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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)**

### **SHARE TRANSACTION IN RELATION TO ISSUE OF NEW SHARES UNDER GENERAL MANDATE TO IMAGI**

#### **THE SHARE SWAP AGREEMENT**

On 16 March 2017 (after trading hours), the Company and Imagi entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Imagi shall subscribe for, and the Company shall issue and allot, 378,000,000 Enerchina Subscription Shares under the General Mandate, representing approximately 3.50% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.38% of the enlarged issued share capital of the Company immediately after issuing the Enerchina Subscription Shares, credited as fully paid to Imagi (or its nominee) at a price of HK\$0.27 per Enerchina Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000; and
- (ii) the Company shall subscribe for, and Imagi shall issue and allot, 113,400,000 Imagi Subscription Shares under the Imagi General Mandate, representing approximately 19.69% of the existing issued share capital of Imagi as at the date of this announcement and approximately 16.45% of the enlarged issued share capital of Imagi immediately after issuing the Imagi Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.90 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000.

All of the above shall take place simultaneously.

\* For identification purposes only

## LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement are less than 5%, the Share Swap Agreement constitutes a share transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As the Completion is subject to the satisfaction of the conditions precedent thereunder, and it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## THE SHARE SWAP AGREEMENT

On 16 March 2017 (after trading hours), the Company and Imagi entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Imagi shall subscribe for, and the Company shall issue and allot, 378,000,000 Enerchina Subscription Shares under the General Mandate, representing approximately 3.50% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.38% of the enlarged issued share capital of the Company immediately after issuing the Enerchina Subscription Shares, credited as fully paid to Imagi (or its nominee) at a price of HK\$0.27 per Enerchina Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000; and
- (ii) the Company shall subscribe for, and Imagi shall issue and allot, 113,400,000 Imagi Subscription Shares under the Imagi General Mandate, representing approximately 19.69% of the existing issued share capital of Imagi as at the date of this announcement and approximately 16.45% of the enlarged issued share capital of Imagi immediately after issuing the Imagi Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.90 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000.

All of the above shall take place simultaneously.

The Share Swap Agreement does not contain any restrictions which apply to the subsequent sale of the Imagi Subscription Shares and Enerchina Subscription Shares. Furthermore, the signing of the Share Swap Agreement does not restrict the Company and Imagi from carrying out future fund raising activities by issuing new shares.

As at the date of this announcement, the Company (through its subsidiaries) is interested in 22,954,200 Imagi Shares, representing 3.98% of the existing issued share capital of Imagi as at the date of this announcement. Besides, Mr. Chow Chi Wah Vincent, being an executive Director of the Company, is also an independent non-executive director of Imagi, and accordingly had abstained from voting at the meeting of the Board to approve the Share Swap Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save as disclosed above, Imagi and its ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

### **Conditions**

The respective obligations of the Company and Imagi to effect the Completion shall be conditional upon the following:

- (i) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Imagi Subscription Shares and Enerchina Subscription Shares;
- (ii) the simultaneous completion of the Imagi Subscription and Enerchina Subscription;
- (iii) no partial completion of either Imagi Subscription or Enerchina Subscription shall be permitted; and
- (iv) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Swap Agreement and any of the transaction contemplated thereunder.

If the conditions have not been fulfilled on or before 5:00 p.m. on 31 March 2017 (or such other date as the Company and Imagi may agree in writing), the Share Swap Agreement shall lapse and become null and void and the parties hereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

### **Completion**

The completion of the Imagi Subscription and Enerchina Subscription shall take place simultaneously on or before the 3rd Business Day after all of the conditions have been satisfied at such place and time as the Company and Imagi may agree where all (but not part of) of the matters set out in the Share Swap Agreement shall take place.

### **THE IMAGI SUBSCRIPTION**

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe, and Imagi has agreed to allot and issue to the Company (or its nominee), 113,400,000 Imagi Subscription Shares under the Imagi General Mandate, for a total consideration of HK\$102,060,000, which represent approximately 19.69% of the existing issued share capital of Imagi as at the date of this announcement, and approximately 16.45% of the issued share capital of Imagi as enlarged immediately after issuing the Imagi Subscription Shares.

The Imagi Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Imagi Shares in issue upon Completion.

## Subscription price for the Imagi Subscription Shares

The subscription price of HK\$0.90 per Imagi Subscription Share represents:

- (i) a premium of approximately 3.45% over the closing price of HK\$0.87 per Imagi Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.55% to the average closing price of approximately HK\$0.905 per Imagi Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day;
- (iii) a discount of approximately 71.88% to the adjusted audited consolidated net asset value per Imagi Share of approximately HK\$3.20 as at 31 December 2015 (for easy comparison with the subscription price for the Imagi Subscription Shares, the audited consolidated net asset value per share of approximately HK\$0.08 of Imagi as at 31 December 2015 was adjusted accordingly for the effect of the two share consolidations of Imagi in 2016 and 2017 respectively); and
- (iv) a discount of approximately 62.50% to the adjusted unaudited consolidated net asset value per Imagi Share of approximately HK\$2.40 as at 30 June 2016. (for easy comparison with the subscription price for the Imagi Subscription Shares, the unaudited consolidated net asset value per share of approximately HK\$0.30 of Imagi as at 30 June 2016 was adjusted accordingly for the effect of the recent share consolidation of Imagi in 2017).

