THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Interchina Holdings Company Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

INTERCHINA HOLDINGS COMPANY LIMITED
國中控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 202)

DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

普頓資本有限公司
PROTON CAPITAL LIMITED

A letter from the board of directors of Interchina Holdings Company Limited is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from Proton Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 32 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 15/F., CCB Tower, 3 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 28 February 2014 is set out on pages 44 to 45 of this circular. A form of proxy for use at the extraordinary general meeting of the Company is enclosed with this circular.

Whether or not you are able to attend the extraordinary general meeting of the Company, you are requested to complete the accompanying form of proxy in accordance with instructions printed thereon and return it to the share registrar of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time for holding the extraordinary general meeting of the Company or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting of the Company or any adjournment thereof should you so wish.

23 January 2014

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:

"Acquisition"	the proposed acquisition of the Sale Shares and the Sale Loan by the Company from Mr. Jiang pursuant to the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of the Directors
"Business Day"	a day (other than a Saturday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Carpark"	a 2-storey carpark with a gross floor area of 18,329.46 sq.m., located in Basement 2 & 3, 1737 Huang Xing Road, Wujiaochang Jiedao,Yangpu District, Shanghai, the PRC
"Company"	Interchina Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration of HK$573,000,000 for the sale and purchase of the Sale Shares and the Sale Loan under the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 15/F., CCB Tower, 3 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 28 February 2014 and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
"Existing Management Agreement"	the management agreement entered into between the WFOE and IHG (Shanghai) dated 12 July 2006

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hotel"	Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949.09 sq. m., located in Levels 1–20, 1729 Huang Xing Road, Wujiaochang Jiedao,Yangpu District, Shanghai, the PRC
"IHG (Shanghai)"	InterContinental Hotels Group (Shanghai) Limited (六洲酒店管理(上海)有限公司)
"Independent Board Committee"	the independent committee of the Board comprising all independent non-executive Directors established to provide recommendation to the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Mr. Jiang and his associates (including Mr. Jiang Lei)
"Latest Practicable Date"	20 January 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2014
"Loyal Rich"	Loyal Rich International Investment Limited (來富國際投資有限公司), a company incorporated in Hong Kong with limited liability
"Loyal Rich Group"	Loyal Rich and the WFOE
"Mr. Jiang"	Mr. Jiang Zhaobai, an executive Director and the chairman of the Company
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"PRC Company"	the wholly foreign-owned enterprise to be established in the PRC by Loyal Rich pursuant to the Reorganisation

"Properties"	the Hotel and the Carpark
"Proton Capital" or "Independent Financial Advisor"	Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
"Reorganisation"	the reorganisation of the Loyal Rich Group to be undergone before Completion to the satisfaction of the Company
"Reorganised Group"	Loyal Rich and the PRC Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 November 2013 entered into between the Company and the Vendors in relation to the Acquisition
"Sale Loan"	the aggregate sum due and owing by Loyal Rich to the Vendors upon Completion
"Sale Shares"	10,000 shares of HK$1.00 each in the capital of Loyal Rich (of which 6,000 shares were held by Mr. Jiang and 4,000 shares were held by Mr. Jiang Lei as at the Latest Practicable Date), being the entire issued share capital of Loyal Rich as at the Latest Practicable Date
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	Mr. Jiang and Mr. Jiang Lei (the brother of Mr. Jiang)
"WFOE"	Shanghai Huyu Housing Real Estate Ltd. (上海滬裕房地產有限公司), a company established in the PRC and wholly-owned by Loyal Rich as at the Latest Practicable Date
"sq.m."	square metre
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"RMB"	Renminbi
"%"	per cent.

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1: HK\$1.2739. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

INTERCHINA HOLDINGS COMPANY LIMITED

國中控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 202)

Executive Directors:
Mr. Jiang Zhaobai *(Chairman)*
Mr. Shen Angang
Mr. Lam Cheung Shing, Richard
Mr. Zhu Deyu
Mr. Lu Yaohua
Mr. Gu Yungao

Independent non-executive Directors:
Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Chen Yi, Ethan

Registered office:
15th Floor
CCB Tower
3 Connaught Road Central
Hong Kong

23 January 2014

To the Shareholders

Dear Sirs or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 29 November 2013, the Company entered into the Sale and Purchase Agreement with the Vendors (being Mr. Jiang and his brother) in relation to the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of Loyal Rich, and the Sale Loan at the Consideration (being an aggregate of HK$573,000,000).

As at the Latest Practicable Date, Mr. Jiang, an executive Director and the chairman of the Company, was interested in 6,000 Shares, representing approximately 60% of the issued share capital of Loyal Rich; while Mr. Jiang Lei, the brother of Mr. Jiang, was interested in 4,000 Shares, representing approximately 40% of the issued share capital of Loyal Rich. Accordingly, Mr. Jiang and Mr. Jiang Lei are both connected persons of the Company and the

Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and the Independent Shareholders' approval requirements.

The purpose of this circular is to provide you with further details of the Sale and Purchase Agreement and the transactions contemplated thereunder and the notice of the EGM.

THE SALE AND PURCHASE AGREEMENT

Date

29 November 2013 (after trading hours of the Stock Exchange)

Parties

Vendors:

(i) Mr. Jiang, an executive Director and the chairman of the Company. As at the Latest Practicable Date, Mr. Jiang was interested in 1,742,300,000 Shares, representing approximately 28.66% of the issued share capital of the Company.

(ii) Mr. Jiang Lei, the brother of Mr. Jiang.

Both Mr. Jiang and Mr. Jiang Lei are regarded as connected persons of the Company under the Listing Rules.

Purchaser: the Company

Assets to be acquired

(i) the Sale Shares, being 10,000 shares of Loyal Rich (of which 6,000 shares were held by Mr. Jiang and 4,000 shares were held by Mr. Jiang Lei as at the Latest Practicable Date), representing the entire issued share capital of Loyal Rich as at the Latest Practicable Date; and

(ii) the Sale Loan, being the aggregate sum due and owing by Loyal Rich to the Vendors upon Completion.

As at the Latest Practicable Date, the amount due and owing by Loyal Rich to the Vendors was approximately HK$139,576,000. It is expected that upon Completion, the Sale Loan would amount to approximately HK$360,000,000, representing the aggregate of the estimated cost of acquiring the Properties by Loyal Rich from the WFOE (based on the cost value of the Properties of HK$350,000,000 as at 31 December 2013) and the estimated registered capital of the PRC Company of HK$10,000,000.

The Consideration

The Consideration is HK$573,000,000, of which the consideration for the Sale Loan is equivalent to its face value and the remaining amount shall be the consideration for the Sale Shares. The Consideration shall be payable in cash by the Company as follows:

(i) as to HK$255,000,000 payable immediately upon signing of the Sale and Purchase Agreement as deposit and part payment of the Consideration (the "**Deposit**"); and

(ii) as to HK$318,000,000 (the "**Balance**") payable upon Completion.

In the event the conditions precedent set out below are not satisfied (or waived, as the case may be) on or before the Long Stop Date, or the Company has served a notice to the Vendors stating it is not satisfied with the results of the due diligence review, or the Company has exercised its right of rescission, Completion does not take place in accordance with the terms of the Sale and Purchase Agreement, the Vendors shall refund the Deposit (with interest calculated at 5% per annum) to the Company within 7 Business Days after written demand from the Company in such method as the Company may agree in writing.

