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## **ENERCHINA HOLDINGS LIMITED**

**威華達控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 622)

### **(1) VERY SUBSTANTIAL ACQUISITION; (2) INCREASE IN AUTHORISED SHARE CAPITAL AND (3) RESUMPTION OF TRADING**

#### **THE ACQUISITION**

On May 27, 2012, Sunny Fortune, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which Sunny Fortune conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of the Targets for a total consideration of approximately HK\$2,550,000,000. The Consideration consists of (i) a deposit of HK\$100,000,000 in cash payable within three Business Days from the date of the Sale and Purchase Agreement; (ii) HK\$1,250,000,000 in cash to be paid by the Company to the Seller on or before the Completion Date (with adjustment); (iii) HK\$160,000,000 by way of allotment and issue of the Consideration Shares on the Completion Date; and (iv) HK\$1,040,000,000 by way of issue of the Convertible Notes on the Completion Date. The Consideration Shares represent (i) approximately 22.25% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 18.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Upon Completion, each of the Targets will become a wholly-owned subsidiary of the Company and the Company will indirectly hold (i) the entire interests held by the Welson East Group in the Jingan Hilton Hotel and (ii) 90% interests held by the Prosper Trade Group in the Land, on which a tourist development area is expected to be built.

\* for identification purpose only

## **INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of the Company is HK\$120,000,000 divided into 12,000,000,000 Shares of a par value of HK\$0.01 each, of which 7,189,655,664 Shares are in issue. In order to cater for the issue of the Consideration Shares and the Conversion Shares to be issued upon conversion of the Convertible Notes, the Board proposes to increase the authorized share capital of the Company from HK\$120,000,000 divided into 12,000,000,000 Shares to HK\$500,000,000 divided into 50,000,000,000 Shares. The Capital Increase is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the SGM.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. If the Seller and/or her associates hold(s) any Shares on the date of SGM, each of them will be required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

No Shareholder will be required to abstain from voting on the relevant resolution to approve the Capital Increase.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details on the Acquisition; (ii) a valuation report of the Properties; (iii) financial information of the Group; (iv) financial information of the Target Groups; (v) unaudited pro forma financial information of the Enlarged Group; (vi) details of the Capital Increase; (vii) the notice of the SGM; and (viii) other information as required under the Listing Rules will be dispatched to the Shareholders in due course.

As additional time is required to prepare the aforesaid information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before July 16, 2012.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Friday, May 25, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Monday, May 28, 2012.

**As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **I. INTRODUCTION**

On May 27, 2012, Sunny Fortune, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement, pursuant to which Sunny Fortune conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire issued share capital of the Targets for a total consideration of approximately HK\$2,550,000,000. Upon Completion, each of the Targets will become a wholly-owned subsidiary of the Company.

## **II. THE SALE AND PURCHASE AGREEMENT**

The Sale and Purchase Agreement is legally binding and its terms and conditions are described below:

**Date** : May 27, 2012

**Parties** : (a) the Buyer;  
(b) the Company; and  
(c) the Seller.

**Assets to be acquired** : the Sale Shares, which comprises of the Prosper Trade Shares and the Welson East Share.

Upon Completion, each of the Targets will become a wholly-owned subsidiary of the Company.

Prosper Trade and Welson East, each being an investment holding company, hold, through their respective subsidiaries, certain interests in the Land and the Jingan Hilton Hotel respectively. Further details of the Target Groups are set out in the paragraph headed "Information on the Parties" below.

- Consideration** : The Consideration is HK\$2,550,000,000, which is to be satisfied by the Buyer in the following manners:
- (i) HK\$100,000,000 in cash, being the Deposit, shall be paid within three Business Days from the date of the Sale and Purchase Agreement to the Seller;
  - (ii) HK\$1,250,000,000 in cash shall be paid by the Company to the Seller on or before the Completion Date (subject to adjustment);
  - (iii) the Consideration Shares Amount of HK\$160,000,000 shall be paid by way of allotment and issue of the Consideration Shares to the Seller on the Completion Date; and
  - (iv) the Convertible Notes Amount of HK\$1,040,000,000 shall be paid by way of issue of the Convertible Notes to the Seller on the Completion Date.

The payment of the Deposit and the Cash Consideration is expected to be funded by internal cash resources of the Company.

The Consideration was determined based on arm's-length negotiations between the Company and representatives of the Seller after taking into account, among others, the following:

- (i) the preliminary valuation of the Properties prepared by Vickers Appraisal & Consulting Ltd., an independent professional valuer, at approximately RMB2,600 million (equivalent to approximately HK\$3,206 million) in their existing state as at March 31, 2012; and
- (ii) the prospect and development of the Properties as detailed in the section headed "Reasons for and Benefits of the Acquisition".

The Properties were valued based on their market values, namely, the estimated amount for which the Properties could have been transferred on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

**Consideration Shares** : The Consideration Shares represent (i) approximately 22.25% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 18.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to a specific mandate of the Company sought at the SGM and will rank *pari passu* with the Shares in issue on the date of their issue.

