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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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DEEMED DISPOSAL OF SUBSIDIARY

AMENDMENTS TO THE TERMS OF NON-PUBLIC SHARE ISSUE

On 21 June 2012, the board of directors of Heilongjiang Interchina approved the Non-public Share Issue Proposal and part of the net proceeds raised was intended to use to complete the Huaibei Zhonglian Acquisition.

However, as the relevant local government did not approve the Acquisition Agreement within the agreed timeframe, Heilongjiang Interchina and the Vendor mutually agreed to terminate the Acquisition Agreement with immediate effect. As a result, on 20 September 2012, the board of directors of Heilongjiang Interchina approved to amend certain terms of the Non-public Share Issue Proposal such that: (i) part of the net proceeds raised from the Non-public Share Issue would not be applied towards the Huaibei Zhonglian Acquisition as it has already been terminated; and (ii) the maximum proceeds raised from the Revised Non-public Share Issue will be reduced by RMB34,300,000 from RMB1,290,000,000 to RMB1,255,700,000. Save for the aforesaid, all other proposed terms of the Non-public Share Issue Proposal remain unchanged.

Reference is made to the announcements of Interchina Holdings Company Limited (the “**Company**”) dated 25 June 2012 and 12 July 2012 in relation to, among others, the Non-public Share Issue, the Deemed Disposal and the Huaibei Zhonglian Acquisition (the “**Announcements**”). Unless the context requires otherwise, terms used herein have the same meanings as those defined in the Announcements.

BACKGROUND

On 21 June 2012, the board of directors of Heilongjiang Interchina, a subsidiary of the Company with its shares listed on the Shanghai Stock Exchange, the PRC, approved a proposal (being the Non-public Share Issue Proposal) in respect of the issue of not more than 160,000,000 Heilongjiang Interchina New Shares at the price of not less than RMB8.03 per Heilongjiang Interchina Share to not more than ten subscribers. The maximum proceeds shall not exceed RMB1,290,000,000. The proposed Non-public Share Issue is subject to the approval of (i) the shareholders of Heilongjiang Interchina; (ii) the CSRC; and (iii) the Shareholders at the EGM.

As announced by the Company on 21 June 2012, the net proceeds from the proposed Non-public Share Issue is expected to be not more than RMB1,242,000,000 which Heilongjiang Interchina plans to apply in the following manner:

- (a) as to approximately RMB495,000,000 for the Beijing TDR Acquisition, details of which are set out in the announcement of the Company dated 27 June 2012;
- (b) as to approximately RMB34,300,000 for the Huaibei Zhonglian Acquisition;
- (c) as to approximately RMB422,700,000 for the development of the existing water projects of Heilongjiang Interchina;
- (d) as to approximately RMB100,000,000 for increase in the registered capital of Beijing TDR;
- (e) as to approximately RMB45,000,000 for increase in the registered capital of Beijing Zhongkei;
- (f) as to approximately RMB45,000,000 as registered capital of Interchina CAS Ecological Scientific Innovation; and
- (g) the balance of RMB100,000,000 as general working capital of Heilongjiang Interchina Group.

AMENDMENTS TO THE TERMS OF NON-PUBLIC SHARE ISSUE

On 21 June 2012, Heilongjiang Interchina and 上海環瑞投資管理有限公司 (Shanghai Huan Rui Investment & Management Co., Ltd*) (the “**Vendor**”) entered into a conditional acquisition agreement (the “**Acquisition Agreement**”) in relation to the Huaibei Zhonglian Acquisition. An amount of RMB8,400,000 was paid by Heilongjiang Interchina to the Vendor as deposit. The Huaibei Zhonglian Acquisition does not constitute any notifiable transaction of the Company under the Listing Rules.

Since approval from the relevant local government cannot be obtained within the agreed timeframe in relation to the Acquisition Agreement, Heilongjiang Interchina and the Vendor mutually agreed to terminate the Acquisition Agreement with immediate effect and the Vendor has refunded the deposit of RMB8,400,000 to Heilongjiang Interchina and thereafter each party shall absolutely and irrevocably release each other from all obligations and duties under the Acquisition Agreement.

Based on the above, on 20 September 2012, the board of directors of Heilongjiang Interchina approved to amend the terms of the Non-public Share Issue (the revised Non-public Share Issue shall be regarded as the “**Revised Non-public Share Issue**”) as follows:

- (i) part of the net proceed raised from the Non-public Share Issue would not be used in the Huaibei Zhonglian Acquisition as it has already been terminated; and
- (ii) the maximum proceeds raised from the Revised Non-public Share Issue will be reduced by RMB34,300,000 from RMB1,290,000,000 to RMB1,255,700,000.