The Consideration was determined between the Company and the Vendors after arm's length negotiations taking into account the valuation of the Properties at RMB454,500,000 (equivalent to approximately HK$578,980,000) as at 31 October 2013, such valuation report is set out in Appendix I to this circular. The valuation report was assessed by DTZ Debenham Tie Leung Limited, a firm of independent professional PRC valuers, adopting the direct comparison approach by making reference to comparable sales evidences as available in the relevant market and, wherever appropriate, by investment approach on the basis of capitalisation of rental potential derived from the Properties. The Consideration will be financed by internal resources of the Group.

Conditions precedent

Completion shall be conditional upon:

(a) the Company being solely and absolutely satisfied with the results of the due diligence review to be conducted on the Reorganised Group;

(b) the warranties as set out in the Sale and Purchase Agreement remaining true and accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion;

(c) completion of the Reorganisation with the Vendors having provided evidence to the Company to its satisfaction and the making of such enquiries, investigations and reviews of the business, affairs, operations and financial position of the Reorganised Group by the Company and any of its officers, employees, agents, professional advisers or other persons authorised by the Company which the Company in its discretion deems necessary, desirable or appropriate in respect of completion of the Reorganisation;

(d) the Company having obtained a legal opinion issued by a firm of lawyers qualified to practise laws in the PRC in such form and substance to the satisfaction of the Company covering such matters in relation to the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the valid establishment of the PRC Company, the legal ownership of the Properties and the validity of the transfer of ownership of the Properties from the WFOE to Loyal Rich, the management agreement as set out in paragraph (g) below;

(e) the Company having obtained a valuation report in relation to the Properties issued by an independent valuer prepared in compliance with the HKIS Valuation Standards in such form and substance to the satisfaction of the Company whereupon the value of the Properties shall be no less than RMB450,000,000;

(f) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;

(g) upon completion of the Reorganisation, (i) the WFOE having terminated the Existing Management Agreement; (ii) the PRC Company having entered into a management agreement with IHG (Shanghai) (in such form and substance to the satisfaction of the Company) regarding the operation and management of the Hotel; (iii) the termination of any contracts by the WFOE in relation to the operation of the Properties as the Company may require; and (iv) the novation and assignment to the PRC Company of any other contracts entered into by the WFOE in relation to the operation of the Properties as the Company may require; and

(h) all other necessary consent from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The Company may, in its absolute discretion, waive all or any of the conditions specified above (other than the conditions specified in (c) to (h)) at any time by notice in writing to the Vendors. The conditions specified in (c) to (h) above cannot be waived in any circumstance. As at the Latest Practicable Date, the Company has no intention to waive any conditions specified above.

If any of the conditions have not been satisfied (or waived, as the case may be) on or before the Long Stop Date (or such other date as may be agreed by the Company in writing), or the Company has served a notice to the Vendors stating it is not satisfied with the results of the due diligence review, the Vendors and the Company shall not be bound to proceed with the sale and purchase of the Sale Shares and the Sale Loan and, subject to the refund of the Deposit (with interest calculated at 5% per annum) by the Vendors to the Company, the Sale and Purchase Agreement shall cease to be of any effect and neither party shall not have any obligations thereunder save for any antecedent breaches of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of conditions precedent specified above had been fulfilled.

Completion

Completion shall take place at 4:00 p.m. on the third Business Day after the fulfilment (or waiver, as the case may be) of the conditions precedent or such other date as the Company may agree.

Upon Completion, Loyal Rich will become a wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated in the financial statements of the Company after Completion.

INFORMATION OF THE LOYAL RICH GROUP AND THE REORGANISED GROUP

Based on the information provided by the Vendors, Loyal Rich is a company incorporated in Hong Kong on 8 January 2003 with limited liability and is authorised to issue 10,000 shares of HK$1.00 each, of which 10,000 shares have been allotted and issued and are fully paid or credited as fully paid. As at the Latest Practicable Date, Loyal Rich was owned as to 60% and 40% by Mr. Jiang and Mr. Jiang Lei respectively. It is engaged in investment holding and its major asset is the entire equity interest in the WFOE.

Based on the information provided by the Vendors, the WFOE is a company established in the PRC on 6 April 2004 with the registered capital of US$18,000,000. The WFOE is the developer and the current owner of the Properties, being the Hotel and the Carpark. The WFOE has entered into the Existing Management Agreement with IHG (Shanghai) in 2006 regarding the operation and management of the Hotel. The construction of the Properties was completed in 2007 and the Hotel and the Carpark have been in operations since December 2007. IHG (Shanghai) is a wholly-owned subsidiary of InterContinental Hotels Group which is a global company with nine hotel brands including InterContinental Hotels Group, Hualuxe, Crowne Plaza, Hotel Indigo, Holiday Inn and Holiday Inn Express and etc. InterContinental Hotels Group franchises, manages, owns and leases over 4,600 hotels, with nearly 676,000 guest rooms in nearly 100 countries and territories around the world and is one of the world's leading hotel companies. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, IHG (Shanghai) and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Properties are located in 1729 Huang Xing Road, Yangpu District, Shanghai, the PRC, within minutes of walking distance from the Shanghai Metro Station and well-connected to some of Shanghai's most popular tourist attractions, including Lujiazui (陸家嘴), the Bund (外灘), People's Square (Shanghai) (人民廣場), Yuyuan Garden (豫園) and East Nanjing Road Business Street (南京東路步行街). Additionally, the Hotel is just a 35-minute drive from the Shanghai Pudong International Airport and Shanghai Hongqiao International Airport. Yangpu District lies in the west of Shanghai and has been developed as centre of trade and industry, as well as commerce and education, with 25 colleges and universities such as Fudan University (復旦大學), Tongji University (同濟大學), Shanghai University of Finance and Economics (上海財經大學) and Shanghai Open University (上海開放大學, formally known as 上海電視大學) located in the area.

The Hotel is a 20-storey budget hotel comprising 296 guest rooms, 3 function rooms, business centre and a restaurant with gross floor area of approximately 15,949 sq.m. The Hotel is currently managed and operated by IHG (Shanghai), member of InterContinental Hotels Group under the Existing Management Agreement until end of 2017. As at 31 October 2013, the Hotel had 68 employees. The major terms of the Existing Management Agreement are as follows:

Management period:

10 years from the commencement date of operation of the Hotel, the parties have the right to terminate the Existing Management Agreement upon serving a notice of not less than six months.

Major duties of the parties:

(i) The WFOE is responsible for obtaining all necessary licences for the operation of the Hotel;

(ii) IHG (Shanghai) is responsible for the promotion and operation of the Hotel under the brand name of "Holiday Inn Express" and determine the rules and policies of the Hotel including but not limited to, the room rate, food and beverage price, operational and marketing strategies of the Hotel, personnel and benefits policies, etc. IHG (Shanghai) should also act as representative of the Hotel owner/the WFOE to handle: (a) all human resources matter of the Hotel; (b) selection of suppliers and purchase of any food, beverage, furniture, fixed assets, equipment and any other items to be used for the operation of the Hotel; (c) maintenance of the Hotel; (d) accounting and budgeting matter; (e) coordinating the international selling and promotion plan with InterContinental Hotels Group; and (f) representing the Hotel owner/the WFOE to settle any litigation as well as the appointment of lawyer and auditor subject to the approval by the Hotel owner/the WFOE; and

(iii) Hotel owner/the WFOE should not intervene the daily operation of the Hotel and recognise IHG (Shanghai) has the sole and exclusive right in operation of the Hotel.