The Issue Price, being HK\$0.10 per Consideration Share, was determined based on arm's length negotiations between the Company and representatives of the Seller and with reference to the prevailing market price of the Shares, which represents:

- (i) a premium of approximately 13.6% to the closing price of the Shares of HK\$0.088 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 17.6% to the average of the closing prices of the Shares of approximately HK\$0.085 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day;
- (iii) a premium of approximately 16.3% to the average of the closing prices of the Shares of approximately HK\$0.086 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 3.1% to the average of the closing prices of the Shares of approximately HK\$0.097 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 2.0% to the average of the closing prices of the Shares of approximately HK\$0.098 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day.

There are no restrictions on any subsequent sales of the Consideration Shares.

**Conditions precedent**

: Completion of the Acquisition is conditional upon, among others:

- (a) in connection with the transactions contemplated by the Sale and Purchase Agreement (including the Reorganization), (i) all requisite filings, registrations or consents having been made with, and (ii) all requisite governmental authorizations on terms and conditions reasonably satisfactory to the Buyer having been obtained from, all applicable governmental entities, including any approval required for the Reorganization;
- (b) all members of each Target having waived any rights of pre-emption conferred on them by the constitutional documents of each Target or otherwise (where applicable);
- (c) all third party consents to the transfer of Sale Shares pursuant to the Sale and Purchase Agreement that are required under any contract to which any member of the Target Groups is a party having been obtained, it being understood that a consent will be deemed required under a contract if the lack of it may result in a breach of, or constitute (with or without notice or lapse of time or both) a default and/or give rise to a third party right of termination, cancellation, modification, payment or acceleration under, such contract;
- (d) save as agreed between the Seller and the Buyer under the Sale and Purchase Agreement, all liabilities, encumbrances and contracts between any member of Target Groups and any member of the Seller Group having been terminated, released or repaid in accordance with the relevant provisions of the Sale and Purchase Agreement to the Buyer's satisfaction;
- (e) the Reorganization being completed to the Buyer's satisfaction, the Prosper Trade Group holding at least 90% of interests in the Land, each of the joint venture agreements having been executed by the parties to it before Completion and approved by all applicable governmental authorities, and each of the PRC Project Companies having been issued an amended business license indicating the shareholders and their respective shareholding percentages contemplated under the Reorganization;

- (f) the Company having obtained the approval by its shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to, (a) the allotment and issue of the Consideration Shares; (b) the issue of the Convertible Notes; (c) the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attached to the Convertible Notes as required by the Listing Rules; and (d) the Capital Increase;
- (g) the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares and the Conversion Shares (in each case, either unconditionally or subject only to conditions which the Seller has no reasonable objection), and not having withdrawn or revoked such permission; and
- (h) the Convertible Notes Subscription Agreement becoming unconditional.

**Nomination of directors by Seller**

: The Buyer shall use its reasonable endeavors to procure that the Seller shall be able to, upon Completion, nominate two Directors to the Board, subject to all applicable laws and regulations (including the Listing Rules), the Company's constitutional documents and corporate governance practices of the Company.

The Seller proposes to nominate Mr. Jiang Jianan and Mr. Xu Zheng as Directors upon Completion.

Mr. Jiang Jianan, aged 39, holder of a double bachelor's degree from the University of Shanghai in international finance and mechatronic engineering, served as the head of the credit department in the business division of China Minsheng Banking Corporation Limited (Shanghai Branch) from July 1997 to December 2001. He subsequently served as the general manager of the funds department in Hengyuan Holdings Company Limited from January 2002 to May 2004, the manager of the funds department and the treasury department in Shanghai Xuhui Group Company from June 2004 to November 2004 and the chief financial officer of Shanghai Maosheng Enterprise Development Group Limited from November 2004 to December 2009. Since January 2010, he has held the position of the chief financial officer at Sunland Holding Limited.

Mr. Xu Zheng, aged 49, majored in business administration at the Party School of the Central Committee of C.P.C. He joined Shanghai Auto Electrical Components Works in 1982 and served as the head of the president office and the corporate management office. From 1994 to 1999, he served as the deputy general manager of the Shanghai Saige Enterprise Development Corporation. He has been serving as a director and chief executive officer of Chinese Future Corporation and a director of Cindic Holdings Limited since 2003. He has also been the general manager of Shanghai Xiangrong Investment Company Limited and Shanghai Rongjian Investment Development Company Limited since 2004.

**Completion** : Subject to the fulfillment or waiver of the conditions precedent to Completion, on the 10th Business Day following the fulfillment or waiver of all of the conditions precedent under the Sale and Purchase Agreement (other than those conditions that by their terms are intended to or may be fulfilled at Completion) or at such other date as the parties may agree in writing.

**Termination** : If the conditions precedent have not been fulfilled or waived on or before October 31, 2012, or if any of the obligations of the Seller under the Sale and Purchase Agreement is not complied with on the Completion Date, the Buyer may terminate the Sale and Purchase Agreement by notice to the defaulting party without liability on the part of the Buyer.

Without prejudice to the rights and remedies available to the Buyer or the Seller, the Sale and Purchase Agreement may be terminated by mutual agreement in writing between the parties.

The parties agree that the Deposit shall be forthwith refunded to the Buyer upon termination of the Sale and Purchase Agreement.

