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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT WITH RESEARCH CENTRE FOR ECO-ENVIRONMENTAL SCIENCES, CHINESE ACADEMY OF SCIENCES

This voluntary announcement is published by the Company in order to update the shareholders and potential investors of the Company of its latest development.

The Company is pleased to announce that, on 31 May 2012, Heilongjiang Interchina, a subsidiary of the Company whose A Shares are listed on the Shanghai Stock Exchange of the PRC, has entered into the Strategic Cooperation Framework Agreement with RCEES. Both parties have agreed to jointly invest in and incorporate the Scientific Innovation Company for the management and implementation of actual operations involved in the incubation of technological innovation and industrialisation.

Pursuant to the terms of the Strategic Cooperation Framework Agreement, the registered capital of the Joint Venture Company shall be RMB50,000,000 (approximately HK\$61,728,000). RCEES shall contribute its equity by injecting patented intellectual properties with assessed value of not less than RMB5,000,000 (approximately HK\$6,172,000) and hold a 10% interest in the Scientific Innovation Company; while Heilongjiang Interchina shall contribute RMB45,000,000 (approximately HK\$55,556,000) in cash and hold a 90% interest in the Scientific Innovation Company and become its controlling shareholder.

This voluntary announcement is published by Interchina Holding Company Limited (the “**Company**”) in order to update the shareholders and potential investors of the Company of its latest development.

The Company is pleased to announce that, on 31 May 2012, Heilongjiang Interchina, a subsidiary of the Company whose A Shares are listed on the Shanghai Stock Exchange of the PRC, has entered into the Strategic Cooperation Framework Agreement with the Research Centre for Eco-Environmental Sciences, Chinese Academy of Sciences (“RCEES”), pursuant to which both parties have agreed to establish a joint venture company in the PRC.

Date : 31 May 2012

Parties : (1) Heilongjiang Interchina
(2) RCEES

RCEES is founded in 1975, and its predecessor was the Institute of Environmental Chemistry of Chinese Academy of Sciences, which was established with the approval of the State Council of the PRC. In 1986, with authorisation by Ministry of Science and Technology and the Chinese Academy of Sciences, it was merged with the Research Center of Ecology of Chinese Academy of Sciences, and its name had since been changed to its current name. Its major scopes of research include environmental chemistry, environmental engineering, environmental biology and systems ecology. Its research focus is the interdisciplinary collaboration of environmental chemistry, environmental engineering, ecology, biology, geography, among others. With its comprehensive and interdisciplinary strengths, it is capable of conducting studies in regional, national and global ecological and environmental issues of material importance. To the best of knowledge, information and belief of the directors of the Company having made all the reasonable enquiries, RCEES and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

ESTABLISHMENT OF JOINT VENTURE COMPANY

Both parties to the Strategic Cooperation Framework Agreement have agreed to establish a joint venture company, namely 國中中科環境科技創新有限責任公司 (Interchina CAS Ecological Scientific Innovation Co. Ltd.*) (hereinafter referred to as the “**Joint Venture Company**” or “**Scientific Innovation Company**”). Heilongjiang Interchina shall contribute RMB45,000,000 (approximately HK\$55,556,000) in cash and hold a 90% interest in the Scientific Innovation Company and become its controlling shareholder. RCEES shall contribute its equity by injecting patented intellectual properties with assessed value of not less than RMB5,000,000 (approximately HK\$6,172,000) and hold a 10% interest in the Scientific Innovation Company. Upon establishment, the Scientific Innovation Company shall become a non-wholly owned subsidiary of the Company

The Joint Venture Company shall be responsible for the management and implementation of actual operations involved in incubation in technological innovation and industrialisation.

* For identification purposes only

REASONS FOR THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group is principally engaged in environmental and water treatment operation, property investment operation and securities and financial operation as well as strategic investment in Hong Kong and the PRC.

The Company considers that the establishment of the Joint Venture Company is in the interest of the Group as it will be benefited from the strengths of RCEES, including its human resources on science and technology, and platforms provided by the State's key laboratories and "Zhongguancun Open Laboratory for Environmental Engineering and Materials", among others, which will provide necessary support and coverage for incubation in technological innovation and industrialisation and consequently will boost profit growth of the Group in the future.

DEFINITIONS

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

"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Heilongjiang Interchina"	Heilongjiang Interchina Water Treatment Company Limited, a company established in the PRC and its A shares are listed on the Shanghai Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

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

Hong Kong, 31 May 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.