Management fee:

IHG (Shanghai) is eligible to receive 2% management fee (basic management fee) on the total revenue of the Hotel monthly and an incentive management fee based on the gross operating profit ratio (gross operating profit/total revenue) as follows:

(i) when the gross operating profit ratio is less than 10%: nil;

(ii) when the gross operating profit ratio is equal or over 10% but less than 20%: 4%;

(iii) when the gross operating profit ratio is equal or over 20% but less than 30%: 5%;

(iv) when the gross operating profit ratio is equal or over 30% but less than 40%: 6%;

(v) when the gross operating profit ratio is equal or over 40% but less than 50%: 7%; and

(vi) when the gross operating profit ratio is equal or over 50%: 8%.

Total revenue represents direct and indirect operating income of the Hotel. Adjusted gross operating profit represents total revenue less total operating costs of the Hotel excluding the monthly basic management fee. Basic management fee and incentive management fee is calculated based on the monthly management account of the Hotel and payable on monthly basis. Basic management fee and incentive management fee is recalculated annually based on the annual management account. Based on the annual management account, (i) if there is overpayment on the basic management fee and incentive management fee, IHG (Shanghai) needs to refund the excessive amount of basic management fee and incentive management fee to the Hotel owner/the WFOE; and (ii) if there is underpayment on the basic management fee and incentive management fee, the Hotel owner/the WFOE needs to pay the shortfall amount of basic management fee and incentive management fee to IHG (Shanghai).

According to the Vendors, the Carpark is a 2-storey basement with gross floor area of approximately 18,329 sq.m. which can provide approximately 370 carparking spaces, of which approximately 110 carparking spaces have been leased under rental agreement and the remaining 260 carparking spaces are hourly parking spaces. The Carpark is currently managed by the WFOE.

Set out below is the audited financial information of Loyal Rich for the year ended 31 December 2011 and the unaudited financial information of Loyal Rich for the year ended 31 December 2012 and the ten months ended 31 October 2013 prepared (on a non-consolidated basis) in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2011 (audited) *HK$*	**For the year ended 31 December 2012** (unaudited) *HK$*	**For the ten months ended 31 October 2013** (unaudited) *HK$*
Loss before tax	(13,505)	(14,110)	(5,110)
Loss after tax	(13,505)	(14,110)	(5,110)
Net liabilities	(82,925)	(97,035)	(102,145)

Set out below is the unaudited financial information attributable to the Properties and derived from the operations of the Hotel and the Carpark for the two years ended 31 December 2012 and the ten months ended 31 October 2013:

	For the year ended 31 December 2011 *RMB*	**For the year ended 31 December 2012** *RMB*	**For the ten months ended 31 October 2013** *RMB*
Revenue	18,895,000	23,245,000	19,030,000
Profit before tax	6,977,000	9,713,000	8,010,000
Profit after tax	6,977,000	9,713,000	8,010,000

Based on the information available, the investment cost of the Properties is approximately RMB300,000,000 which represents the initial construction cost and leasehold improvement of the Properties.

Based on the information provided by the Vendors, the WFOE has assets and liabilities other than the Properties, for which assets mainly consisted of accounts and other receivables of approximately RMB75,263,000 whereas liabilities mainly consisted of long term bank borrowing of approximately RMB119,000,000, other payables of approximately RMB47,113,000 and tax payable of approximately RMB19,967,000. According to the Vendors, the Properties have been charged in favor of China Agricultural Bank Stock Co., Ltd. Shanghai Huangpu Branch to secure a loan in the principal amount of RMB160,000,000 (the "**Loan**") borrowed by the WFOE. It is intended that the WFOE shall repay the Loan together with interest before Completion.

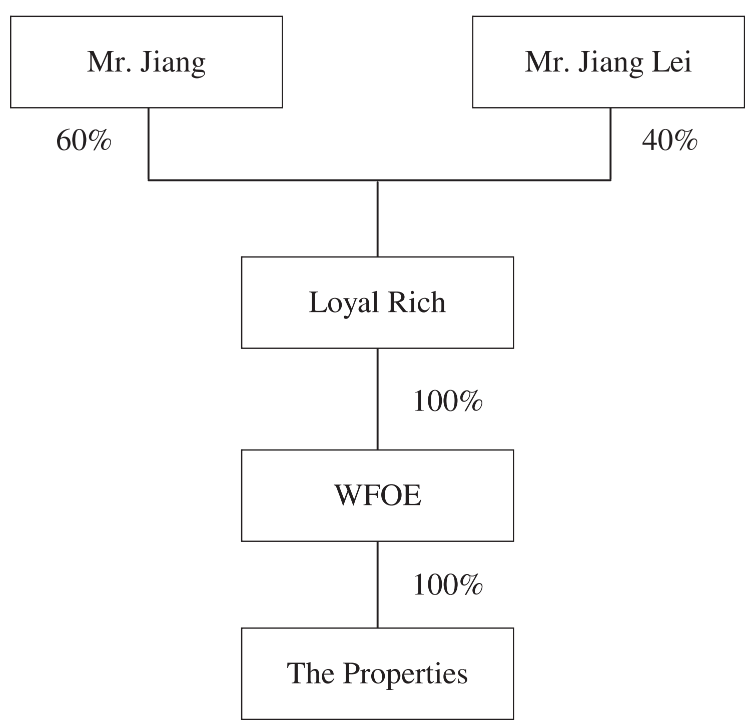
As (a) the Company intends to acquire solely the Properties and the operations of the Properties; and (b) it is necessary to establish a PRC entity (being the PRC Company) to replace the WFOE in co-operating with IHG (Shanghai) regarding the management of the Hotel under the Existing Management Agreement upon the change of ownership of the Properties, Loyal Rich Group will undergo the Reorganisation such that (i) the Properties will be detached from the WFOE; (ii) the operation of the Properties would not be affected and the existing employees of the Hotel employed by the WFOE would be employed by the PRC Company to ensure smooth transition upon the change of ownership of the Properties; and (iii) the Company does not need to bear the liabilities of the WFOE.

According to the PRC legal advisers to the Company, upon repayment of the Loan together with interest, the WFOE can process the cancellation of the mortgage registration. After the mortgage registration has been cancelled, the Properties can be freely transferred from the WFOE to Loyal Rich, which constitutes part of the Reorganisation. The Vendor has further warranted that upon Completion no asset of the Reorganised Group shall be subject to any encumbrances. Completion of the Reorganisation and the continual truthfulness and accuracy of warranties are both conditions precedent to the Acquisition. Accordingly, in the event the WFOE fails to repay the Loan together with interest and the mortgage is not released, the conditions precedent to the Acquisition will not be fulfilled and Completion will not take place. As such, the Board considers the terms of the Sale and Purchase Agreement have provided protection to the Group against the Loan and the relevant mortgage, which are fair and reasonable and are in the interests of the Independent Shareholders as a whole. As at the Latest Practicable Date, the Board, based on information provided by the Vendors, did not anticipate any difficulties in the release of such mortgage.

