i) the closing price of HK\$0.38 as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price of approximately HK\$0.359 as quoted on the Stock Exchange for the last consecutive five trading days immediately prior to the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent market prices, the performance of the Shares and the current market conditions. The Board considers that the terms of the Share Placing Agreement are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

The net proceeds raised per Placing Share upon the completion of the Share Placing will be approximately HK\$0.302. The aggregate nominal value of the Placing Shares under the Share Placing is approximately HK\$71,200,000.

Conditions of the Share Placing

Completion of the Share Placing is conditional upon (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Placing Shares; (b) the obligations of the Placing Agent under the Share Placing Agreement not being terminated in accordance with the terms of the Share Placing Agreement, including provisions regarding force majeure event.

If the conditions precedent are not fulfilled in whole or in part by the Placing Agent prior to 5:00 p.m. on 13 March 2012 or such later date to be agreed between the Company and the Placing Agent in writing, the Share Placing will be terminated and will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure of the Share Placing

The Placing Agent may terminate the Share Placing Agreement by notice in writing prior to 9:00 a.m. on the completion date of the Share Placing, if in the absolute opinion of the Placing Agent, the success of the Share Placing would be materially and adversely affected by any force majeure events:

- (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 Share 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 would, 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 Share Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Share Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation to suspension or material restriction or trading in securities) occurs which affect the success of the Share Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Share Placing.

If, at or prior to 9:00 a.m. on the completion date of the Share Placing:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Share Placing Agreement; or
- (b) any suspension in the trading on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the any announcements or circulars relating to the Share Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Share 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 Share Placing.

Completion of the Share Placing

Completion of the Share Placing shall take place within four business days after the fulfillment of the conditions as set out in the Share Placing Agreement or such later date to be agreed between the Company and the Placing Agent in writing.

Listing

Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE SHARE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Share Placing represents an opportunity to raise additional capital for the Company to enhance its general working capital base and to finance any business opportunities which is expected to enhance its growth.

The Directors consider that the terms of the Share Placing, including the rate of the placing commission, are fair and reasonable based on the current market conditions. Accordingly, the Directors consider that the Share Placing is in the interests of the Company and the Shareholders as whole.

The gross proceeds and the net proceeds from the Share Placing will be approximately HK\$220,720,000 and HK\$214,800,000 respectively. The Board intends to apply the net proceeds (or any part thereof as the Company may consider necessary) as to (i) approximately HK\$130,000,000 for the development of its nature resources operation and (ii) approximately HK\$84,800,000 for general working capital purposes.

THE CN PLACING AGREEMENT

Date

13 December 2011 (after trading hours)

Parties

The Company (as issuer) and Kingston (as Placing Agent)

Placing Agent

Kingston has conditionally agreed to act as the agent of the Company to place, on a best efforts basis, the Convertible Notes which are proposed to be issued in a maximum aggregate principal amount of HK\$294,500,000. The Placing Agent will receive a placing commission of 2.5% of the amount equal to the aggregate principal amount of the Convertible Notes actually placed by the Placing Agent to selected Placees in the relevant tranche of the CN Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent.

Kingston is an indirect wholly-owned subsidiary of Kingston Financial Group Limited, of which Mrs. Chu is a controlling shareholder. Mrs. Chu is also a substantial shareholder of the Company. Therefore, Kingston is a connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules.

The Board is of the view that the terms of the CN Placing Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Placees

The Placing Agent will place the Convertible Notes to not less than six independent Placees (who will be independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) will not be connected persons (as defined in the Listing Rules) of the Company. None of the individual Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after the CN Placing.

Conditions of the CN Placing

The CN Placing is conditional upon:

- (a) the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the relevant Conversion Shares under the relevant tranche of the CN Placing;
- (b) the granting of approval by the Shareholders on the CN Placing Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares) at the EGM;

If the conditions are not fulfilled on or before the 90th day from the date of the EGM (or such later date as may be agreed between the Company and the Placing Agent), the CN Placing will be terminated and will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure for the CN Placing

The CN Placing Agreement may be terminated by the Placing Agent, if, at any time prior to 9:00 a.m. on the relevant date of completion of the CN Placing, in the absolute opinion of the Placing Agent, the success of the CN Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the CN 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 CN Placing Agreement; or
- (c) any of the following events:
 - (i) 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
 - (ii) 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 CN 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 would, 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 Convertible Notes by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Notes; or
 - (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Notes (such success being the placing of the Convertible Notes to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Notes

then and in any such case, the Placing Agent may terminate the CN Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the relevant completion date of the CN Placing and provided further that such termination shall not affect any partial completion of the Convertible Notes that have taken place prior to such date of termination.

Completion of the CN Placing

Completion of the CN Placing shall take place within four business days following the date on which the conditions of the CN Placing Agreement are fulfilled or in such other date as the Company and the Placing Agent shall agree.

The CN Placing can be completed partially by a maximum of five (5) tranches provided that the aggregate principal amount of the Convertible Notes to be issued by the Company for each partial completion shall not be less than HK\$60,000,000 and in integral multiple of HK\$3,100,000 (save for the last tranche of the CN Placing where the aggregate principal amount of the Convertible Notes to be issued by the Company may be less than HK\$60,000,000). The Company will issue an announcement upon each partial completion of the CN Placing. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the relevant Conversion Shares once the Placing Agent confirms to the Company that the aggregate principal amount of the Convertible Notes to be subscribed by the Placees has reached HK\$60,000,000 and that partial completion of the CN Placing can take place.

The Convertible Notes

The terms of the Convertible Notes have been negotiated on arm's length basis and the principal terms of which are summarized below:

Principal amount

A maximum aggregate amount of HK\$294,500,000.

Interest

2% per annum, payable per quarter

Maturity date

The Convertible Notes shall mature on the date falling upon the expiry of three (3) years from the date on which the Convertible Notes is first issued or if such date is not a business day, the immediate preceding business day.

Denomination

HK\$3,100,000 each.

Conversion price

The conversion price, subject to the adjustments, shall be HK\$0.31 per Share. The conversion price of the Convertible Notes was arrived at after arm's length negotiations between the Company and the Placing Agent and with reference to the market price of the Shares and the net asset value of the Company. The conversion price of HK\$0.31 per Share represents:

- (a) a discount of approximately 18.42% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.99% to the average of the closing price per Share of approximately HK\$0.369 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 12.43% to the average of the closing price per Share of HK\$0.354 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

Conversion

Each Noteholder may convert the whole or part of the principal amount of the relevant Convertible Notes (in multiple of HK\$3,100,000 at any one time of conversion) into Conversion Shares unless the principal amount of the outstanding Convertible Notes are less than HK\$3,100,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Notes shall be converted.

No conversion shall be made by the Noteholder unless the Noteholder provides, to the reasonable satisfaction of the Company, evidence that such Noteholder, its associates and its parties acting in concert (as defined under the Takeovers Code) will not become obliged to make a mandatory offer in accordance with the Takeovers Code immediately upon conversion.

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes in the aggregate amount of HK\$294,500,000 at the conversion price of HK\$0.31 per Share by all holders of the Convertible Notes, the Company will issue an aggregate of approximately 950,000,000 Conversion Shares, representing approximately 26.67% of the existing issued share capital of the Company and approximately 18.18% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Conversion Shares.

Ranking

The Conversion Shares will rank *pari passu* in all respects with all the Shares then in issue at the date of the conversion notice.

Redemption by the Company

The Company shall, at any time before the Maturity Date, have the option to redeem the Convertible Notes in whole or in part by giving not less than 7 clear business days' prior notice. The amount payable for any redemption shall be the relevant amount of the principal amount of the Convertible Notes so redeemed.

Status of the Convertible Notes

The Convertible Notes constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. The holders of the Convertible Notes shall not be entitled to receive dividend of the Company.

Transferability

The Convertible Notes are freely transferrable except that the Convertible Notes may not be assigned or transferred to a connected person of the Company. The Company will notify the Stock Exchange should it become aware of the Convertible Notes have been assigned or transferred to a connected person of the Company.

Voting Rights

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Listing

No application will be made for the listing of the Convertible Notes. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares in the manner as set out above.

Specific Mandate

The Conversion Shares to be issued pursuant to conversion of the Convertible Notes will be, if approved by the Shareholders at the EGM, allotted and issued under a specific mandate.

REASONS FOR THE CN PLACING AND USE OF PROCEEDS

The Board considers that the issue of the Convertible Notes is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding. In addition, the CN Placing gives the opportunity to the Company to broaden its shareholder and capital base and strengthen the cash position of the Company. Accordingly, the Board considers that the CN Placing is fair and reasonable to the Shareholders and the Company as a whole.

The gross proceeds and the net proceeds from the CN Placing will be approximately HK\$294,500,000 and HK\$286,600,000. The Board intends to apply the net proceeds (or any part thereof as the Company may consider necessary) obtained from the CN Placing (i) as to

HK\$143,300,000 for general working capital (including repayment of bank loan); (ii) as to HK\$143,300,000 for the development of environmental protection and water treatment operation.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not carried out any fund raising activities 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 Share Placing (assuming the Placing Shares are placed in full) and upon full conversion of the Conversion Shares are set out as below:

	As at the date of this announcement		Upon completion of the Share Placing		Upon completion of the Share Placing and full conversion of the Convertible Notes	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Mrs. Chu	1,033,300,000	29.00	1,033,300,000	24.17	1,033,300,000	19.78
Placees under the Share Placing	—	0.00	712,000,000	16.66	712,000,000	13.63
Noteholders	—	0.00	—	—	950,000,000	18.18
Public	<u>2,529,369,363</u>	<u>71.00</u>	<u>2,529,369,363</u>	<u>59.17</u>	<u>2,529,369,363</u>	<u>48.41</u>
	<u>3,562,669,363</u>	<u>100.00</u>	<u>4,274,669,363</u>	<u>100.00</u>	<u>5,224,669,363</u>	<u>100.00</u>

CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The Placing Agent is a licensed corporation to carry on type 1 regulated activities (dealing in securities) under the SFO.

Kingston Corporate Finance Limited is a licensed corporation to carry on type 6 regulated activities (advising on corporate finance) under the SFO.

Both the Placing Agent and Kingston Corporate Finance Limited, being the financial advisor in respect of the Share Placing and the CN Placing, are indirect wholly-owned subsidiaries of Kingston Financial Group Limited, of which Mrs. Chu is a controlling shareholder. Mrs. Chu is also a substantial shareholder of the Company. Therefore the Placing Agent and Kingston Corporate Finance Limited are connected persons of the Company within the meaning of Rule 14A.11 of the Listing Rules and the services provided by the Placing Agent and Kingston Corporate Finance Limited are connected transactions.

As the aggregate of the commissions and financial advisory fee payable to the Placing Agent and Kingston Corporate Finance Limited by the Company in respect of the Share Placing and the CN Placing is on normal commercial terms and is less than 5% under the relevant percentage ratios under Rules 14.07 and 14A.32 of the Listing Rules, the connected transactions in respect of the Share Placing and the CN Placing are subject only to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company and its subsidiaries principally engaged in environmental protection and water treatment operation, property investment operation, nature resources operation and securities and financial operation.

The Circular containing, among others, further details of (i) the CN Placing, (ii) a notice of the EGM and (iii) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that each of the Share Placing Agreement and the CN Placing Agreement are subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 12 August 2011
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular to be issued by the Company to the Shareholders giving details of, inter alia, (i) the CN Placing, (ii) a notice of the EGM and (iii) other information concerning the Company as required under the Listing Rules
“Company”	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	the conversion price of HK\$0.31 per Conversion Share (subject to adjustments)

“Conversion Shares”	new Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	the convertible notes to be issued by the Company in the maximum aggregate principle amount of HK\$294,500,000 due on the Maturity Date pursuant to the CN Placing Agreement
“CN Placing”	the placing of up to a principle amount of HK\$294,500,000 Convertible Notes pursuant to the CN Placing Agreement
“CN Placing Agreement”	the conditional placing agreement dated 13 December 2011 entered into between the Company and the Placing Agent in relation to the CN Placing
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the CN Placing Agreement and the transactions contemplated there under including the allotment and Issue of the Conversion Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kingston” or “Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on type 1 regulated activities (dealing in securities) under the SFO
“Last Trading Day”	13 December 2011, being the date of the Placing Agreement and the CN Placing Agreement which is a business day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling upon the expiry of three years from the date on which the Convertible Notes is first issued or if such date is not a business day, the immediate preceding business day
“Mrs. Chu”	Mrs. Chu Yuet Wah
“Noteholder(s)”	the holder(s) of the Convertible Notes
“Placee(s)”	placee(s) under the Share Placing and/or the CN Placing
“Placing Price”	HK\$0.31 per Share under the Share Placing Agreement

“Placing Shares”	up to a maximum of 712,000,000 Placing Shares to be placed through Kingston pursuant to the Share Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Placing”	the placing of 712,000,000 Placing Shares by Kingston on a best effort basis pursuant to the Share Placing Agreement
“Share Placing Agreement”	the conditional placing agreement dated 13 December 2011 entered into between the Company and the Placing Agent in relation to the Share Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchase
“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
Executive Director

Hong Kong, 13 December 2011

As at the date of this announcement, the executive Directors are Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun and Mr. Wong Hin Shek; and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chi Chi Hung, Kenneth.