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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Financial Adviser to the Company**



**KINGSTON CORPORATE FINANCE LTD.**

**Placing Agent**



**KINGSTON SECURITIES LTD.**

#### **THE PLACING**

After the trading hours on 29 March 2012, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place a maximum 854,000,000 Placing Shares, on a best effort basis, to not less than six Places at the Placing Price.

A maximum of 854,000,000 Placing Shares under the Placing represent approximately 19.98% of the existing issued share capital of 4,274,669,363 Shares as at the date of this announcement and approximately 16.65% of the then issued share capital of 5,128,669,363 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$85,400,000.

The Placing Price of HK\$0.42 represents a discount of approximately 18.6% to the benchmarked closing price of HK\$0.516 per Share, which is the higher of (i) the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) the average closing price of HK\$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The 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 Placing will be approximately HK\$358,680,000 and the net proceeds from the Placing will be approximately HK\$351,100,000.

### **CONNECTED TRANSACTION**

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. The placing commission and financial advisory fees payable to the Placing Agent and Kingston Corporate Finance Limited by the Company in respect of the Placing are on normal commercial terms. The aggregate of the placing commission and financial advisory fee receivable by the Placing Agent and Kingston Corporate Finance Limited under the Placing Agreement is within the annual cap for the three months ending 31 March 2012 approved by the Shareholders at the EGM.

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

## **THE PLACING AGREEMENT**

### **Date**

29 March 2012 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed with the Company to place to a maximum of 854,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.0% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

The Placing Agent is an indirectly 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, the Placing Agent 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 Placing.

### **Placing Shares**

854,000,000 Placing Shares, representing approximately 19.98% of the Company's existing issued share capital as at the date of this announcement and approximately 16.65% 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 resolution of the Shareholders passed at the EGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the EGM. Under the general mandate, the Company is authorized to issue up to 854,933,872 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\$0.42 represents a discount of approximately 18.6% to the benchmarked closing price of HK\$0.516 per Share, which is the higher of (i) the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) the average closing price of approximately HK\$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

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 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 Placing will be approximately HK\$0.411. The aggregate nominal value of the Placing Shares under the Placing is approximately HK\$85,400,000.

## **Conditions of the Placing**

Completion 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 Placing Agreement not being terminated in accordance with the terms of the 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 29 June 2012 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing 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 Placing**

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of Completion, if in the absolute opinion of the Placing Agent, the success of the 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 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 to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the 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 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 Placing.

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

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the 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 Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the 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 Placing.

### **Completion of the Placing**

Completion will take place within four business days after the fulfillment of the conditions as set out in the 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 the listing of, and permission to deal in, the Placing Shares.

### **REASONS FOR AND BENEFIT OF THE PLACING AND USE OF PROCEEDS**

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

The maximum gross proceeds from the Placing will be approximately HK\$358,680,000. The estimated net proceeds from the Placing, after deducting the related placing fee, professional fees and all other related expenses incurred in connection with the Placing which will be borne by the Company, are expected to be approximately HK\$351,100,000, representing a net placing price of approximately HK\$0.411 per Placing Share. The Company intends to apply the net proceeds (i) as to approximately HK\$221,100,000 for supporting payment of the consideration for increasing the Group's equity interest in 北京天地人環保科技有限公司 (Beijing TDR Enviro-Tech Co., Ltd), which is principally engaged in the development of the treatment technology and technique and the production of equipment/construction of facility for sewage water treatment purpose, in the event of exercise of an option for further acquisition, details of which were set out in the Company's announcement dated 15 February

2012; (ii) as to approximately HK\$100,000,000 for the funding for a possible acquisition of a nature resources operation project, which the Company has identified and is in negotiations with the counterparty whereas no terms have been finalized nor definitive agreements have been entered into up to the date of this announcement; and (iii) as to approximately HK\$30,000,000 as general working capital for Group's business segment in securities and financial operation.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

Save for the equity fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
13 December 2011	Placing of 712,000,000 Shares under general mandate at HK\$0.31 per Share	<ul style="list-style-type: none"> <li>— Approximately HK\$130 million for the development of its nature resources operation</li> <li>— Approximately HK\$84.8 million for general working capital of the Group</li> </ul>	<ul style="list-style-type: none"> <li>— Approximately HK\$127.3 million used for the settlement of the amounts payable for the acquisition of Universe Glory Limited in relation to the development of nature resources operation, details of which are set out in the Company's announcement dated 2 March 2011</li> <li>— Approximately HK\$7.6 million used for the capital expenditure for the abovementioned nature resources project</li> <li>— Approximately HK\$57 million used for repayment of bank borrowings</li> <li>— Approximately HK\$22.9 million used for other general working capital of the Group (such as payment of staff costs, administrative costs, accounts payables incurred from business operation, and other business operation costs, etc.)</li> </ul>

The Board is of the view that the above actual uses of net proceeds do not deviate from their intended uses. In relation to the development of nature resources operation, the Board considers the acquisition of Universe Glory Limited has milestone significance to the Group's development in the field, and therefore the abovementioned consideration settlement and capital expenditure serve a necessary step for the development in that area. In relation to the general working capital, the Board views that any matters connected to the management of resources required for the Group's daily operation are regarded as general working

capital. These include repayment of bank borrowings, payment of staff costs, administrative costs, accounts payables incurred from business operation, and other business operation costs, etc.

## 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 Placing (assuming the Placing Shares are placed in full) are set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	No. of Shares	Approx.%	No. of Shares	Approx.%
Rich Monitor Limited ( <i>Note 1</i> )	1,033,300,000	24.17	1,033,300,000	20.15
<b>Public Shareholders</b>				
Places	—	—	854,000,000	16.65
Other public Shareholders	<u>3,241,369,363</u>	<u>75.83</u>	<u>3,241,369,363</u>	<u>63.20</u>
	<u>4,274,669,363</u>	<u>100.00</u>	<u>5,128,669,363</u>	<u>100.00</u>

*Note:*

(1) Rich Monitor Limited is wholly-owned by Mrs. Chu.

## CONNECTED TRANSACTIONS

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 placing agent and the financial advisor in respect of the Placing respectively, 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.

The placing commission and financial advisory fees payable to the Placing Agent and Kingston Corporate Finance Limited by the Company in respect of the Placing are on normal commercial terms. The aggregate of the placing commission and financial advisory fee receivable by the Placing Agent and Kingston Corporate Finance Limited under the Placing Agreement is within the annual cap for the three months ending 31 March 2012 approved by the Shareholders at the EGM.



## GENERAL

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

**Shareholders and potential investors should note that the Placing Agreement is 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:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Interchina Holdings Co. 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
“Completion”	completion of the Placing in accordance with the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company held on 6 March 2012
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	29 March 2012, being the date of the Placing Agreement which is a business day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mrs. Chu”	Mrs. Chu Yuet Wah
“Placee(s)”	Placee(s) under the Placing
“Placing”	the placing of 854,000,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement



“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on type 1 regulated activities (dealing in securities) under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 March 2012 in relation to the Placing
“Placing Price”	HK\$0.42 per Share under the Placing Agreement
“Placing Shares”	up to a maximum of 854,000,000 Placing Shares to be placed through the Placing Agent pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 and*  
*Chief Executive Officer*

Hong Kong 29 March 2012

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