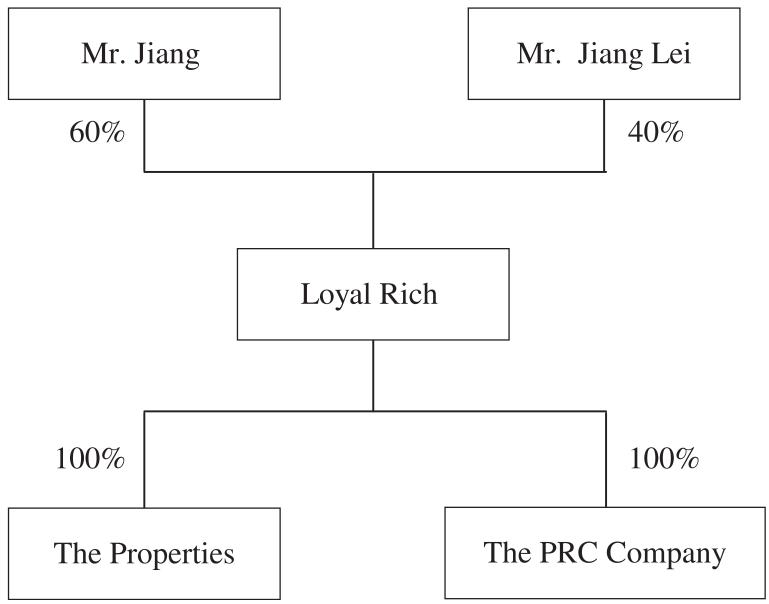
Upon completion of the Reorganisation, (i) Loyal Rich shall be the sole owner of the Properties and the equity interest of the PRC Company (which is to be established prior to Completion); (ii) the WFOE will no longer be a subsidiary of Loyal Rich; and (iii) the PRC Company will enter into a management agreement with IHG (Shanghai) regarding the operation and management of the Hotel with terms and conditions similar to the Existing Management Agreement with no material difference.

Set out below is the corporate structure of the Loyal Rich Group as at the Latest Practicable Date and the corporate structure of the Reorganised Group upon completion of the Reorganisation:

(a) Corporate structure of the Loyal Rich Group as at the Latest Practicable Date



(b) Corporate structure of the Reorganised Group upon completion of the Reorganisation



REASONS FOR THE ACQUISITION

The Company is an investment holding company, the subsidiaries of which are principally engaged in environmental water treatment operation, property investment operation, natural resources operation and financing and securities investment operations.

As disclosed in the Company's annual report for the year ended 31 March 2013, the Group is prudently optimistic to the prospect of the property investment operation and believes that it can provide a stable income stream, enhance the assets base of the Group and increase the future profitability to the Group. The Acquisition is in line with the Group's strategy in investing in income generating property with potential of capital appreciation in the long term. Besides, having taken into account, among other things, the flourishing domestic tourism industry of the PRC and the popularity of budget hotels in the PRC, the Company is optimistic about the budget hotel business in the PRC.

Accordingly, the Board considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATION

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

As at the Latest Practicable Date, (i) Mr. Jiang, being one of the Vendors and an executive Director and the chairman of the Company, was interested in 1,742,300,000 Shares, representing approximately 28.66% of the issued share capital of the Company; and (ii) Mr. Jiang Lei, being one of the Vendors, is the brother of Mr. Jiang. Accordingly, the Vendors are regarded as connected persons of the Company and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and the Independent Shareholders' approval requirements. As Mr. Jiang has a material interest in the Acquisition, Mr. Jiang has abstained from voting on the board resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

An Independent Board Committee has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder. Proton Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard. The Company will seek the Independent Shareholders' approval of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM by way of poll whereby Mr. Jiang and his associates (including Mr. Jiang Lei) whose in aggregate were interested in 1,742,300,000 Shares, representing approximately 28.66% of the issued share capital of the Company shall abstain from voting. Save as disclosed, no Shareholder has a material interest in the Sale and Purchase Agreement and thus no Shareholder will be required to abstain from voting at the EGM.

EGM

A notice convening the EGM to be held at 15/F., CCB Tower, 3 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 28 February 2014 is set out on pages 44 to 45 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the form of proxy and return it to the office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Proton Capital and the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Executive Director and Chief Executive Officer

INTERCHINA HOLDINGS COMPANY LIMITED

國中控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 202)

23 January 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular dated 23 January 2014 (the "**Circular**") of Interchina Holdings Company Limited (the "**Company**") of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to advise you as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Proton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Sale and Purchase Agreement.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 16 of the Circular and the letter from Proton Capital as set out on pages 19 to 32 of the Circular which contain, among other things, their advice, recommendations to us regarding the terms of the Sale and Purchase Agreement and the principal factors and reasons taken into consideration for their advice and recommendations.

RECOMMENDATION

Having taken into account the advice and recommendations of Proton Capital and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Sale and Purchase Agreement are fair and reasonable as far as the Independent Shareholders are concerned and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

Mr. Ho Yiu Yue, Louis **Mr. Ko Ming Tung, Edward** **Mr. Chen Yi, Ethan**

Independent Board Committee

Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.

普頓資本有限公司
PROTON CAPITAL LIMITED

Suite 06–07, 28/F.
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

23 January 2014

To: The independent board committee and the independent shareholders of Interchina Holdings Company Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 23 January 2014 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 29 November 2013, the Company entered into the Sale and Purchase Agreement with the Vendors (being Mr. Jiang and his brother), pursuant to which the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of Loyal Rich, and the Sale Loan at the cash Consideration of HK$573,000,000.

With reference to the Board Letter, the Acquisition constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively. As such, the Acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group, Loyal Rich Group or the Reorganised Group, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report of the Properties (the "**Valuation Report**") as set out in Appendix I to the Circular. The Valuation Report was prepared by DTZ Debenham Tie Leung Limited (the "**Valuer**"). Since we are not experts in the valuation of land and/or properties, we have relied solely upon the Valuation Report for the market value of the Properties as at 31 October 2013.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendors, Loyal Rich Group, the Reorganised Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest

Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Business overview of the Group

As referred to in the Board Letter, the principal activities of the Group are environmental water treatment operation, property investment operation, financing and securities investment operation and natural resources operation.

Set out below are the consolidated financial results of the Group for the six months ended 30 September 2013 and the two financial years ended 31 March 2013, as extracted from the Company's 2013 interim report (the "**2013 Interim Report**") and its 2012/13 annual report respectively:

	For the six months ended 30 September 2013	**For the year ended 31 March 2013**	**For the year ended 31 March 2012**	**Year on year change from FY2011/2012 to FY2012/2013**
	HK$'000	*HK$'000*	*HK$'000*	%
	(unaudited)	(audited)	(audited)	
Turnover	18,976	370,612	405,502	(8.6)
— Environmental water treatment operation	—	339,219	373,241	(9.1)
— Property investment operation	10,272	21,674	20,333	6.6
— Financing and securities investment operation	8,704	9,719	11,928	(18.5)
— Natural resources operation	—	—	—	N/A
Profit/(Loss) for the period/year	49,176	948,285	(294,547)	N/A

As depicted by the above table, the Group recorded a decrease in turnover of approximately 8.6% from approximately HK$405.5 million for the year ended 31 March 2012 to approximately HK$370.6 million for the year ended 31 March 2013. Nonetheless, the Group recovered from its loss making position and recorded a profit of approximately HK$948.3 million for the year ended 31 March 2013. As advised by the Directors, the Group's profit was mainly attributable to the gains of approximately HK$1.6 billion following its disposal of 110,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited ("**Heilongjiang Interchina**"). Following the said disposal, the Group's equity interest in Heilongjiang Interchina is finally diluted to approximately 20.56% and Heilongjiang Interchina becomes an associate investment of the Group. Due to the fact that the revenue generated from Heilongjiang Interchina is no longer consolidated into the Group's financial statements, the Group's revenue from the environmental water treatment operation segment recorded a substantially decrease for the six months ended 30 September 2013. In view of the above reason, the Directors consider that it is beneficial for the Group to seek suitable investment opportunity to broaden its source of income.

In addition, based on our discussion with the Directors, we understand that the Directors are cautiously optimistic towards the market environment given the global political and economic persistent uncertainties. As disclosed in the announcement of the Company dated 26 November 2013, the Company terminated its proposed acquisition of the agriculture business in the Republic of Bolivia as certain consents and licences required to be obtained were unlikely to be obtained prior to the long stop date of the agreement. We were advised by the Directors that the Board will continue to seek for overseas investment projects with superb quality and any other investment opportunity with low operating risk, in order to provide Shareholders with the largest investment returns.