Set out below is the principal terms of the Revised Non-public Share Issue:

	Non-public Share Issue	Revised Non-public Share Issue
Number of Heilongjiang Interchina Shares to be issued	: not more than 160,000,000, the exact amount is subject to the limit approved by the shareholders of Heilongjiang Interchina and to be determined with the underwriter. On 27 July 2012, 中國民族證券有限責任公司 (China Minzu Securities Company Limited) has been appointed as the underwriter for the Non-public Share Issue. It is agreed that the Non-public Share Issue will be made on best effort basis.	not more than 160,000,000, the exact amount is subject to the limit approved by the shareholders of Heilongjiang Interchina and to be determined with the underwriter. On 27 July 2012, 中國民族證券有限責任公司 (China Minzu Securities Company Limited) has been appointed as the underwriter for the Revised Non-public Share Issue. It is agreed that the Revised Non-public Share Issue will be made on best effort basis.
	To best knowledge, information and belief of the Directors having made all reasonable enquiries, 中國民族證券有限責任公司 (China Minzu Securities Company Limited) is a party independent of the Group and its connected persons.	To best knowledge, information and belief of the Directors having made all reasonable enquiries, 中國民族證券有限責任公司 (China Minzu Securities Company Limited) is a party independent of the Group and its connected persons.

Non-public Share Issue**Revised Non-public Share Issue**

Issue price	:	to be determined based on the principles of price priority from subscribers after the approval from the CSRC has been obtained, which shall be not less than RMB8.03, being 90% of the average closing price of Heilongjiang Interchina Shares as quoted on the Shanghai Stock Exchange for the 20 trading days immediately before the Price Determination Date. In case there is bonus issue of Heilongjiang Interchina Shares, declaration of dividend or capitalisation during the period between the Price Determination Date and the date the Heilongjiang Interchina New Shares are issued, the Issue Price shall be adjusted accordingly.	to be determined based on the principles of price priority from subscribers after the approval from the CSRC has been obtained, which shall be not less than RMB8.03, being 90% of the average closing price of Heilongjiang Interchina Shares as quoted on the Shanghai Stock Exchange for the 20 trading days immediately before the Price Determination Date. In case there is bonus issue of Heilongjiang Interchina Shares, declaration of dividend or capitalisation during the period between the Price Determination Date and the date the Heilongjiang Interchina New Shares are issued, the Issue Price shall be adjusted accordingly.
Maximum proceeds:	:	shall not exceed RMB1,290,000,000	shall not exceed RMB1,255,700,000
Subscribers	:	to be determined, but tentatively not more than ten subscribers, which might include financial institutions, securities investment and fund management companies, trust investment companies, insurance companies, qualified PRC offshore investors, individuals or other qualified investors under the PRC laws. As at the Latest Practicable Date, the Company and Heilongjiang Interchina did not intend to issue any Heilongjiang Interchina New Shares to its or the Company's connected persons	to be determined, but tentatively not more than ten subscribers, which might include financial institutions, securities investment and fund management companies, trust investment companies, insurance companies, qualified PRC offshore investors, individuals or other qualified investors under the PRC laws. As at the Latest Practicable Date, the Company and Heilongjiang Interchina did not intend to issue any Heilongjiang Interchina New Shares to its or the Company's connected persons
Lock-up	:	the Heilongjiang Interchina New Shares issued shall be subject to a lock-up of 12 months from the date of issue	the Heilongjiang Interchina New Shares issued shall be subject to a lock-up of 12 months from the date of issue

The net proceeds from the proposed Revised Non-public Share Issue is expected to be not more than RMB1,207,700,000 which Heilongjiang Interchina has revised to apply in the following manner:

- (a) as to approximately RMB495,000,000 for the Beijing TDR Acquisition, details of which are set out in the announcement of the Company dated 27 June 2012;
- (b) as to approximately RMB422,700,000 for the development of the existing water projects of Heilongjiang Interchina;
- (c) as to approximately RMB100,000,000 for increase in the registered capital of Beijing TDR;
- (d) as to approximately RMB45,000,000 for increase in the registered capital of Beijing Zhongkei;
- (e) as to approximately RMB45,000,000 as registered capital of Interchina CAS Ecological Scientific Innovation; and
- (f) the balance of RMB100,000,000 as general working capital of Heilongjiang Interchina Group.

Save as disclosed in this announcement, all other proposed terms of the Non-public Share Issue Proposal remain unchanged.

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

Hong Kong, 20 September 2012

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

* *For identification purpose only*