**Application for Listing** : An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### III. ISSUE OF CONVERTIBLE NOTES

<b>Issuer</b>	:	The Company
<b>Principal amount</b>	:	HK\$1,040,000,000
<b>Interest</b>	:	Zero coupon
<b>Maturity</b>	:	Five years
<b>Security</b>	:	Unsecured
<b>Conversion Shares</b>	:	10,400,000,000 Conversion Shares (subject to adjustment)
<b>Conversion Price</b>	:	HK\$0.10 per Conversion Share, subject to anti-dilutive adjustments upon the occurrence of, among others, subdivision or consolidation or reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issues or grant of options or other securities, issue of Shares options, warrants or other rights to subscribe or purchase shares thereto at less than a certain rate of the then current market price of the Shares.

The initial Conversion Price of HK\$0.10 per Conversion Share is equal to the Issue Price which represents:

- (i) a premium of approximately 13.6% to the closing price of the Shares of HK\$0.088 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 17.6% to the average of the closing prices of the Shares of approximately HK\$0.085 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day;
- (iii) a premium of approximately 16.3% to the average of the closing prices of the Shares of approximately HK\$0.086 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;

- (iv) a premium of approximately 3.1% to the average of the closing prices of the Shares of approximately HK\$0.097 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 2.0% to the average of the closing prices of the Shares of approximately HK\$0.098 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day.

Based on the initial Conversion Price of HK\$0.10 per Conversion Share, the Convertible Notes are convertible into 10,400,000,000 Conversion Shares, which represent approximately (i) 144.7% the existing issued share capital of the Company; and (ii) 54.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price.

The 10,400,000,000 Conversion Shares is expected to be allotted and issued under the specific mandate to be granted by the Shareholders at the SGM.

- Ranking** : The Conversion Shares shall rank *pari passu* in all respects with all other existing Shares outstanding on the Registration Date and shall be entitled to all dividends and other distributions the record date for which falls on a date on or after the Registration Date.
- Conversion right** : A holder of the Convertible Notes is entitled to convert the Convertible Notes into Shares at any time during the Conversion Period subject to the terms and conditions of the Convertible Notes.

**Conversion restriction** : A holder of the Convertible Notes shall not have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares to the extent that immediately after such conversion, (i) the holder of the Convertible Notes together with parties acting in concert with it, taken together will, directly and indirectly, control or be interested in such percentage of the voting rights of the Company which the holder of the Convertible Notes would be obliged to make a general offer under the Takeovers Code in force from time to time; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules.

There are no restrictions on any subsequent sales of the Conversion Shares.

**Redemption** : The Company:

- (i) may at its option at any time on or after the issue date of the Convertible Notes up to the Maturity Date redeem all Convertible Notes at an amount equals to the then outstanding principal amount together with all other amounts accrued or outstanding under the Convertible Notes provided that the Company gives to the holders of the Convertible Notes not less than five Business Days of notice for such redemption; and
- (ii) will redeem each Convertible Notes on the Maturity Date at an amount equal to the then principal amount together with all other amounts accrued or outstanding under the Convertible Notes which remain unpaid.

**Listing** : No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the approval of the listing and permission to deal in the Conversion Shares.

**Transferability** : Subject to the terms and conditions of the Convertible Notes, a Convertible Note may be transferred at any time by delivery of the certificate issued in respect of that Convertible Note, with the duly executed form of transfer, to the Company together with such evidence as the Company may reasonably require to prove the authority of the individuals who have executed the form of transfer.

**Voting** : The Convertible Notes shall not carry any voting rights.

## **IV. INFORMATION ON THE PARTIES**

### **(a) The Group**

The Group is primarily engaged in the manufacturing and sales of energy-related products and investment in financial services and property businesses.

### **(b) The Seller**

Ms. Wu Laam Anne, is engaged in, amongst others, property development business. Since 2003, she has been appointed as a director of: (i) Cindic Hotel Investment Company Limited; (ii) Cindic Holdings Limited; and (iii) Prosper Trade.

The Seller was introduced to the Company through a business acquaintance of the Company in 2012.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller is a third party independent of the Company and its connected persons and the Seller has had no prior business relationship with the Company.

### **(c) The Welson East Group and the Jingan Hilton Hotel**

Welson East is a company incorporated in the BVI with limited liability on January 2, 1998 and is an investment holding company with an issued share capital of US\$1.00 as at the date of this announcement. The principal asset of Welson East is its interests in the entire issued share capital in Cindic Holdings Limited, a Hong Kong incorporated company, which in turn holds the entire issued share capital in Cindic Hotel Investment Company Limited, also a Hong Kong incorporated company. Cindic Hotel Investment Company Limited holds interests in the Jing An Hilton Hotel Shanghai (靜安希爾頓飯店(上海)), which is a sino-foreign cooperative joint venture that operates the Jingan Hilton Hotel.

The Jingan Hilton Hotel is a luxury hotel located at Huashan Road, Shanghai. It comprises 40 storeys with a total gross floor area of approximately 71,982 sq.m. and provides approximately 800 guest rooms and various hotel and entertainment facilities, including restaurants, bars, a fitness centre and a spa salon. The Jingan Hilton Hotel commenced operations on June 28, 1988.