Information on Loyal Rich Group

As referred to in the Board Letter, Loyal Rich is a company incorporated in Hong Kong with limited liability and is engaged in investment holding with its major asset being the entire equity interest in the WFOE. The WFOE is a company established in the PRC and is the current owner of the Properties, being the Hotel and the Carpark. The WFOE has entered into the Existing Management Agreement with IHG (Shanghai) in 2006 regarding the operation and management of the Hotel. The construction of the Properties was completed in 2007, and the Hotel and Carpark have been in operations since December 2007. As extracted from the Board Letter, IHG (Shanghai) is a wholly-owned subsidiary of InterContinental Hotels Group which is a global company with nine hotel brands including InterContinental Hotels Group, Hualuxe, Crowne Plaza, Hotel Indigo, Holiday Inn and Holiday Inn Express etc.. InterContinental Hotels Group franchises, manages, owns and leases over 4,600 hotels, with nearly 676,000 guest rooms in nearly 100 countries and territories around the world and is one of the world's leading hotel companies.

Shareholders may refer to the section headed "Information of the Loyal Rich Group and the Reorganised Group" of the Board Letter for further details of the Properties together with the major terms of the Existing Management Agreement.

As at the Latest Practicable Date, Loyal Rich was owned as to 60% and 40% by Mr. Jiang and Mr. Jiang Lei (brother of Mr. Jiang) respectively. As advised by the Directors, the WFOE has other assets and liabilities other than the Properties. The other assets mainly consisted of account and other receivables of approximately RMB75,263,000, and the other liabilities mainly consisted of long term bank borrowing of approximately RMB119,000,000, other payables of approximately RMB47,113,000 and tax payable of approximately RMB19,967,000. Moreover, the Properties have been charged in favor of a bank to secure the Loan (as defined in the Board Letter) borrowed by the WFOE.

As (a) the Company intends to acquire solely the Properties and the operations of the Properties; and (b) it is necessary to establish a PRC entity (being the PRC Company) to replace the WFOE in co-operating with IHG (Shanghai) regarding the management of the Hotel under the Existing Management Agreement upon the change of ownership of the Properties, Loyal Rich Group will undergo the Reorganisation such that (i) the Properties can be split-off from the WFOE; (ii) the operations of the Properties would not be affected and the existing employees of the Hotel employed by the WFOE would be employed by the PRC Company to ensure smooth transition upon the change of ownership of the Properties; and (iii) the Company does not need to bear the liabilities of the WFOE. According to the PRC legal advisers to the Company, upon repayment of the Loan together with interest, the WFOE can process the cancellation of the mortgage registration. After the mortgage registration has been cancelled, the Properties can be freely transferred from the WFOE to Loyal Rich, which constitutes part of the Reorganisation. The Vendors have further warranted that upon Completion no asset of the Reorganised Group shall be subject to any encumbrances.

Upon completion of the Reorganisation, (i) Loyal Rich shall be the sole owner of the Properties and the equity interest in the PRC Company (which is to be established prior to Completion); (ii) the WFOE will no longer be a subsidiary of Loyal Rich; and (iii) the PRC Company will enter into a management agreement with IHG (Shanghai) (the "**New Management Agreement**) regarding the operation and management of the Hotel with terms and conditions similar to the Existing Management Agreement. Given that Completion is conditional upon, amongst others, (i) completion of the Reorganisation; and (ii) the continual truthfulness and accuracy of the warranties provided under the Sale and Purchase Agreement, we concur with the Directors that the terms of the Sale and Purchase Agreement have provided protection to the Group against the Loan and the relevant mortgage.

As further advised by the Directors, given that the Hotel will continue to be managed by IHG (Shanghai) under the New Management Agreement with terms and conditions being similar to the Existing Management Agreement, the Reorganisation as well as the Acquisition would not have material impact on the operation and financial of the Hotel. At the same time, the Directors confirmed that Mr. Jiang, who has extensive experience in hotel investment and operation, will be the key management of Loyal Rich. In light of also that IHG (Shanghai) will still have the sole and exclusive right in the operating activities of the Hotel as at present, it is expected that the Hotel under the management of IHG (Shanghai), being an experienced and reputable hotel operator, would carry on with its existing operation and business strategy.

The structure of Loyal Rich Group (i) as at the Latest Practicable Date; and (ii) upon completion of the Reorganisation are demonstrated in the Board Letter. As advised by the Directors, it is expected that the Reorganisation will be completed by the end of February, 2014.

Set out below is the financial information of Loyal Rich for the ten months ended 31 October 2013 and the two financial years ended 31 December 2012 prepared on a non-consolidated basis in accordance with the Hong Kong Financial Reporting Standards:

	For the ten months ended 31 October 2013	**For the year ended 31 December 2012**	**For the year ended 31 December 2011**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)
Turnover	—	—	—
Loss before and after tax	(5,110)	(14,110)	(13,505)

	As at 31 October 2013	**As at 31 December 2012**	**As at 31 December 2011**
	HK$	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)
Net liabilities	(102,145)	(97,035)	(82,925)

Set out below is the unaudited financial information attributable to the Properties and derived from the operations of the Hotel and the Carpark for the ten months ended 31 October 2013 and the two financial years ended 31 December 2012:

	For the ten months ended 31 October 2013 *RMB*	**For the year ended 31 December 2012** *RMB*	**For the year ended 31 December 2011** *RMB*
Revenue	19,030,552	23,245,680	18,895,196
Net operating profit	8,010,678	9,713,304	6,977,439

	As at 31 October 2013 *RMB*	**As at 31 December 2012** *RMB*	**As at 31 December 2011** *RMB*
Net asset	40,496,515	32,637,068	23,120,584

From the above table, we noted that the operations of the Properties had been generating increasing revenue and net operating profit from 2011 to 2012. For the ten months ended 31 October 2013, the Properties continued to derive relatively stable revenue and profit.

As also disclosed in the Board Letter, the investment cost of the Properties was approximately RMB300,000,000 (the "**Investment Cost**"), representing the initial construction cost and leasehold improvement of the Properties.

Reasons for the Acquisition

As extracted from the Board Letter, the Group is prudently optimistic to the prospects of the property investment operation and believes that it can provide a stable income stream, enhance the assets base of the Group and increase the future profitability to the Group. The Acquisition is in line with the Group's strategy in investing in income generating property with potential of capital appreciation in the long term. Besides that, having taken into account, among other things, the flourishing domestic tourism industry of the PRC and the popularity of budget hotels in the PRC, the Company is optimistic about the budget hotel business in the PRC. Looking forward, the Group may continue to expand its business in the hotel industry by acquiring other hotels of high quality should suitable opportunities arise.

In relation to the above, we noted that according to the latest available statistics published by National Bureau of Statistics of the PRC, the number of domestic tourists increased by approximately 89.5% from approximately 1,394 million person-times in 2006 to approximately 2,641 million person-times in 2011. In addition, the tourism expenditure for domestic travel increased significantly by approximately 209.9% from approximately RMB623.0 billion to approximately RMB1,930.5 billion over the same said period. Driven by the prospects of the domestic tourism industry of the PRC, it is anticipated that stable income stream would be generated from the Hotel. On the other hand, following the disposal of the Group's equity interest in Heilongjiang Interchina, the Directors expect that the Group's revenue from the environmental water treatment operation will drop substantially and hence the Group is actively seeking overseas investment projects with superb quality and other investment opportunity with low operating risk. In view of the aforementioned together with the satisfactory historical financial performance of the Properties as illustrated under the sub-section headed "Information on Loyal Rich Group" of this letter, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Company.