The subscription price for the Imagi Subscription Shares was arrived at after arm's length negotiations between the Company and Imagi with reference to the recent market price of the Imagi Shares as well as the net asset value per Imagi Share. The Directors consider that the terms of the Imagi Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price for the Imagi Subscription Shares in sum of HK\$102,060,000 will be settled by the Company by the allotment and issue of the Enerchina Subscription Shares.

## THE ENERCHINA SUBSCRIPTION

Pursuant to the Share Swap Agreement, Imagi has agreed to subscribe, and the Company has agreed to allot and issue to Imagi (or its nominee), 378,000,000 Enerchina Subscription Shares under the General Mandate, for a total consideration of HK\$102,060,000, which represents approximately 3.50% of the existing issued share capital of the Company as at the date of this announcement, and approximately 3.38% of the issued share capital of the Company as enlarged immediately after issuing the Enerchina Subscription Shares.

The Enerchina Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Shares in issue as at the date of the Completion.

## **Subscription price for the Enerchina Subscription Shares**

The subscription price of HK\$0.27 per Enerchina Subscription Share represents:

- (i) a premium of approximately 1.89% over the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 4.59% to the average closing price of approximately HK\$0.283 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day.

The subscription price for the Enerchina Subscription Shares was determined after arm's length negotiations between the Company and Imagi with reference to the recent market price of the Shares. The Directors consider that the terms of the Enerchina Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price for the Enerchina Subscription Shares in sum of HK\$102,060,000 will be settled by Imagi by the allotment and issue of the Imagi Subscription Shares.

## **General Mandate**

The Enerchina Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to issue up to 1,438,769,332 new Shares (representing 20% of the total number of issued Shares as at the date of the AGM) until the revocation, variation or expiration of the General Mandate. As at the date of this announcement, no Shares has been allotted and issued under the General Mandate.

## **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Enerchina Subscription Shares to be issued pursuant to the Share Swap Agreement.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion and the allotment and issue of the Enerchina Subscription Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Enerchina Subscription Shares):

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon completion of the Enerchina Subscription	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr. Ou Yaping	3,913,673,894 (Note 1)	36.27%	3,913,673,894	35.04%
Imagi and its subsidiaries	212,797,249	1.97%	590,797,249	5.29%
Other public Shareholders	6,664,298,853	61.76%	6,664,298,853	59.67%
<b>Total</b>	<u>10,790,769,996</u>	<u>100.00%</u>	<u>11,168,769,996</u>	<u>100.00%</u>

Note:

- (1) 3,913,673,894 Shares represent the aggregate of (i) 3,835,658,427 Shares held by Asia Pacific Promotion Limited; (ii) 60,075,146 Shares are held by Sinolink Worldwide Holdings Limited; and (iii) 17,940,321 Shares representing interests held jointly with another person.

## INFORMATION OF IMAGI

Imagi is an investment holding company and its subsidiaries are principally engaged in computer graphic imaging, cultural and entertainment business, investment business and integrated financial services business.

Set out below is the audited consolidated financial information of Imagi extracted from its 2015 annual report:

	For the years ended 31 December	
	2014 HK\$'000	2015 HK\$'000
Profit/(loss) before taxation	3,455	(81,238)
Profit/(loss) after taxation	3,455	(81,238)

As at 30 June 2016, the unaudited consolidated net asset value of Imagi was approximately HK\$900.48 million.

## **REASONS FOR AND BENEFITS OF THE SHARE SWAP AGREEMENT**

The Group principally engages in the financial services sector, including investment holdings, provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, proprietary trading and investment of securities, provision of margin financing, money lending services, and investment advisory and asset management services.

Since the early of 2016, Imagi has been actively expanding its businesses scope in financial services comprising of provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and asset management services, margin financing and money lending business, securities investment and proprietary trading. Imagi recently completed the acquisition of John & Wong Securities Company Limited which is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity.

In order to enhance the Company's overall competitiveness in the financial services industry and promote business development with other securities companies, the Company entered into the Share Swap Agreement so that the Company and Imagi become strategic alliance with a more significant shareholding stake in each other. Accordingly, the Company and Imagi further entered into a strategic alliance memorandum on the same date where both parties have agreed to work together in a strategic and non-exclusive alliance for the purpose of the promotion, advancement and development of their financial services business. Under the strategic alliance memorandum, the Company and Imagi shall (i) identify and implement projects that are of mutual interest to both parties; (ii) provide assistance on human resources management and recruitment to the other party when necessary; (iii) exchange and refer business opportunities as the parties think appropriate; (iv) share market intelligence for the benefit and risk management of the parties' businesses; and (v) inform and discuss with the other party of the progress of the projects mutually undertaken by the respective parties.

