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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF PROPERTY**

The Board is pleased to announce that on 23 November 2012 (after the trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser for the disposal of the Property at the Consideration of RMB280,000,000.

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

On 29 August 2012, Equal Smart Profits Limited (“**Equal Smart**”), an indirect wholly-owned subsidiary of the Company entered into the Letter of Intent with Warburg Pincus Asia LLC as intended Purchaser in relation to the Disposal. The Board is pleased to announce that on 23 November 2012, Equal Smart (as vendor) and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, a summary of the major terms of which is set out below.

#### **SALE AND PURCHASE AGREEMENT**

##### **1. Date**

23 November 2012, (after the trading hours)

##### **2. Parties**

- (a) Vendor: Equal Smart (as vendor); and
- (b) Purchaser: 上海平祥企業管理有限公司 (an affiliate company of Warburg Pincus Asia LLC as purchaser), a company incorporated in the PRC with limited liability and principally engaged in industrial investment and corporate management in the PRC.

To the best knowledge, information and belief of the Directors, the Purchaser and its ultimate beneficial owner and Warburg Pincus Asia LLC are third parties independent of the Company and its connected persons of the Company and there was no previous transaction entered into between the Company and the Purchaser before the date of this announcement.

### **3. Assets to be disposed of**

The Property, being the second basement, the first basement, the first floor and second floor of No. 1546 Dalian Road, Yangpu District, Shanghai, the PRC, with the total building areas of approximately 18,370.15 square metres (the “**Property**”). The Property is under renovation and is vacant at the moment.

### **4. Consideration**

The Consideration is RMB280,000,000 (equivalent to approximately HK\$345,679,000), among which, RMB124,500,000 (equivalent to approximately HK\$153,704,000) shall be paid by the Purchaser to the Vendor within 10 business days after the signing of the Sale and Purchase Agreement as the first payment of the Consideration, RMB140,000,000 (equivalent to approximately HK\$172,840,000), representing 50% of the Consideration shall be paid by the Purchaser to the Vendor within 30 business days after (i) the title of the Property has been transferred to the Purchaser; (ii) the relevant property and land tax of the Property has been paid; and (iii) the Purchaser has been satisfied the conditions of the Property including the decoration and the facilities in the Property, and RMB15,500,000 (equivalent to approximately HK\$19,135,000) being the remaining balance of the Consideration shall be paid by the Purchaser to the Vendor within 30 business days after (i) all of the associate of the Vendor has been moved out from the Property; (ii) the account registration of water, electricity and gas have been transferred from the Vendor to the Purchaser; (iii) the Purchaser has entered into a new management agreement of the Property with the property management company; (iv) the repair fund of the Property has been transferred from the Vendor to the Purchaser; and (v) the Purchaser has obtained the settlement evidence of the decoration contract sum of the Property with the engineering company and proved that 85% of the decoration cost has been paid by the Vendor together the engineering company has agreed all of the right of the Vendor under the decoration contract will be transferred to the Purchaser. The Consideration is settled by cash.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market price of the similar properties in similar location and the existing condition of the Property.

### **5. Completion**

Completion takes place upon the transfer of the property rights and the Consideration is fully paid. It is expected that completion would take place on or before 30 January 2013.

## **REASONS FOR THE DISPOSAL**

As at the date of this announcement, the principal activities of the Group are environmental water treatment operation, property investment operation and natural resources operation.

The Property is suitable for developing consolidate entertainment centre in the district but have been vacant and undergoing renovation for over one year. Due the PRC economic development are currently under fine-tune adjustment, the Group has difficulty in looking for potential tenants. The Disposal is expected to provide a good opportunity for the Group to strengthen its working capital and reserve the estimate net proceed from the Disposal of approximately HK\$302,469,000 (equivalent to approximately RMB245,000,000) as funding to seek for another high quality investment/assets, which is in the commercial interest of the Company and its shareholders in the long run.

The Vendor acquired the Property in 2002 at a purchase price of RMB110,220,900 (equivalent to approximately HK\$136,075,000). Based on the aggregate carrying amount of the Property including the leasehold improvement of approximately HK\$414,643,000 (equivalent to approximately RMB335,860,000) at 30 September 2012, it is expected that the Group will realize a loss from the Disposal of approximately HK\$110,939,000 (equivalent to approximately RMB94,860,000) before audit adjustment, if any. The loss is mainly due to the written off of the leasehold improvement of the Property of approximately HK\$68,966,000 and the provision of approximately HK\$41,975,000 for the relevant taxes to be incurred for the completion of the Disposal.

The Directors consider that the terms of the Sale and Purchase Agreement and the Disposal are on normal commercial terms, which are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

## **GENERAL**

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liabilities, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules and as extended under Rule 14A.11 of the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Property owned by the Vendor to the Purchaser, subject to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Letter of Intent”	the non-legally binding letter of intent dated 24 August 2012 entered into between the Equal Smart and Warburg Pincus Asia LLC in relation to the proposed Disposal
“PRC”	People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Sale and Purchase Agreement”	the sales and purchase agreement dated 23 November 2012 entered into between the Vendor and the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 23 November 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, 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.*