2. Terms of the Sale and Purchase Agreement

The Sale and Purchase Agreement

On 29 November 2013, the Company entered into the Sale and Purchase Agreement with the Vendors (being Mr. Jiang and his brother), pursuant to which the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of Loyal Rich, and the Sale Loan at the Consideration. As confirmed by the Directors, it is expected that the Sale Loan would amount to approximately HK$360,000,000 upon Completion.

The Consideration

The Consideration is HK$573,000,000, of which the consideration for the Sale Loan is equivalent to its face value and the remaining amount shall be the consideration for the Sale Shares. The Consideration shall be payable in cash by the Company as follows: (i) as to HK$255,000,000 payable immediately upon signing of the Sale and Purchase Agreement as deposit and part payment of the Consideration (the "**Deposit**"); and (ii) as to HK$318,000,000 payable upon Completion. According to the Directors, it is the intention of the Company to satisfy the cash Consideration by the Group's internal resources.

Moreover, the Directors confirmed that the Consideration was determined among the Company and the Vendors after arm's length negotiations taking into account the valuation of the Properties at RMB454,500,000 (equivalent to approximately HK$578,980,000) as at 31 October 2013 (the "**Valuation**").

In this regard, we noted that the Consideration represents a slight discount of approximately 1.03% to the Valuation.

The Valuation

The Valuation was conducted by the Valuer by adopting the direct comparison approach which makes reference to comparable sales evidences as available in the relevant market and, wherever appropriate, by investment approach on the basis of capitalisation of rental potential derived from the Properties. For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the performance of the Valuation; and (iii) the steps taken by the Valuer when conducting the Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with the Valuer, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for performing the Valuation, and the Valuer have also confirmed that they are independent to the Group and the Vendors. To form a better understanding on the Valuation, we have further discussed with the Valuer regarding the methodology of, and basis and assumptions adopted for the Valuation. Upon our enquiry, we noted that the Valuer carried out a site inspection of the Properties in November 2013 and discussed with the management of the Properties regarding the Properties' current operation status to research for necessary information to determine the market value of the Properties. During our interview with the Valuer, we understand the reasons for adopting the direct comparison approach for the Valuation and how the Valuation was being derived from the hotel transaction comparables. We have also studied the hotel transaction comparables and the relevant calculations. Based on the aforementioned due diligence work, we consider that the Valuation was fairly and reasonably determined by the Valuer.

Trading multiples analysis for the Consideration

For the purpose of assessing the fairness and reasonableness of the Consideration, we have also performed a trading multiples analysis which includes the price to earnings ratio ("**PER**") and the price to book ratio ("**PBR**"). We have searched for companies listed in Hong Kong which are engaged in similar lines of business as Loyal Rich Group/the Reorganised Group, being the hotel and related business, and derive a majority of their turnover (i.e. over 50%) from such business based on their respective latest published financial information (the "**Comparables**") for comparison. To the best of our knowledge and endeavor, we found 11 Hong Kong listed companies which met the said criteria and the Comparables are exhaustive as far as we are aware of. It should be noted that the scale of operations, size, geographic locations and prospects of Loyal Rich Group/the Reorganised Group are not exactly the same as the Comparables even though the Comparables are engaged in similar lines of business as Loyal Rich Group/the Reorganised Group and we have not conducted any in-depth investigation into the businesses and operations of the Comparables. Nonetheless, we consider that the Comparables are fair and representative to illustrate the general ranges of PER and PBR of Hong Kong listed companies which are engaged in the hotel and related business as at the date of the Sale and Purchase Agreement. Although as being set out in the below table, the PER and PBR ranges of the Comparables are relatively wide, we do not find any extreme outliners and we are of the view that such relatively wide ranges may only be reflecting the reality of the pricing of Hong Kong listed companies engaging in the hotel and related business.

Set out below are the PERs and PBRs of the Comparables based on their closing prices as at 29 November 2013, being the date of the Sale and Purchase Agreement, and their latest published financial information:

Company name (stock code)	**Principal business**	**PER** *(times)*	**PBR** *(times)* *(Note 1)*
Carrianna Group Holdings Company Limited (126)	Property investment and development, the operations of hotel, restaurant and food businesses.	9.89	0.44
Century City International Holdings Limited (355)	Property development and investment; construction and building related businesses; hotel operations and provision of hotel management services; securities investment and provision of financing services.	1.60	0.09
Dorsett Hospitality International Limited (2266)	Hotel operation, property investment, property development and trading.	5.04	0.85
The Hongkong & Shanghai Hotels, Limited (45)	Ownership, development and management of prestigious hotel, commercial and residential properties in Asia, the United States of America and Europe as well as the provision of transport, club management and other services.	10.87	0.49
Regal Hotels International Holdings Limited (78)	Hotel operation and management, hotel ownership through its investment in Regal Real Estate Investment Trust (Regal REIT), asset management of Regal REIT, property development and investment, and other investments.	8.18	0.33

Company name (stock code)	**Principal business**	**PER** *(times)*	**PBR** *(times)* *(Note 1)*
Rosedale Hotel Holdings Limited (1189)	Hotel operation and trading of securities.	N/A *(Note 2)*	0.17
Shanghai Jin Jiang International Hotels Group Company Limited (2006)	Star-rated hotel operation and management, budget hotel operation and franchising, food and restaurants, vehicle and logistics, travel agency and other businesses.	34.84	0.93
Shangri-La Asia Limited (69)	Ownership and operation of hotels and associated properties and the provision of hotel management and related services, leasing of office, commercial, residential and exhibition hall space and serviced apartments.	16.59	0.90
Shun Cheong Holdings Limited (650)	Hotel and restaurant operations.	N/A *(Note 2)*	0.76
Sino Hotels Holdings Limited (1221)	Hotel operations and management; club operations and investment holding.	10.71	0.70
Zhuhai Holdings Investment Group Limited (908)	Investment and property holding, management of holiday resort, theme park and amusement park, and provision of port facilities and ticketing services in Zhuhai, the PRC.	28.63	1.32
	Maximum	**34.84**	**1.32**
	Minimum	**1.60**	**0.09**
	Average	**14.04**	**0.64**
The Acquisition		**17.21** *(Note 3)*	**1.32** *(Note 4)*

Source: the Stock Exchange's website (www.hkex.com.hk)

Notes:

1. Except for Sino Hotels Holdings Limited whose latest financial year was ended on 30 June 2013, the PBRs of the Comparables were calculated based on their respective latest published interim results announcements/reports for the six months ended 30 June 2013 or 30 September 2013 (as the case may be).

2. The selected companies were loss making during the relevant latest financial year.

3. The implied PER for the Acquisition was calculated based on the Consideration (after deducting the consideration for the Sale Loan of HK$360 million which is equivalent to its face value) of HK$213 million (i.e. the consideration for the Sale Shares) and the profit attributable to the Properties for the year ended 31 December 2012 of approximately RMB9.71 million (equivalent to approximately HK$12.37 million).

4. The implied PBR for the Acquisition was calculated based on the Consideration of HK$573 million and the sum (i.e. approximately HK$433.76 million) of the Investment Cost of RMB300 million (equivalent to approximately HK$382.17 million) and the unaudited net asset value attributable to the Properties as at 31 October 2013 (which as confirmed by the Directors had not included the value of the Properties) of approximately RMB40.50 million (equivalent to approximately HK$51.59 million).