**(d) The Prosper Trade Group and the Land**

Prosper Trade is a company incorporated in the BVI with limited liability on December 8, 2003 and is an investment holding company with an issued share capital of US\$100.00 as at the date of this announcement, which indirectly holds certain interests in the Land through Sunland Xianghe, Sunland Yongheng and Sunland Jiada. The principal asset of Prosper Trade is its interests in the entire issued share capital in Fortex Development, which indirectly holds certain interests in the Land. As at the date of this announcement, each of Sunland Xianghe, Sunland Yongheng and Sunland Jiada is held as to 70% by Fortex Development and as to 30% by Ningbo Sunland; Ningbo Guoyuan is held as to 95% by Ningbo Sunland and as to 5% by Ningbo Rongchuan; and Ningbo Haixiang is held as to 90% by Ningbo Sunland and as to 10% by Ningbo Rongchuan.

Upon completion of the Reorganization, the shareholding structures of each of the PRC Project Companies are as set out below:

	<b>Fortex Development</b>	<b>Ningbo Sunland</b>	<b>Ningbo Rongchuan</b>
Sunland Xianghe	90%	10%	–
Sunland Yongheng	90%	10%	–
Sunland Jiada	90%	10%	–
Ningbo Haixiang	90%	10%	–
Ningbo Guoyuan	90%	5%	5%

Ningbo Sunland, Ningbo Rongchuan and their ultimate owners are third parties independent from the Company and their respective connected persons. The ultimate shareholders of Ningbo Sunland are relatives of the Seller. Mr. Xu Zheng and Mr. Jiang Jianan, the proposed directors nominated by the Seller, are not the ultimate shareholders of Ningbo Sunland. The ultimate shareholders of Ningbo Rongchuan are third parties independent from the Seller.

The shareholding structure of Target Groups as at the date of this announcement and immediately after the Reorganization is set out in section (d) below.

Sunland Xianghe is a sino-foreign equity joint venture with limited liability established under the laws of the PRC with a registered and paid up capital of US\$25,000,000. It carries on business in, amongst others, property management, commercial property leasing and development of tourism projects on part of the Land. Sunland Xianghe is mainly engaged in developing a “seafood” street project and a residential townhouse project.

Sunland Yongheng is a sino-foreign equity joint venture with limited liability established under the laws of the PRC with a registered and paid up capital of US\$25,000,000. It carries on business in, amongst others, property management, commercial property leasing and development of tourism projects on part of the Land. Sunland Yongheng is mainly engaged in developing a commercial and residential townhouse project.

Sunland Jiada is a sino-foreign equity joint venture with limited liability established under the laws of the PRC with a registered and paid up capital of US\$25,000,000. It carries on business in, amongst others, property management, commercial property leasing and development of tourism projects on part of the Land. Sunland Jiada is mainly engaged in developing certain high-end vacation residential projects and service apartments.

Ningbo Guoyuan is an equity joint venture with limited liability established under the laws of the PRC with a registered and paid up capital (including premium) of RMB700,800,000. It carries on business in, amongst others, real estate development and sale, investment in tourism projects, property management and leasing. Ningbo Guoyuan is mainly engaged in developing a seaside resort hotel, a spa centre and certain high-grade residential quarters.

Ningbo Haixiang is an equity joint venture with limited liability established under the laws of the PRC with a registered and paid up capital of RMB10,000,000. It carries on business in, amongst others, real estate development and sale, investment in tourism projects, property management and leasing. Ningbo Haixiang is mainly engaged in developing a tourist resort, certain high-end vacation residential projects and parking lots.

The Land is collectively held by the PRC Project Companies and is located at Xiangshan of Ningbo, Zhejiang Province, PRC, on which the Donghai Mingcheng project is expected to be built. The Donghai Mingcheng project is a large scale coastal tourist resort development project covering approximately 750,000 sq.m. of coastal land with a total construction area of approximately 1 million sq.m..

The development concept and model of the Donghai Mingcheng project is to combine commercial real estate, tourism and residential quarters by way of improved supporting facilities and landscape transformation in order to increase the core value of the Land. The entire project consists of certain residential projects, a seaside resort, a “seafood” street and certain residential townhouse projects pursuant to the first five-year plan, certain high-end vacation residential projects pursuant to the second five-year plan and residential quarters and supporting projects pursuant to the third five-year plan. The project commenced development in 2011 and is expected to be completed in three phases within 10 to 15 years. As far as the Company is aware, and based on facts currently known to the Company, the capital requirement for this project until completion is approximately RMB8,000,000,000, where approximately RMB2,500,000,000 is attributable to the first phase of this project during the first 5 years. The Company proposes to use internal working capital and bank borrowing and project financing to fulfill any further capital requirements if required.