After the Imagi Subscription, the effective voting power of the Group at shareholders' meetings of Imagi will increase from approximately 3.98% to 19.78% and the Group will become the largest shareholder of Imagi. The aforesaid increase is expected to facilitate the Group to exercise more influence on Imagi's company affairs than the other public shareholders of Imagi so that the interest of the Group can be better served. On the other hand, the Enerchina Subscription Shares represent less than 5% of the total issued share capital of the Company as at the date of this announcement. The Enerchina Subscription would not facilitate Imagi to have any significant effect on the Company's financial position, daily operations and policies making. Furthermore, the Enerchina Subscription by Imagi can broaden the Company's shareholder base. As Imagi Subscription will be settled by issuing the Enerchina Subscription Shares and no cash consideration would be paid, the Group's internal financial resources would not be reduced. Further, it is expected that both the total assets and net asset of the Group will be increased subsequent to the Completion. Accordingly, the Directors expect that its investment in Imagi will lead to an attractive capital gain as well as a fruitful strategic alliance which are in the interests of the Company and the Shareholders as a whole.

The subscription price of HK\$0.90 per Imagi Subscription Share is offered at a discount of approximately 71.88% to the adjusted audited consolidated net asset value per Imagi Share as at 31 December 2015, and a discount of approximately 62.50% to the adjusted unaudited consolidated net asset value per Imagi Share as at 30 June 2016. The Directors consider that the subscription price for the Imagi Subscription Shares is attractive and acquisition of the same amount of Imagi Shares from open market is impracticable and time-consuming with uncertainties as the average daily trading volume of the Imagi Shares was approximately 520,000 (adjusted for the effect of the share consolidation of Imagi which was effected on 13 March 2017) over the past three months. Further, the Directors expect that the strategic alliance between the Company and Imagi will help improve Imagi's financial performance and thus, the Directors are optimistic that the trading performance of Imagi Shares will also be improved in a longer term. Accordingly, the Company considers that its investment in Imagi will possibly lead to an attractive capital gain with its strategic alliance becoming fruitful. Moreover, the Company would also benefit from any possible dividends and distributions declared by Imagi (if any), and appreciation in share price (if any).

The Board and management of the Company will continue to explore new strategic development opportunities, strengthen corporate governance and optimize business portfolio, in order to enhance the corporate value of the Company.

Having considered the factors set out above, the Directors are of the view that the Imagi Subscription, the Enerchina Subscription and the terms of the Share Swap Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement are less than 5%, the Share Swap Agreement constitutes a share transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As the Completion is subject to the satisfaction of the conditions precedent thereunder, and it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 19 May 2016 in which the Shareholders had approved, among other things, the General Mandate
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong

“Company”	Enerchina Holdings Limited (stock code: 622), a company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the simultaneous completion of the subscription of the Imagi Subscription Shares and the Enerchina Subscription Shares by the parties respectively and the performance by the parties of their respective obligations under the Share Swap Agreement
“Director(s)”	directors of the Company
“Encumbrances”	pre-emption, options, liens, claims, equities, charges, encumbrances or third-party rights of any nature
“Enerchina Subscription”	the subscription of the Enerchina Subscription Shares by Imagi or its nominee pursuant to the Share Swap Agreement
“Enerchina Subscription Share(s)”	the 378,000,000 Shares to be allotted and issued under the General Mandate by the Company to Imagi or its nominee pursuant to the Share Swap Agreement
“General Mandate”	the general mandate granted by the Shareholders at the AGM to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at 19 May 2016
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Imagi”	Imagi International Holdings Limited (stock code: 585), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Imagi General Mandate”	the general mandate granted by the shareholders of Imagi at the special general meeting on 28 October 2016 to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of Imagi in issue as at 28 October 2016
“Imagi Share(s)”	ordinary shares of HK\$0.04 each in the share capital of Imagi

“Imagi Subscription”	the subscription of the Imagi Subscription Shares by the Company or its nominee pursuant to the Share Swap Agreement
“Imagi Subscription Share(s)”	the 113,400,000 Imagi Shares to be allotted and issued by Imagi under the Imagi General Mandate to the Company or its nominee pursuant to the Share Swap Agreement
“Last Trading Day”	16 March 2017, being the last day on which the Shares and Imagi Shares were traded on the Stock Exchange prior to the release of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Swap Agreement”	a conditional agreement dated 16 March 2017 entered into between the Company and Imagi in relation to the Enerchina Subscription and Imagi Subscription
“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**Enerchina Holdings Limited**  
**Sam Nickolas David Hing Cheong**  
*Chief Executive Officer and Executive Director*

Hong Kong, 16 March 2017

*As at the date of this announcement, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Chen Wei (*Chairman*)  
Mr. Chow Chi Wah Vincent  
Mr. Sam Nickolas David Hing Cheong  
(*Chief Executive Officer*)  
Mr. Tang Yui Man Francis

*Independent Non-Executive Directors:*

Mr. Cheung Wing Ping  
Mr. Chui Kark Ming  
Mr. Ma Ka Ki