We noticed from the above table that the PERs of the Comparables ranged from approximately 1.60 times to 34.84 times, with an average of approximately 14.04 times. Since the entire Consideration is for acquisition of both the Sale Shares and the Sale Loan, we have deducted the consideration for the Sale Loan from the Consideration when calculating the implied PER for the Acquisition (for details, please refer to note 3 above). Given that the implied PER of the Consideration is approximately 17.21 times, the implied PER of the Consideration is within the said PER range of the Comparables.

As for the PBRs of the Comparables, we noticed that they ranged from approximately 0.09 times to 1.32 times, with an average of approximately 0.64 times. Based on our discussion with the Directors, we understand that the unaudited net asset value attributable to the Properties as at 31 October 2013 had not included the value of the Properties, we have therefore added the Investment Cost to the aforesaid net asset value of the Properties when calculating the implied PBR for the Acquisition (for details, please refer to note 4 above). Given that the implied PBR of the Consideration is approximately 1.32 times, the implied PBR of the Consideration is at the maximum of the said PBR range of the Comparables. Alternatively, if the Valuation of RMB454,500,000 (equivalent to approximately HK$578,980,000) were adopted for calculation of the implied PBR for the Acquisition, the implied PBR for the Acquisition would be approximately 0.99 times, which is within the PBR range of the Comparables.

As both of the implied PER and PBR of the Consideration are within the respective ranges of the Comparables which reflect the general ranges of PER and PBR of Hong Kong listed companies which are engaged in the hotel and related business as at the date of the Sale and Purchase Agreement, the Consideration is acceptable based on market comparison.

Taking into account the result of the above market comparison as well as that the Consideration represents a slight discount to the Valuation, we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Refund of the Consideration

Pursuant to the Sale and Purchase Agreement, in the event that the conditions precedent thereto are not satisfied (or waived, as the case may be) on or before the Long Stop Date, or the Company has served a notice to the Vendors stating that it is not satisfied with the results of the due diligence review, or the Company has exercised its right of rescission and Completion does not take place in accordance with the terms of the Sale and Purchase Agreement, the Vendors shall refund the Deposit (with interest calculated at 5% per annum) to the Company within seven Business Days after written demand from the Company in such method as the Company may agree in writing.

In light of the arrangement for refund of the Consideration as just highlighted and that the Company has a right to terminate the Sale and Purchase Agreement if it is not satisfied with the results of the due diligence review, we are of the opinion that such terms and condition of the Sale and Purchase Agreement are favourable to the Company and are fair and reasonable.

Having considered the foregoing terms of the Sale and Purchase Agreement, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Acquisition

As confirmed by the Directors, upon Completion, members of the Reorganised Group will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

Effect on net asset value and gearing

The Directors expected that the Acquisition would not lead to a material change to the net assets and the gearing position (defined as borrowings less cash and cash equivalents divided by total equity) of the Group.

Effect on working capital and earnings

Since the Company will satisfy the Consideration in cash by the internal resources of the Group, the Group's working capital would be reduced due to the Acquisition. According to the 2013 Interim Report, the Group had cash and cash equivalents of approximately HK$457.6 million as at 30 September 2013. As also referred to in the announcement of the Company dated 26 November 2013, following the termination of the Group's proposed acquisition of the agriculture business in the

Republic of Bolivia, the deposit of approximately HK$234 million (with interest) was refunded and thus the Group would have sufficient working capital upon Completion. Furthermore, in view of the prospects of the Properties, the Directors expected that the Completion would likely to have a positive impact on the future earnings of the Group.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Proton Capital Limited
Graham Lam
Managing Director — Corporate Finance

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market values of the Properties held by the WFOE in the PRC as at 31 October 2013.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

23 January 2014

The Directors
Interchina Holdings Company Limited
15th Floor
CCB Tower
3 Connaught Road Central
Hong Kong

Dear Sirs,

Re: Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949.09 sq. m., located in Levels 1–20, 1729 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai and a 2-storey carpark with a gross floor area of 18,329.46 sq.m., located in B2 & B3, 1737 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the People's Republic of China

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with the instruction of Interchina Holdings Company Limited (the "**Company**") for us to carry out the valuation of the market value of the properties ("**Properties**") held by Shanghai Huyu Housing Real Estate Ltd. (上海滬裕房地產有限公司) (the "**WFOE**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Properties in existing state as at 31 October 2013 (the "**date of valuation**").

DEFINITION OF MARKET VALUE

Our valuation of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"

VALUATION BASIS AND ASSUMPTION

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Properties held by the WFOE in the PRC, we have assumed that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the WFOE and the PRC legal opinion of the Company's legal adviser, Shanghai JoinWay Law Firm, regarding the titles to the Properties and the interests in the Properties. In valuing the Properties, we have assumed that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

METHOD OF VALUATION

In valuing the Properties, which are held for investment in the PRC, we have adopted direct comparison approach by making reference to comparable sales evidences as available in the relevant market and, wherever appropriate, investment approach on the basis of capitalisation of rental potential derived from the Properties.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institutes of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the WFOE and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Properties, completion dates of buildings, particulars of occupancy, number of guest room and car parking spaces, historical revenue information, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the WFOE which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the WFOE with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our DTZ Shanghai valuer, Eric Y Fan (a Chartered Surveyor) had inspected the exterior and, wherever possible, the interior of the Properties in November 2013. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free of rot, infestation or any other structural defects. No test was carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("**RMB**") which is the official currency of the PRC.

We attach herewith valuation certificate.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Director

Note: Philip C Y Tsang is a Registered Professional Surveyor who has been working in DTZ for over 20 years and has over 20 years' experience in the valuation of properties in the PRC, including but not limited to, hotels in Beijing, Shanghai, Guangzhou and Shenzhen.

VALUATION CERTIFICATE

Properties held for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2013
Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949.09 sq. m., located in Levels 1–20, 1729 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai and a 2-storey carpark with a gross floor area of 18,329.46 sq.m., located in B2 & B3, 1737 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the People's Republic of China	The Properties comprise the Hotel and the Carpark which have been in operations since December 2007. The Hotel, Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), is a 20-storey budget hotel comprising 296 guest rooms, 3 function rooms, business centre and a restaurant with gross floor area of approximately 15,949 sq.m. The Carpark is a 2-storey basement with gross floor area of approximately 18,329.46 sq.m. which can provide approximately 370 carparking spaces. The Properties are located in Yangpu District which lies in the west of Shanghai and has been developed as centre of trade and industry, as well as commerce and education, with various colleges and universities located in the area. According to the WFOE, the Properties are used for hotel and car parking uses; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Properties. The land use rights of the Properties has been granted for a term from 11 March 2005 to 10 March 2055 for commercial, office use.	The Hotel is currently managed and operated by IHG (Shanghai), member of InterContinental Hotels Group under the Existing Management Agreement until end of 2017. The Carpark is currently managed by the WFOE. Approximately 110 carparking spaces have been leased under various rental agreements for terms expiring in December 2014 at a total monthly rent of approximately RMB47,000; and the remaining 260 carparking spaces are hourly parking spaces.	RMB454,500,000

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. (2008) 014581 dated 30 June 2008, the land use rights of 1725, 1729, 1731, 1737 Huang Xing Road with a site area of 12,411 sq. m. is vested in the WFOE, for a term from 11 March 2005 to 10 March 2055 for commercial, office uses. The total gross floor area of the development erected thereon is 78,515.39 sq.m.

(2) According to extract of Real Estate Title Survey Report:

No	Portion	Use of Building	Gross Floor Area sq.m.
1729 Huang Xing Road	Levels 1–20	Hotel	15,949.09
1737 Huang Xing Road	B2 & B3 carpark	Specific use	18,329.46

(3) According to Business License No. 310000400377819 dated 28 November 2007, the WFOE was established with a registered capital of USD18,000,000 for a valid operation period from 6 April 2004 to 5 April 2034.

