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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)

SALE AND PURCHASE AGREEMENT AND OPTION AGREEMENT

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 10 February 2012, Heilongjiang Interchina entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, being the acquisition of an aggregate of 10% equity interest in Beijing Company. The aggregate Consideration is RMB55,000,000 (equivalent to approximately HK\$67,901,000) shall be payable upon Completion.

As at the date of this announcement, the Company is indirectly interested in approximately 53.77% of the capital of Heilongjiang Interchina. As the relevant percentage ratios (as defined in the Listing Rules) are below 5%, the Acquisition does not constitute any notifiable transaction of the Company under the Listing Rules.

THE OPTION AGREEMENT

On 10 February 2012, Heilongjiang Interchina entered into the Option Agreement with the Grantors in relation to the Options granted by the Grantors to Heilongjiang Interchina to acquire an aggregate of 90% equity interest in Beijing Company. The aggregate premium payable for the Options is RMB10,000,000 (equivalent to approximately HK\$12,346,000), being the Option Consideration. The Options are exercisable within the Option Period, but completion of the sale and purchase of such 90% equity interests in Beijing Company is still subject to the signing of the Formal Agreement. The aggregate Exercise Price, which also represents the aggregate consideration for the sale and purchase of the 90% equity interests in Beijing Company, amount to RMB495,000,000 (equivalent to approximately HK\$611,111,000), which shall be payable within 18 months after such sale and purchase has become unconditional.

As the relevant percentage ratios (as defined in the Listing Rules) are below 5%, the grant of the Options does not constitute any notifiable transaction of the Company under the Listing Rules. However, if the sale and purchase of the 90% equity interests in Beijing Company materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the sale and purchase of the 90% of Beijing Company will be made by the Company as and when appropriate.

This announcement is made pursuant to Rule 13.09 (2) of the Listing Rules.

Reference is made to the Chinese version of the overseas regulatory announcement of the Company dated 15 February 2012 regarding the announcement made by Heilongjiang Interchina on the Shanghai Stock Exchange on 15 February 2012 in relation to the Sale and Purchase Agreement and the Option Agreement entered by Heilongjiang Interchina.

THE SALE AND PURCHASE AGREEMENT

On 10 February 2012, Heilongjiang Interchina entered into the Sale and Purchase Agreement with the Vendors in relation to the Acquisition, being the acquisition of an aggregate of 10% equity interest in Beijing Company.

Date of the Sale and Purchase Agreement

10 February 2012

Effective date of the Sale and Purchase Agreement

14 February 2012, being the date on which the board of directors of Heilongjiang Interchina has approved, among others, the Acquisition.

Parties

Purchaser: Heilongjiang Interchina, which is indirectly owned as to 53.77% by the Company as at the date of this announcement.

Vendors: 韓立新 (Han Lixin) and 姚淑華 (Yao Shuhua). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendors is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

Assets to be acquired and amount of Consideration

Vendors	Assets involved	Consideration
1. 韓立新 (Han Lixin):	7.584% of the equity interest of Beijing Company	RMB41,712,000 (equivalent to approximately HK\$51,496,000)
2. 姚淑華 (Yao Shuhua):	2.416% of the equity interest of Beijing Company	RMB13,288,000 (equivalent to approximately HK\$16,405,000)
	Total:	<u>RMB55,000,000</u>

The aggregate Consideration is RMB55,000,000 (equivalent to approximately HK\$67,901,000) shall be payable upon Completion.

The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the unaudited net assets value of Beijing Company as at 30 September 2011 of approximately RMB60,840,000 (equivalent to approximately HK\$75,111,000) and the business prospects of Beijing Company. The Consideration will be financed by the internal resources of the Group.

Conditions

Completion is subject certain conditions as set out in the Sale and Purchase Agreement including but not limited to Beijing Company having obtained all necessary internal procedure for approving the Acquisition and the Board having passed the relevant resolution(s) to approve the Acquisition and the transactions contemplated thereunder.

Completion

Completion will take place within five working days upon the conditions have been fulfilled.

Listing Rule implications

As at the date of this announcement, the Company is indirectly interested in approximately 53.77% of the capital of Heilongjiang Interchina. As the relevant percentage ratios (as defined in the Listing Rules) below 5%, the Acquisition does not constitute any notifiable transaction of the Company under the Listing Rules.

THE OPTION AGREEMENT

Date

10 February 2012

Parties

Grantee: Heilongjiang Interchina

Grantors: 韓德民 (Han Demin), 韓立新 (Han Lixin), 韓宇 (Han Yu), 韓子石 (Han Zishi), 朱東柯 (Zhu Dongke), 張靜 (Zhang Jing) and 北京首佳融通物流技術有限公司 (Beijing Sojarton Logistics Technology Co., Ltd.). Save for 韓立新 (Han Lixin) being one of the Vendors under the Sale and Purchase Agreement, to best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Grantors is a party independent of the Group and its connected persons (as defined in the Listing Rules).

Subject matter

The Grantors granted the Options to Heilongjiang Interchina, which is exercisable at the sole discretion of Heilongjiang Interchina at any time during the Option Period by serving the Option Notice, to demand and require the Grantors to sell to Heilongjiang Interchina an aggregate of 90% equity interest of Beijing Company at the Exercise Price, subject to the signing of the Formal Agreement.

Aggregate Option Consideration

RMB10,000,000 (equivalent to approximately HK\$12,346,000). In the event the Options have been exercised and the Formal Agreement has been signed, the Option Consideration shall be applied towards satisfaction of equivalent amount of the Exercise Price. In the event the Options have not been exercised within the Option Period or if the Options have been exercised but the Formal Agreement has not been signed due to the fault of Heilongjiang Interchina, the Option Consideration shall be payable within 5 working days thereafter. If due to the Grantors' fault, (i) Heilongjiang Interchina cannot exercise the Options or (ii) the Formal Agreement cannot be signed within 15 working days after serving the Option Notice, Heilongjiang Interchina is not required to pay the Option Consideration and the Grantors shall pay the amount equivalent to the Option Consideration to Heilongjiang Interchina as compensation within five working days.

Option Period

Within 3 months from the date of Option Agreement.

Formal Agreement

The Grantors and Heilongjiang Interchina shall enter into the Formal Agreement within 15 working days upon serving the Option Notice by Heilongjiang Interchina.

Exercise Price

The relevant Exercise Price payable to the relevant Grantors shall be calculated as follows:

$$\text{RMB495,000,000} \quad \times \quad \frac{\text{equity interest of Beijing Company to be acquired}}{90\%}$$

The Exercise Price shall be payable only if the Formal Agreement has been signed, whereby in such event, it shall be payable within 18 months after the Formal Agreement has become unconditional.

Completion of the Formal Agreement

Within 18 months upon the conditions set out in the Formal Agreement have been fulfilled.

Other terms

In the event the Options have not been exercised within the Option Period or if the Options have been exercised but the Formal Agreement has not been signed due to the fault of Heilongjiang Interchina, the Vendors might request to purchase 10% equity interests of Beijing Company at the Consideration.

Listing Rule implications

The exercise of Options does not imply the consummation of the sale and purchase of 90% equity interests in Beijing Company — such sale and purchase is still subject to the Formal Agreement having become unconditional.

As the relevant percentage ratios (as defined in the Listing Rules) are below 5%, the grant of the Options does not constitute any notifiable transaction of the Company under the Listing Rules. However, if the sale and purchase of the 90% equity interests in Beijing Company materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the sale and purchase of the 90% of Beijing Company will be made by the Company as and when appropriate.

DEFINITIONS

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

“Acquisition”	the acquisition of an aggregate of 10% equity interest of Beijing Company pursuant to the Sale and Purchase Agreement
“Beijing Company”	北京天地人環保科技有限公司 (Beijing TDR Enviro-Tech Co., Ltd), a company established in the PRC
“Board”	the board of Directors

“Company”	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Directors”	directors of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into by the Grantors and Heilongjiang Interchina within 15 working days upon serving the Option Notice in relation to the sale and purchase of 90% of the equity interests in Beijing Company
“Grantors”	韓德民 (Han Demin), 韓立新 (Han Lixin), 韓宇 (Han Yu), 韓子石 (Han Zishi), 朱東柯 (Zhu Dongke), 張靜 (Zhang Jing) and 北京首佳融通物流技術有限公司 (Beijing Sojarton Logistics Technology Co., Ltd.)
“Group”	the Company and its subsidiaries
“Heilongjiang Interchina”	黑龍江國中水務股份有限公司 (Heilongjiang Interchina Water Treatment Company Limited), a company established in the PRC and its A shares are listed on the Shanghai Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option Agreement”	the option agreement entered into between Heilongjiang Interchina and the Grantors dated 10 February 2012 in respect of the Options to acquire an aggregate of 90% of equity interest of Beijing Company
“Option Consideration”	RMB10,000,000, being the aggregate consideration for the Options
“Option Notice”	the written notice exercising the Options
“Option Period”	within three months from the date of the Option Agreement
“Options”	the options granted by the Grantors to Heilongjiang Interchina pursuant to the Option Agreement
“PRC”	the People’s Republic of China (which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Heilongjiang Interchina and the Vendors dated 10 February 2012 in respect of the acquisition of an aggregate of 10% equity interest of Beijing Company
“Shareholders”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	韓立新 (Han Lixin) and 姚淑華 (Yao Shuhua)

Conversion of RMB into HK\$ is based on the exchange rate of RMB0.81 = HK\$1.00.

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

Hong Kong, 15 February 2012

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.