**(e) Reorganization**

The shareholding structure of Target Groups as at the date of this announcement and immediately after the Reorganization is set out in section (f) below. As a condition for the Completion, Fortex Development shall acquire the following equity interests at the considerations set out as follows:

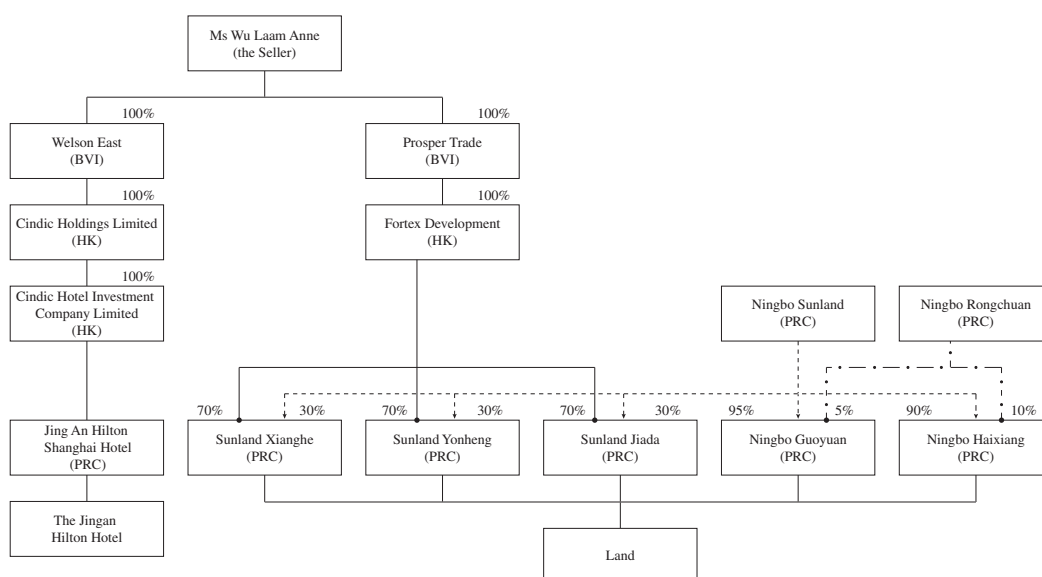
Target Company	Equity Interest to be Acquired %	Consideration
Ningbo Guoyuan	90	RMB630,720,000
Ningbo Haixiang	90	RMB9,000,000
Sunland Xianghe	20	US\$5,000,000
Sunland Jiada	20	US\$5,000,000
Sunland Yongheng	20	US\$5,000,000

As part of the Reorganization, the consideration for acquisitions of the above equity interests, together with certain accounts receivables and accounts payable of the Target Groups will be restructured by a series of assignment and novation and a declaration of dividends between the Target Group and the Seller Group so that they can be set-off to the extent possible by Completion.

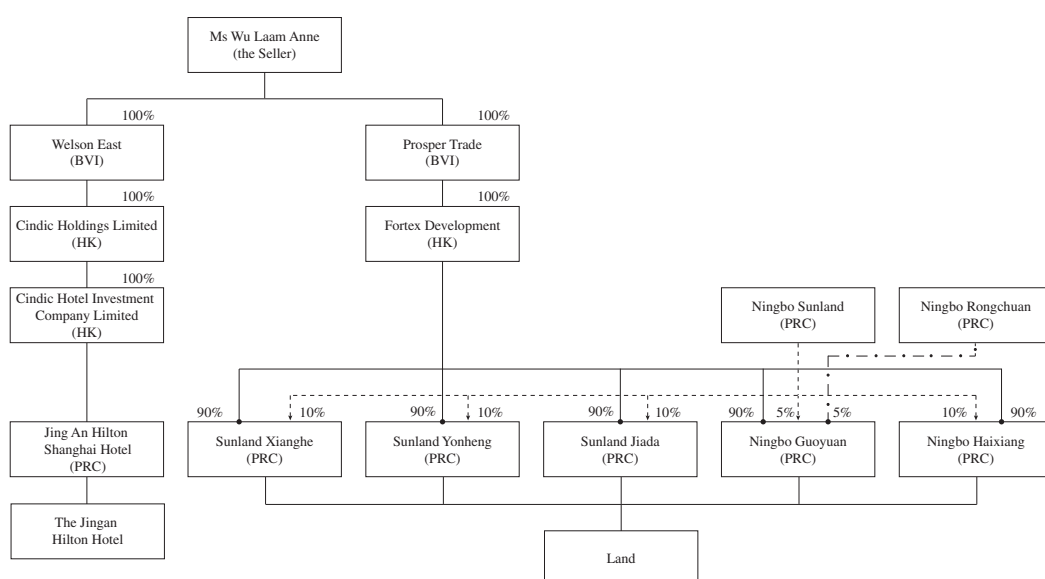
**(f) Shareholding structure of the Target Groups**

Set out below are the shareholding structure of Target Groups and the Company as at the date of this announcement and immediately after the Reorganization:

**(i) As at the date of this announcement**



**(ii) Immediately following Reorganization**



**(g) Financial information on the Target Groups**

**(i) The Welson East Group**

Based on the unaudited financial statements of the Welson East Group, the net asset value of the Welson East Group is RMB342,708,000 as at March 31, 2012. The following information is a summary of the consolidated financial statements of the Welson East Group for the two financial years ended December 31, 2011:

	<b>For the year ended December 31, 2010 RMB'000</b>	<b>For the year ended December 31, 2011 RMB'000</b>
Net profits/(loss) before tax and extraordinary items	68,849	42,438
Net profits/(loss) after tax and extraordinary items	<u>48,441</u>	<u>27,700</u>

**(ii) The Prosper Trade Group**

Based on the unaudited financial statements of the Prosper Trade Group, the net asset value of the Prosper Trade Group is RMB160,329,000 as at March 31, 2012. The following information is a summary of the consolidated financial statements of the Prosper Trade Group for the two financial years ended December 31, 2011:

	<b>For the year ended December 31, 2010 RMB'000</b>	<b>For the year ended December 31, 2011 RMB'000</b>
Net profits/(loss) before tax and extraordinary items	(5,277)	(10,307)
Net profits/(loss) after tax and extraordinary items	<u>(5,277)</u>	<u>(10,307)</u>

**(iii) Ningbo Guoyuan**

Based on the unaudited financial statements of Ningbo Guoyuan, the net asset value of Ningbo Guoyuan is RMB560,635,000 as at March 31, 2012. The following information is a summary of the consolidated financial statements of Ningbo Guoyuan for the two financial years ended December 31, 2011:

	<b>For the year ended December 31, 2010 RMB'000</b>	<b>For the year ended December 31, 2011 RMB'000</b>
Net profits/(loss) before tax and extraordinary items	(19,145)	(82,201)
Net profits/(loss) after tax and extraordinary items	<u>(19,145)</u>	<u>(82,201)</u>

**(iv) Ningbo Haixiang**

Based on the unaudited financial statements of Ningbo Haixiang, the net asset value of Ningbo Haixiang is RMB7,683,000 as at March 31, 2012. The following information is a summary of the consolidated financial statements of Ningbo Haixiang for the two financial years ended December 31, 2011:

	<b>For the year ended December 31, 2010 RMB'000</b>	<b>For the year ended December 31, 2011 RMB'000</b>
Net profits/(loss) before tax and extraordinary items	(701)	(1,279)
Net profits/(loss) after tax and extraordinary items	<u>(701)</u>	<u>(1,279)</u>

**V. SHAREHOLDING STRUCTURE**

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares; (iii) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes:

	<b>As at the date of this announcement</b>		<b>Immediately after the allotment and issue of the Consideration Shares (Note 1)</b>		<b>Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Notes (Notes 1, 2 &amp; 3)</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Seller	–	–	1,600,000,000	18.20	1,600,000,000	8.34
Conversion Share	–	–	–	–	10,400,000,000	54.20
Majority Shareholder	2,629,140,978	36.57	2,629,140,978	29.91	2,629,140,978	13.70
Public Shareholders	4,560,514,686	63.43	4,560,514,686	51.89	4,560,514,686	23.76
<b>Total</b>	<u>7,189,655,664</u>	<u>100.00</u>	<u>8,789,655,664</u>	<u>100.00</u>	<u>19,189,655,664</u>	<u>100.00</u>

*Notes:*

- 1 The number of Consideration Shares to be allotted and issued upon Completion is calculated using the Consideration Shares Amount of HK\$160,000,000 and the Issue Price of HK\$0.10.
- 2 The number of Conversion Shares to be allotted and issued upon the conversion of the Convertible Notes is calculated using the initial Conversion Price of HK\$0.10.

Under the terms of the Convertible Notes, the Seller shall not have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares to the extent that immediately after such conversion, (i) the Seller together with parties acting in concert with it, taken together will, directly and indirectly, control or be interested in such percentage of the voting rights of the Company which the holder of the Convertible Notes would be obliged to make a general offer under Takeovers Code in force from time to time; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules.

- 3 This column is for illustration purpose only.

## **VI. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition consists of two investment portions, being the Donghai Mingcheng project in Xiangshan of Ningbo, and the Jingan Hilton Hotel in Shanghai. Target investments are located in the fast growing economic region of Shanghai and Zhejiang Province.

The Donghai Mingcheng project is a large scale coastal tourist resort development project covering approximately 750,000 sq.m. of coastal land. This long-term resort development project is expected to include both residential and commercial properties, as well as a newly built 5-star Hilton hotel. The total construction area for the project will be approximately 1 million sq.m..

The Land has just started to be developed as at the date of the Acquisition and therefore no income should be expected to be generated from the Land. However, given the development potential of the Land and the Donghai Mingcheng project, and given the prime location that the Land is situated, the Company believes that the Land will bring in revenue in the long term, which will in term benefit the Company and its shareholders.

The Jingan Hilton Hotel commenced operations in 1988, and it is one of the earliest 5-star foreign hotels to be established in Shanghai. Centrally located in the city, the 40 storeys hotel with approximately 800 guest rooms has consistently generated positive revenue in recent years.

The Jingen Hilton Hotel is located in a prime location in Shanghai and has been well managed. However, in line with other hotel operations, the revenue of the Jingan Hilton Hotel is subject to cyclical fluctuations, which depend on a number of factors such as the economic and market outlook at the relevant time. Given the historically steady track record of revenue generated by the Jingan Hilton Hotel, it is expected that the Jingan Hilton Hotel will continue to generate income for the Company in the future.

The Directors believe that the terms of the Transactions are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole and that the Acquisition will benefit the Group in the longer term.

The Directors believe, further to the Company's current business in the energy and resources sector, the Acquisition will also enable the Company to enter into the property investment market, acquiring an established position in Zhejiang province of the PRC, and will position the Company to capture the growth potential from the financial and business hub of the PRC, which the Directors believe will benefit the Group in the longer term.

The Company believes that the board of directors and the management has sufficient expertise in operating and managing the new businesses to be required. In particular,

- (a) Mr. Chen Wei, the Chairman and an executive Director who is responsible for the overall business development, management and strategic planning of the Company, is also an executive director of Sinolink Worldwide Holdings Limited, a company listed in Hong Kong which is engaged in the business of property development, property, facilities and project management. Coupled with his 26 years of business administration, market development and management, the Company believes that he would have sufficient experience in managing the Jingan Hilton Hotel and the Donghai Mingcheng project.
- (b) Mr. Xiang Ya Bo, an executive Director, is also an executive director of Sinolink Worldwide Holdings Limited. Mr Xiang has over 26 years of experience in the field of corporate management and investment management. With his experience in business development and management, he would have sufficient skills and knowledge in the operation of the Jingan Hiton Hotel and the Donghai Mingcheng project.
- (c) Mr. Tang Yui Man Francis, an executive Director, is also the chief executive officer and an executive director of Sinolink Worldwide Holdings Limited and therefore has sufficient experience in the property development sector. With his numerous years of experience in management, accounting and finance, the Company believes that he would have sufficient experience in managing the new businesses to be acquired.
- (d) Mr. Sam Nickolas David Hing Cheong is an executive Director and chief executive officer of the Company with ample experience in corporate advisory matters, mergers and acquisitions. Mr. Sam is a lawyer by training and is able to contribute to the corporate advisory and legal aspects of the new businesses.

The Jingan Hilton Hotel is managed by the Hilton Hotel group by a hotel management contract. As such, the daily operations of the Jingan Hilton Hotel are managed by the Hilton Hotel group. This arrangement allows the Directors to be more involved in the management, business decisions and long term strategy of the Jingan Hilton Hotel.

## **VII. INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorised share capital of the Company is HK\$120,000,000 divided into 12,000,000,000 Shares of a par value of HK\$0.01 each, of which 7,189,655,664 Shares are in issue. In order to accommodate the future expansion and growth of the Group as well as the issue of the Consideration Shares and the Conversion Shares to be issued upon conversion of the Convertible Notes, the Board proposes to increase the authorised share capital of the Company from HK\$120,000,000 divided into 12,000,000,000 Shares to HK\$500,000,000 divided into 50,000,000,000 Shares. The Capital Increase is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the SGM.

## **VIII. IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. If the Seller and her associates hold any Shares on the date of SGM, they will be required to abstain from voting on the relevant resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

No Shareholder will be required to abstain from voting on the relevant resolution to approve the Capital Increase.

## **IX. DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details on the Acquisition; (ii) a valuation report of the Properties and all other properties of the Group; (iii) financial information of the Group; (iv) financial information of the Target Groups; (v) unaudited pro forma financial information of the Enlarged Group; (vi) details of the Capital Increase; (vii) the notice of the SGM; and (viii) other information as required under the Listing Rules will be despatched to the Shareholders in due course.

As additional time is required to prepare the aforesaid information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before July 16, 2012.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Friday, May 25, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Monday, May 28, 2012.

**As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capitals of the Targets by the Company from the Seller pursuant to the terms of the Sale and Purchase Agreement;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open to conduct business in Hong Kong generally throughout their normal business hours;
“Buyer” or “Sunny Fortune”	Sunny Fortune Investments Limited, a company incorporated under BVI laws, a wholly-owned subsidiary of the Company;
“BVI”	the British Virgin Islands;
“Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$120,000,000 divided into 12,000,000,000 Shares to HK\$500,000,000 divided into 50,000,000,000 Shares by the creation of 38,000,000,000 additional Shares;
“Cash Consideration”	the sum of HK\$1,250,000,000 which shall be paid by the company as part payment of the Consideration on or before the Completion Date;

“Company”	Enerchina Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 622);
“Completion”	completion of the Acquisition;
“Completion Date”	the date when the Completion would take place pursuant to the Sale and Purchase Agreement;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	the aggregate consideration payable by the Company in respect of the Acquisition under the Sale and Purchase Agreement;
“Consideration Shares”	the 1,600,000,000 new Shares to be allotted and issued to the Seller on the terms of the Sale and Purchase Agreement, which amount to approximately 22.25% of the total issued share capital of the Company at the date of this announcement and approximately 18.20% of the issued share capital of the Company as enlarged by the allotment of the Consideration Shares;
“Consideration Shares Amount”	HK\$160,000,000;
“Conversion Period”	from the date of the Convertible Notes up to the Maturity Date (both days inclusive) but in no event thereafter or if such Convertible Notes shall have been called or put for redemption at any time on or after the issue date, then up to the close of business on a date no later than five Business Days prior to the date fixed for redemption thereof;
“Conversion Share(s)”	new Share(s) which may fall to be allotted and issued upon conversion of the Convertible Notes at the initial Conversion Price;
“Convertible Notes”	the convertible notes to be issued by the Company as part of the Consideration upon Completion;
“Convertible Notes Amount”	HK\$1,040,000,000;

“Convertible Notes Subscription Agreement”	the subscription agreement to be entered into by the Seller and the Company in respect of issue of the Convertible Notes at or before Completion;
“Conversion Price”	the initial conversion price of HK\$0.10 per Conversion Share for the Convertible Notes, subject to adjustment;
“Deposit”	the deposit payable by the Buyer in accordance with the Sale and Purchase Agreement;
“Directors”	the directors of the Company;
“Enlarged Group”	the Group (including the Target Groups) following Completion;
“Fortex Development”	Fortex Development Limited, a Hong Kong incorporated company with limited liability, which is a wholly owned subsidiary of Prosper Trade;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Price”	the issue price of HK\$0.10 per Consideration Share;
“Jingan Hilton Hotel”	the Shanghai Jing’an Hilton Hotel, situated at No. 250, Huashan Road, Shanghai, the PRC;
“Land”	the parcel of land located at Xiangshan of Ningbo, Zhejiang Province, the PRC, on which a tourist development area is expected to commence to be built;
“Last Trading Day”	May 24, 2012, being the final day of trading prior to suspension of trading in the Shares and the last trading day for the Shares before the date of the Announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	the date falling on the fifth anniversary of the issue date of the Convertible Notes;

“Ningbo Guoyuan”	Ningbo Guoyuan Real Estate Co., Ltd.* (寧波國源置業有限公司), a PRC incorporated company;
“Ningbo Haixiang”	Ningbo Haixiang Real Estate Co., Ltd.* (寧波海祥置業有限公司), a PRC incorporated company;
“Ningbo Rongchuan”	Ningbo Rongchuan Trading Co., Ltd.* (寧波融川貿易有限公司), a PRC incorporated company;
“Ningbo Sunland”	Ningbo Sunland Real Estate Co., Ltd.* (寧波三立置業有限公司), a PRC incorporated company;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC Project Companies”	Sunland Xianghe, Sunland Yongheng, Sunland Jiada, Ningbo Guoyuan and Ningbo Haixiang;
“Properties”	the Land and the Jingan Hilton Hotel, each being a Property;
“Prosper Trade”	Prosper Trade Investments Limited, a BVI incorporated company with limited liability, which is wholly owned by the Seller;
“Prosper Trade Group”	Prosper Trade and its subsidiaries;
“Prosper Trade Shares”	100 ordinary shares in the share capital, comprising of 100% of the total issued shares, of Prosper Trade ;
“Registration Date”	the date on which a holder of the Conversion Shares is registered as such in the Company’s register of members;
“Reorganization”	the reorganization of certain members of the Target Groups which involves, inter alia, (i) the increase in shareholding of Fortex Development in each of Sunland Xianghe, Sunland Yongheng and Sunland Jiada to 90% of each of their total equity interests; (ii) the acquisition of 90% of the issued share capital in Ningbo Guoyuan and Ningbo Haixiang by Fortex Development; and (iii) the arrangement with respect to certain receivables and payables of certain of the members of the Target Groups, to the satisfaction of the Buyer;

“Sale and Purchase Agreement”	the agreement dated May 27, 2012 entered into between the Target Shareholder, the Seller and the Company in respect of the Acquisition;
“Sale Shares”	the Welson East Share and the Prosper Trade Shares;
“Seller”	Ms. Wu Laam Anne;
“Seller Group”	the Seller and all of her affiliates, excluding the Target Groups;
“SGM”	the special general meeting of the Company to be held to approve matters relating to the Acquisition;
“Share(s) ”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the shareholders of the Company;
“sq.m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to that term in the Listing Rules;
“Sunland Jiada”	Ningbo Sunland Jiada Co., Ltd.* (寧波三立嘉達置業有限公司), a sino-foreign equity joint venture with limited liability established under the laws of the PRC;
“Sunland Xianghe”	Ningbo Sunland Xianghe Co., Ltd.* (寧波三立祥和置業有限公司), a sino-foreign equity joint venture with limited liability established under the laws of the PRC;
“Sunland Yongheng”	Ningbo Sunland Yongheng Co., Ltd.* (寧波三立甬恒置業有限公司), a sino-foreign equity joint venture with limited liability established under the laws of the PRC;
“Takeovers Code”	Hong Kong Codes on Takeovers and Mergers and Share Repurchase;
“Targets”	Welson East and Prosper Trade;
“Target Groups”	the Welson East Group and the Prosper Trade Group;

“Transactions”	the Acquisition, the issue of Consideration Shares and the issue of Convertible Bonds;
“Welson East ”	Welson East Limited, a BVI incorporated company with limited liability;
“Welson East Group”	Welson East and its subsidiaries;
“Welson East Share”	one ordinary share in the share capital, comprising of 100% of the total issued shares, of Welson East;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	percent.

*Note:* the exchange rates between United States dollars and Hong Kong dollars and Renminbi and Hong Kong dollars provided in this announcement is USD1 = HK\$7.75 and RMB1 = HK\$1.233 respectively. The provisions of such exchange rates do not mean that Hong Kong dollars could be converted into the United States dollars or Renminbi based on such exchange rates.

\* *The English names are for identification purposes only.*

For and on behalf of the Board  
**Enerchina Holdings Limited**  
**Tang Yui Man Francis**  
*Executive Director*

Hong Kong, May 27, 2012

*As at the date of this announcement, the Board comprises Mr. Chen Wei (Chairman), Mr. Sam Nickolas David Hing Cheong (Chief Executive Officer), Mr. Tang Yui Man Francis and Mr. Xiang Ya Bo as executive directors and Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin as independent non-executive directors.*