(4) According to the PRC legal opinion:

(i) the WFOE was legally established and is a legal and valid existing enterprise;

(ii) the WFOE is the legal owner of the Properties which comprises Levels 1–20 of 1729 Huang Xing Road (hotel use with gross floor area of 15,949.09 sq.m.) and B1 & B2 car park of 1737 Huang Xing Road (gross floor area of 15,949.09 sq.m.), in which B3 car park is also for refuge floor;

(iii) the Properties are subject to a mortgage for a loan amount of RMB160,000,000 in favor of China Agricultural Bank Stock Co., Ltd. Shanghai Huangpu Branch for a term from 1 June 2010 to 31 May 2020; and

(iv) upon the repayment of the principal amount of loan (RMB160,000,000) together with interest, the WFOE can process the cancellation of the mortgage registration; after the mortgage registration is cancelled, the Properties can be transferred according to law.

(5) The status of title and grant of major approvals and licenses in accordance with the information provided by the WFOE and the opinion of the PRC legal:

Shanghai Certificate of Real Estate Ownership	Yes
Business License	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of Shares	Appropriate percentage of shareholding
Mr. Jiang	The Company	Interests of controlled corporation *(Note)*	1,742,300,000 Shares (L)	28.66%
Shen Angang	The Company	Beneficial owner	187,865,000 Shares (L)	3.6%
Lam Cheung Shing, Richard	The Company	Beneficial owner	7,700,000 Shares (L)	0.13%
Zhu Deyu	The Company	Beneficial owner	10,000,000 Shares (L)	0.16%
Lu Yaohua	The Company	Beneficial owner	10,000,000 Shares (L)	0.16%

(L) denotes the long position held in the Shares

Note: Of which 709,000,000 Shares are held by Pengxin Holdings Company Limited while 1,033,300,000 Shares are held by Rich Monitor Limited, both being wholly and beneficially owned by Mr. Jiang. Mr. Jiang is the sole director of both Rich Monitor Limited and Pengxin Holdings Company Limited.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and persons having 5% or more shareholding

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up) or had options in respect of such capital:

Name	Name of company in which interests or short positions were held	Nature of interests	Number of shares/amount of registered capital	Appropriate percentage of shareholding
Rich Monitor Limited *(Note)*	The Company	Beneficial owner	1,033,300,000 Shares (L)	16.99%
Pengxin Holdings Company Limited *(Note)*	The Company	Beneficial owner	709,000,000 Shares (L)	11.66%
All Yield Investment Limited	P.T. Satwa Lestari Permai	Beneficial owner	8,750 shares	17.50%
Lianbo Limited	P.T. Satwa Lestari Permai	Beneficial owner	5,000 shares	10.00%
漢中市石門水庫管理局 (Hanzhong Shimen Reservoir Management Committee*)	國中(漢中)石門供水有限公司 (Interchina (Hanzhong) Shimen Water Supply Limited*)	Beneficial owner	RMB10,000,000	20.00%

(L) denotes long position in the Shares

* *For identification purpose only*

Note: The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited are held by Mr. Jiang. Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 Shares under the SFO. Mr. Jiang is the sole director of both Rich Monitor Limited and Pengxin Holdings Company Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up) or who had any options in respect of such capital.

3. SERVICE CONTRACT

As at the Latest Practicable Date, there was no service contract or any proposed service contract between any of the Directors or proposed Directors and the Company or any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up), excluding contracts expiring or determinable by the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up) within a year without payment of any compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Jiang is the owner of Nantong Garden Guobin Hotel (南通鵬欣花園國賓酒店), Banyan Tree Shanghai on the Bund (上海外灘悦榕莊), Banyan Tree Tianjin Riverside (天津海河悦榕莊), Holiday Inn Tianjin Aqua City (天津水游城假日酒店), Holiday Inn Nanjing Aqua City (南京水游城假日酒店) and Holiday Inn Panjin Aqua City (盤錦水游城假日酒店). Ownership of abovementioned hotels constitutes competing businesses to the Group.

For safeguarding the interests of the Group, the independent non-executive Directors and the audit committee of the Company would on a regular basis review the business and operational results of the Group to ensure, inter alia, that the Group's hotel and property development businesses are and continue to be run on the basis that they are independent of, and at arm's length from, those of the abovementioned hotels owned by Mr. Jiang.

Save as disclosed above, to the best knowledge of the Directors, none of the Directors or their respective associates had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

5. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 March 2013, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up), or were proposed to be acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up).

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 March 2013, being the date to which the latest audited consolidated accounts of the Company have been made up).

6. MATERIAL ADVERSE CHANGE

The Company's latest published audited financial statement for the year ended 31 March 2013 recorded a profit. As it was estimated that the interim results for the six months ended 30 September 2013 would record a profit as compared with the loss recorded in the interim results for the six months ended 30 September 2012, the Company issued a positive profit alert announcement dated 19 November 2013. As the Company has been recording profit since 31 March 2013, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, being the date to which the latest published audited consolidated accounts of the Company have been made up.

7. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who has given its advice and recommendation which are included in this circular:

Name	Qualification
Proton Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
DTZ Debenham Tie Leung Limited	the chartered surveyors and independent valuer

Each of Proton Capital and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with its opinion included in the form and context in which it is included and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Proton Capital and DTZ Debenham Tie Leung Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2013, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

(a) The registered office of the Company is at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong.

(b) The share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.

(c) The secretary of the Company is Mr. Lau Chi Lok, Freeman who is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia.

(d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong during 9:00 a.m. to 6:00 p.m. on any Business Day, from the date of this circular up to and including the date of the EGM:

(a) the memorandum of and articles of association of the Company;

(b) the consent letter referred to in the paragraph headed "Qualification and consent of experts" in this Appendix;

(c) the Sale and Purchase Agreement;

(d) the letter from the Independent Board Committee as set out on pages 17 to 18 of this circular;

(e) the letter from Proton Capital as set out on pages 19 to 32 of this circular;

(f) the property valuation report from DTZ Debenham Tie Leung Limited as set out on pages 33 to 38 of this circular;

(g) the annual reports of the Company for the two years ended 31 March 2013; and

(h) this circular.

INTERCHINA HOLDINGS COMPANY LIMITED
國中控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 202)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Interchina Holdings Company Limited (the "**Company**") will be held at 15/F., CCB Tower, 3 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 28 February 2014 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the sale and purchase agreement dated 29 November 2013 (the "**Sale and Purchase Agreement**", a copy of which has been produced to this meeting marked "A" and initialed by the chairman of the meeting for the purpose of identification) entered into between Interchina Holdings Company Limited (the "**Company**") as purchaser and Mr. Jiang Zhaobai and Mr. Jiang Lei as vendors (the "**Vendors**") in relation to the sale and purchase of the entire issued share capital of Loyal Rich International Investment Limited and the aggregate sum due and owing by Loyal Rich International Investment Limited to the Vendors at the aggregate consideration of HK$573,000,000 be and is hereby approved, confirmed and ratified; and

(b) the directors of the Company be and are hereby authorised on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Sale and Purchase Agreement and the transactions contemplated thereunder."

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

Hong Kong, 23 January 2014

Registered office:
15th Floor
CCB Tower
3 Connaught Road Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.

2. Where there are joint registered holders of any share of the Company (the "**Share**"), any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. As at the date of this notice, the executive Directors are Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Deyu, Mr. Lu Yaohua and Mr. Gu Yungao; and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan.