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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)**

### **UPDATE ON THE MAJOR ACQUISITION**

The Board announces that Heilongjiang Interchina has decided to acquire the aggregate 90% equity interest of Beijing Company by instalments which constitute a major transaction of the Company and was duly passed by the shareholders of the Company at the Company's extraordinary general meeting held on 19 December 2012. Completion shall take place in part within 18 months upon the Sale and Purchase Agreement become effective on 19 December 2012. It expects the acquisition of the First Tranche Shares will be completed on or before 31 March 2012.

Reference is made to the circular of Interchina Holdings Company Limited (the "**Company**") dated 23 November 2012 (the "**Circular**") in relation to, among other things, the major transaction of the Company regarding the Acquisition. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

#### **Update on the Acquisition**

The major transaction in relation to the Acquisition was duly passed by the shareholders of the Company at the Company's extraordinary general meeting held on 19 December 2012. Pursuant to the Sale and Purchase Agreement, when all of the conditions precedents of the Completion has been fulfilled, Completion shall take place: (i) in whole within 10 working days upon receipt of fund by Heilongjiang Interchina from its fund raising activity; or (ii) in part within 18 months upon the Sale and Purchase Agreement becoming effective, whichever is earlier. Heilongjiang Interchina shall have the right to acquire the aggregate 90% equity interest of Beijing Company simultaneously or by instalments. In the event Heilongjiang Interchina decided to acquire the aggregate 90% equity interest of Beijing Company by instalments, it shall complete the Acquisition within 18 months upon the Sale and Purchase Agreement having become effective.

The board of directors of Heilongjiang Interchina has decided to acquire the aggregate 90% equity interest of Beijing Company by instalments and on 28 December 2012, Heilongjiang Interchina and Mr. Han Lixin (“**Mr. Han**”), as one of the Vendors who selling his 63.5711% equity interest in the Beijing Company to Heilongjiang Interchina at the consideration of RMB349,641,050 (equivalent to approximately HK\$431,656,000), entered into the equity transfer agreement (the “**Agreement**”) in relation to the selling of his 20% equity interest in the Beijing Company (the “**First Tranche Shares**”) to Heilongjiang Interchina at the consideration of RMB110,000,000 (equivalent to approximately HK\$135,802,000), being the first tranche Consideration which is calculated by RMB349,641,050 divided by 63.5711% times 20% and represented approximately 22.22% of the Consideration.

The first tranche Consideration shall be satisfied in the following manner:

- i) as to RMB55,000,000 (equivalent to approximately HK\$67,901,000) (the “**Deposit**”) payable by Heilongjiang Interchina to Mr. Han prior to 20 January 2013 in cash as part payment of the first tranche Consideration;
- ii) as to the remaining of RMB55,000,000 (equivalent to approximately HK\$67,901,000) (the “**Balance**”), Heilongjiang Interchina shall have the right to choose the payment in the agreed manner (a) or (b):
  - a) Heilongjiang Interchina shall settle the payment of RMB25,000,000 (equivalent to approximately HK\$30,864,000) to Mr. Han prior to 10 February 2013; and settle the payment of RMB30,000,000 (equivalent to approximately HK\$37,037,000) to Mr. Han prior to 31 March 2013. Meanwhile, Heilongjiang Interchina shall have the right to choose to set off the corresponding amount of the Balance against the paid deposit of RMB10,000,000 (equivalent to approximately HK\$12,346,000) according to the Sale and Purchase Agreement, and shall only be required to make an actual payment of RMB20,000,000 equivalent to approximately HK\$24,691,000) to Mr. Han; or
  - b) Heilongjiang Interchina is in the process of applying for a bank loan in a total amount of RMB250,000,000 (equivalent to approximately HK\$308,642,000) from Ping An Bank, Dongguan Branch. Subject to and conditional upon the approval of the grant of the loan prior to 31 March 2013, Heilongjiang Interchina will be able to make the payment of the Balance to Mr. Han before 31 March 2013 on a one-off basis.

Besides, it is mutually agreed by both parties that the closing date for the First Tranche Shares (the “**Closing Date**”) shall be the date on which the Deposit is paid by Heilongjiang Interchina to Mr. Han according to the Agreement. The First Tranche Shares held by Mr. Han shall be vested with Heilongjiang Interchina from the Closing Date. Mr. Han shall take all necessary actions to complete the change and registration procedures in respect of the equity transfer with the industry and commerce authority at which the Beijing Company is registered within ten working days from the Closing Date.

The Board is of the opinion that the Agreement does not constitute any change of terms of the Sale and Purchase Agreement and only elaborate the details for the transfer of a 20% equity interest in the Beijing Company, in accordance with the Sale and Purchase Agreement which shall be the First Tranche Shares of the Beijing Company being acquired by Heilongjiang Interchina under the Acquisition.

Following the completion of the First Tranche Shares acquisition, Heilongjiang Interchina shall have a cumulative 30% equity interest in the Beijing Company. Heilongjiang Interchina will continue to undertake the Sale and Purchase Agreement and acquire the remaining 70% equity interest in the Beijing Company from the Vendors. The Company will make update announcement on the progress of the Acquisition at the appropriate time.

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

Hong Kong, 31 December 2012

*As at the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun, Mr. Zhu Deyu and Mr. Lu Yaohua, and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan.*