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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

This announcement is made pursuant to rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 28 June 2012 (after the trading hours), Universe Glory, an indirect wholly-owned subsidiary of the Company entered into a non-legally binding MOU with the Vendors pursuant to which Universe Glory intended to acquire and the Vendors intended to sell the Sale Shares, representing 35% of issued share capital of SLP, which is principally engaged in mining business and is holder of IUP Operation Production in respect of the Mining Blocks in the Republic of Indonesia for the period of twenty years. As at the date of this announcement, Universe Glory is directly interested in 65% equity interest in SLP.

Upon the execution of the MOU, Universe Glory and the Vendors will proceed to the negotiation for the Sale and Purchase Agreement and the completion of the Possible Acquisition is subject to the entering into of the Sale and Purchase Agreement and any other agreements contemplated under the Possible Acquisition on or before 30 September 2012.

The Board wishes to emphasise that the Possible Acquisition may or may not proceed. In the event that any formal agreement is entered into, the Possible Acquisition may constitute a notifiable transaction for the Company under the Listing Rules and the Company will make further announcement(s) as and when appropriate. Shareholders and potential investors should exercise caution when dealing in the Shares.

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- Date** : 28 June 2012 (after the trading hours)
- Purchaser** : Universe Glory
- Vendors** : (a) All Yield Investments Limited (“**All Yield**”), a limited liability company incorporated in BVI;
- (b) Lianbo Limited (“**Lianbo**”), a limited liability company incorporated in BVI;
- (c) Mr. Daniel Cherlin; and
- (d) Mr. Aristoteles Cherlin

As at the date of this announcement, the Vendors are, collectively, the legal and beneficial owners of the 35% issued capital of SLP, which is owned as to 17.5 % by All Yield, 10% by Lianbo, 5% by Mr. Daniel Cherlin and 2.5% by Mr. Aristoteles Cherlin.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Vendors and the ultimate beneficial owners of All Yield and Lianbo is a third party independent of the Company and its connected persons.

Material terms of the MOU

Under the MOU, it is proposed that Universe Glory will acquire the Sale Shares, representing 35% equity interests held by the Vendors in SLP if the Possible Acquisition is materialized. Universe Glory and the Vendors will proceed to the negotiation for the Sale and Purchase Agreement and the completion of the Possible Acquisition is subject to the entering into of the Sale and Purchase Agreement and any other agreements contemplated under the Possible Acquisition on or before 30 September 2012.

Earnest Money

Under the MOU, Universe Glory will within five working days from the date of the MOU, pay an aggregate of HK\$51,100,000 as refundable earnest money (the “**Earnest Money**”) to the Vendors. The Earnest Money shall be applied as deposits and part payment of the consideration of the Transaction. In the event that the Sale and Purchase Agreement has not been entered into between the Purchaser and the Vendors prior to 30 September 2012, the Vendors shall refund the Earnest Money to the Purchaser within five working days after the expiry of the MOU on 30 September 2012 or termination of the MOU.

Exclusivity period

Universe Glory and the Vendors agree to, amongst other things, obtain the legal opinion and all necessary consent from the third parties (including any other governmental or official or regulatory authorities) and complete all preparatory works required pursuant to any legal or regulatory requirement in respect of the Possible Acquisition no later than 30 September 2012.

Pursuant to the MOU, the Vendors have undertake that during the period commencing from the date of the MOU to the later of the date of completion, if any or the date of termination or expiration of the MOU, they will not, either directly or indirectly (i) solicit or initiate the submission of any proposal from, or enter into negotiations with, any other party; or (ii) actively respond to any proposal or invitation to enter negotiations from any third party; or (iii) enter into any agreement or arrangement with any third party, whether or not such agreement or arrangement would take place during or after the date of the MOU relating to or have similar effect to the Possible Acquisition.

Save for the matters disclosed above, the entering into the MOU does not constitute legally-binding obligations on any possible transactions or investment undertakings. Any possible transactions are subject to the entering into, and completion of any formal agreement in relation to the Possible Acquisition.

REASONS FOR ENTERING INTO THE MOU

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

Since the Group acquired the entire equity interest in Universe Glory in January 2012, the Company has indirectly interested in 65% equity interest in SLP. The flagship asset of SLP is the Mining Block located in the Republic of Indonesia and has rights for exploitation, refining, processing and export the manganese ore from the Mining Block. As at the date of this announcement, the Mining Blocks has estimate aggregate resources of approximately 18,200,000 tonnes which consists of measured resources of approximately 3,700,000 tonnes, indicated resources of approximately 4,900,000 tonnes and inferred resources of approximately 9,600,000 tonnes. The Mining Block is the first and sole assets of natural resources operation of the Group. Due to SLP currently need additional capital to start up formal exploitation and production program, the Group has intention to acquire the remaining minority interests from the Vendors as would result in the Group increasing its equity interest in SLP from 65% to 100%, take up the obligation for additional capital injection and commence formal exploitation and production as soon as possible.

In view of the estimate resources of the Mining Block and the market conditions of the manganese ore, the Company believes that the Possible Acquisition will further facilitate expansion of its natural resources operation in the area and enhance the profitability in the Group's natural resources operation segment.

GENERAL

The Board wishes to emphasise that the Possible Acquisition may or may not proceed. In the event that any formal agreement is entered into, the Possible Acquisition may constitute a notifiable transaction for the Company under the Listing Rules and the Company will make further announcement(s) as and when appropriate. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Possible Acquisition”	the Possible Acquisition by the Purchaser of the 35% issued share capital of SLP from the Vendors, details of which are set out in the MOU
“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
“Group”	the Company and its subsidiaries
“IUP Operation Production”	the mining business licence (Ijin Usaha Pertambangan — IUP) for manganese production and operation issued by the Head of Regency of Kupang, Nasantara Timor Tenggara provinces, Indonesia, under which SLP is licensed to conduct construction, production, sale, transportation, processing and refining activities in the Mining Block
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Blocks”	the manganese element and mineral prospects which are located in the field of Kupang City, Nasantara Timor Tenggara provinces, Indonesia, the mining block of approximately 2,000 hectare is in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu

“MOU”	the non-legally binding memorandum of understanding dated 28 June 2012 entered into between Universe Glory as purchaser and the Vendors in relation to the Possible Acquisition
“Purchaser”	Universe Glory Limited, a company incorporated in the British Virgin Islands with limited liabilities and a wholly-owned subsidiary of the Company
“Sale Shares”	17,500 ordinary shares of IDR100,000 each in the capital of SLP, being the 35% issued share capital of SLP as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SLP”	P.T. Satwa Lestari Permai, a company incorporated in the Republic of Indonesia with authorised and issued share capital of IDR5,000,000,000 divided into 50,000 ordinary shares of IDR100,000 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“%”	per cent.

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

Hong Kong, 28 June 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 Bosco; 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.