ENERCHINA HOLDINGS LIMITED
威華達控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 622)

2011 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS:

For the year ended 31 December 2011

- Turnover from continuing operation amounted to approximately HK$47.7 million.
- Profit attributable to owners of the Company amounted to HK$647.4 million, compared to a loss attributable to owners of the Company of HK$683.2 million for the year ended 31 December 2010. The turnaround from loss to profit was mainly attributable to a gain of HK$763.1 million recorded on the disposal of the Group's electricity generation business during the year, whereas an one-off loss of approximately HK$847.6 million was recognized in 2010 as a result of the Group's disposal and deemed disposal of partial interests in an associate.

The board of directors (the "Board") of Enerchina Holdings Limited (the "Company") announced the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

* *for identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** ***HK$'000***	2010 *HK$'000* (restated)
Continuing operation			
Turnover		**47,684**	16,260
Cost of sales		**(48,918)**	(17,892)
Gross loss		**(1,234)**	(1,632)
Other income and gains	*4*	**33,186**	7,475
Selling and distribution expenses		**(4,833)**	(2,085)
Administrative expenses		**(52,714)**	(56,952)
Other expenses		**(637)**	(78)
Net (losses) gains on investments held for trading		**(69,420)**	227,679
Gain on convertible note classified as held for trading		**–**	10,789
Share of results of an associate		**–**	58,240
Loss on disposal and deemed disposal of an associate		**–**	(847,568)
Gain on bargain purchase of a subsidiary		**–**	17,346
Finance costs	*5*	**(6,304)**	(1,687)
Loss for the year from continuing operation	*6*	**(101,956)**	(588,473)
Discontinued operation			
Profit (loss) for the year from discontinued operation	*7*	**749,353**	(94,720)
Profit (loss) for the year		**647,397**	(683,193)
Other comprehensive income			
Share of other comprehensive income of an associate		**–**	18,403
Exchange differences arising on translation to presentation currency		**30,146**	14,504
Exchange differences realised upon deregistration of a subsidiary		**–**	(420)
Other comprehensive income for the year		**30,146**	32,487
Total comprehensive income (expense) for the year		**677,543**	(650,706)

	NOTE	2011 HK$'000	2010 HK$'000 (restated)
Profit (loss) for the year attributable to:			
Owners of the Company		**647,397**	(683,181)
Non-controlling interests		**–**	(12)
		647,397	(683,193)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**677,543**	(650,568)
Non-controlling interests		**–**	(138)
		677,543	(650,706)
		HK cents	*HK cents*
Basic and diluted earnings (loss) per share	*10*		
From continuing and discontinued operations		**9.00**	(9.50)
From continuing operation		**(1.42)**	(8.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**84,446**	1,472,350
Prepaid lease payments		**17,979**	60,583
Available-for-sale investments	*11*	**583,000**	278,000
		685,425	1,810,933
Current assets			
Inventories		**40,536**	114,258
Prepaid lease payments		**478**	1,738
Trade and other receivables, deposits and prepayments	*12*	**548,048**	197,429
Taxation recoverable		**676**	–
Investments held for trading	*13*	**1,165,870**	958,350
Pledged bank deposits		**49,322**	55,298
Bank balances and cash		**1,281,371**	1,006,945
		3,086,301	2,334,018
Current liabilities			
Trade and other payables	*14*	**191,706**	331,425
Taxation payable		**242**	8,922
Borrowings – amount due within one year		**38,841**	866,592
		230,789	1,206,939
Net current assets		**2,855,512**	1,127,079
Total assets less current liabilities		**3,540,937**	2,938,012
Non-current liability			
Borrowings – amount due after one year		**–**	74,618
Net assets		**3,540,937**	2,863,394
Capital and reserves			
Share capital	*15*	**71,897**	71,897
Reserves		**3,469,040**	2,791,497
Total equity		**3,540,937**	2,863,394

NOTES

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HKD") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HKD as its presentation currency is because the Company is a public company with its shares listed on the Stock Exchange and most of its investors are located in Hong Kong.

The Group is principally engaged in the manufacturing and sales of electrical products. It was also engaged in the supply of electricity which was classified as a discontinued operation in current year (see note 7). Accordingly, the comparatives in the consolidated statement of comprehensive income and certain explanatory notes have been re-presented to present the results of the supply of electricity operation as discontinued operation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011*
[2] *Effective for annual periods beginning on or after 1 January 2013*
[3] *Effective for annual periods beginning on or after 1 January 2015*
[4] *Effective for annual periods beginning on or after 1 January 2012*
[5] *Effective for annual periods beginning on or after 1 July 2012*
[6] *Effective for annual periods beginning on or after 1 January 2014*

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's available-for-sale investments which are measured at cost at the end of the reporting period in accordance with HKAS 39. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and their application is unlikely to have material impact on amounts reported in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may affect the measurement of available-for-sale investments reported in the consolidated financial statements and will result in more extensive disclosures in the consolidated financial statements.

For other new and revised standards, amendments or interpretations, the directors anticipate that their application will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to Chief Executive Officer, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment. The Group's continuing operation comprises manufacture and sales of electrical products and it is determined that the Group has only one operating segment in its continuing operation, accordingly no segment information was disclosed.

During the current year, the Group disposed of the whole operation in electricity supplies, upon which disposal this operating segment was discontinued, as described in more detail in note 7. The corresponding information for the year ended 31 December 2010 has been re-presented accordingly.

Geographical segments

As all external turnover for both years and non-current assets other than financial instruments as at the end of the reporting period are derived from the People's Republic of China (the "PRC"), an analysis of the consolidated turnover and non-current assets other than financial instruments by geographical location is not presented.

Information about major customer

Revenue from customers contributing over 10% of the total sales of the Group of the corresponding years is as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**18,062**	7,521
Customer B	**16,493**	1,634
Customer C	**2,929**	2,943

4. OTHER INCOME AND GAINS

Other income and gains mainly comprised of:

	2011	2010
	HK$'000	*HK$'000*
Interest income on:		
– bank deposits	**8,929**	1,247
– others	**3,372**	1,858
	12,301	3,105
Dividend income:		
– listed	**11,227**	1,429
– unlisted	**2,186**	2,159
	13,413	3,588
Exchange gain, net	**5,749**	173
Gain on disposal of property, plant and equipment	**649**	–
Others	**1,074**	609
	33,186	7,475

5. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**6,304**	1,687

6. LOSS FOR THE YEAR FROM CONTINUING OPERATION

	2011	2010
	HK$'000	*HK$'000*
Loss for the year from continuing operation has been arrived at after charging:		
Depreciation of property, plant and equipment	**5,299**	2,402
Release of prepaid lease payments	**478**	186

7. DISCONTINUED OPERATION

On 19 December 2010, the Group entered into a conditional equity transfer agreement (the "Agreement") with 中海石油氣電集團有限責任公司 (CNOOC Gas & Power Group) (the "Purchaser") to dispose of its 100% equity interest in 中海油深圳電力有限公司 (formerly known as 深圳福華德電力有限公司, Shenzhen Fuhuade Electric Power Co., Ltd.) ("Shenzhen Fuhuade") which was engaged in electricity supply in the PRC. The disposal was completed on 22 February 2011, on which date Shenzhen Fuhuade ceased to be a subsidiary of the Company, accordingly the Group's electricity supply operation is treated as a discontinued operation.

The gain (loss) from the discontinued operation and the results of the electricity supply operation which have been included in the consolidated statement of comprehensive income for the current and prior years is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover	**62,632**	385,478
Cost of sales	**(73,285)**	(422,957)
Gross loss	**(10,653)**	(37,479)
Other income	**8,091**	8,010
Administrative expenses	**(2,435)**	(16,778)
Other expenses	**(70)**	(242)
Finance costs	**(8,656)**	(48,231)
Loss of electricity supply operation for the year	**(13,723)**	(94,720)
Gain on disposal of electricity supply operation	**763,076**	–
Profit (loss) for the year from the discontinued operation	**749,353**	(94,720)

Profit (loss) for the year from discontinued operation includes the following:

Consumption tax on fuel oil (included in cost of sales)	–	49,402
Depreciation of property, plant and equipment	8,538	57,500
Release of prepaid lease payments	193	1,252

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit for both years from its continuing operation.

Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary of the Group is entitled to exemption from PRC enterprise income tax for the first two years commencing from 1 January 2007 and thereafter, the PRC subsidiary would be entitled to a 50% relief from PRC enterprise income tax for the following three years and was taxed at 12.5% (2010: 12.5%) for the year ended 31 December 2011.

No PRC Enterprise Income Tax has been provided as the Group has no taxable profit for both years from its continuing operation.

9. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2011 (2010: Nil).

10. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings (loss) for the purposes of basic and diluted earnings (loss) for the year attributable to owners of the Company	**647,397**	(683,181)

The denominators used are the same as those detailed for both basic and diluted loss per share from continuing operation.

From continuing operation

The calculation of the basic and diluted loss per share from the continuing operation attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Loss figures are calculated as follow:		
Profit (loss) for the year attributable to owners of the Company	**647,397**	(683,181)
Less: (Profit) loss for the year from the discontinued operation	**(749,353)**	94,720
Loss for the purposes of calculating basic and diluted loss per share from the continuing operation	**(101,956)**	(588,461)

	2011	2010
Number of shares		
Number of ordinary shares in issue during the year	**7,189,655,664**	7,189,655,664

The computation of diluted loss per share from continuing operation has not assumed the exercise of the Company's options as the exercise price was higher than the average market price of shares for both years.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK10.42 cents per share (2010: loss per share of HK 1.32 cents per share), based on the profit for the year from the discontinued operation of HK$749 million (2010: loss for the year of HK$95 million) and the denominators detailed above for both basic and diluted loss per share from continuing operation.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	HK$'000	*HK$'000*
Unlisted shares in overseas, at cost	**578,000**	278,000
Unlisted shares in Hong Kong, at cost	**5,000**	–
	583,000	278,000

On 25 January 2011, Ideal Principles Limited ("Ideal Principles"), a wholly owned subsidiary of the Company, entered into a share subscription agreement (the "Cordoba Agreement") with Cordoba Homes Limited ("Cordoba"), an unlisted private company incorporated in the British Virgin Islands. Pursuant to the Cordoba Agreement, Cordoba agreed to issue and Ideal Principles agreed to subscribe for shares at a subscription price of HK$300,000,000. The principal activities of Cordoba and its subsidiaries are principally engaged in property investment, near to cash investments (such as investment in securities trading and money lending business) and investment holding.

In addition to the Group's investment in Cordoba, investments in unlisted equity securities issued by private entities incorporated overseas and in Hong Kong are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

For the Group's available-for-sale investments, the management reviews the investee's financial position at the end of the reporting period, observable data such as net asset value per share and transactions of the investee's share and consequently considers no objective evidence of impairment was identified at 31 December 2011 and 2010. Accordingly, the directors consider no impairment should be recognised.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**32,635**	105,079
Consideration receivable for disposal of a subsidiary *(note 16)*	**440,989**	–
Other receivables, deposits and prepayments	**74,424**	92,350
	548,048	197,429

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, presented based on the invoice date of the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**14,717**	96,282
91 – 180 days	**17,672**	3,236
181 – 360 days	**246**	118
Over 360 days	**–**	5,443
	32,635	105,079

Included in the Group's trade debtors are debtors with aggregate carrying amount of HK$17,918,000 (2010: HK$8,797,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The directors of the Company determined that these receivables are due from customers of good credit quality with no history of default. The Group does not hold any collateral over these balances.

The aged analysis of trade debtors which are past due but not impaired is as follows:

	2011	2010
	HK$'000	*HK$'000*
91 – 180 days	**17,672**	3,236
181 – 360 days	**246**	118
Over 360 days	**–**	5,443
	17,918	8,797

Included in trade debtors were debts discounted with recourse amounting to HK$1,850,000 (2010: HK$5,252,000) at 31 December 2011. The Group would need to repay the financial institutions if there are credit losses on the receivables before the end of discounting period, accordingly, the Group continued to recognise the full carrying amount of those debtors and had recognised the cash received as a secured borrowing.

Except for the concentration of credit risk from electricity supply to government department in Shenzhen, the PRC at 31 December 2010 and CNOOC Gas & Power Group in respect of the consideration receivable for disposal of a subsidiary at 31 December 2011, the concentration of credit risk is limited due to the customer base being large and unrelated. The Group does not hold any collateral over the consideration receivable for disposal of a subsidiary, the management believe that CNOOC Gas & Power Group is a reputable PRC stated-owned company with its shares listed on the main board of the Stock Exchange and does not expect material credit risk from the balance accordingly.

13. INVESTMENTS HELD FOR TRADING

	2011	2010
	HK$'000	*HK$'000*
Investments held for trading, at fair value		
Listed shares in Hong Kong	**1,165,475**	955,394
Listed shares in elsewhere	**395**	573
Unlisted managed investment funds	**–**	2,383
	1,165,870	958,350

Included in the listed shares in Hong Kong is an amount of HK$821,046,000 (2010: HK$729,167,000) equity interest in Towngas China Company Limited ("Towngas China"), a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange. The Group's interest in Towngas China is 7.95% as of 31 December 2011 (2010: 7.98%). The principal activities of Towngas China and its subsidiaries are the provision of piped city-gas, construction of gas pipelines, the operation of city gas pipeline networks, the operation of gas fuel automobile refilling stations, and the sale of household gas appliances.

In April 2010, the Group entered into a placing agreement with a placing agent to dispose of 85,000,000 shares in Towngas China at a price of HK$3.60 per share. In addition, Towngas China entered into an agreement in March 2010 with Hong Kong & China Gas Limited's subsidiary (the "Vendor") to acquire six piped city-gas projects in the Liaoning and Zhejiang provinces (the "Acquisition") with the consideration settled by Towngas China's allotment and issue of consideration shares to the Vendor. The Acquisition was completed on 15 July 2010.

The Group's interest in Towngas China was decreased from 27.09% as at 31 December 2009 to 18.19% as at 15 July 2010. As a result, the Group had lost significant influence in Towngas China and the investment of approximately HK$1,345,372,000 had been classified as investments held for trading. A loss on disposal and deemed disposal of Towngas China of HK$847,568,000 resulted from the disposal.

14. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**63,692**	110,312
Advances received	**–**	146,228
Other taxes arising from disposal of subsidiary *(note 16)*	**100,538**	–
Other payables and accrued charges	**27,476**	74,885
	191,706	331,425

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**6,307**	99,884
91 – 180 days	**54,840**	5,828
181 – 360 days	**986**	836
Over 360 days	**1,559**	3,764
	63,692	110,312

15. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2010 and 31 December 2010	7,500,000,000	75,000
Increase on 27 May 2011	4,500,000,000	45,000
At 31 December 2011	12,000,000,000	120,000
Issued and fully paid:		
At 31 December 2010 and 31 December 2011	7,189,655,664	71,897

Pursuant to an ordinary resolution by shareholders on 27 May 2011, the authorised share capital of the Company increased from HK$75,000,000 divided into 7,500,000,000 shares of par value HK$0.01 each to HK$120,000,000 divided into 12,000,000,000 shares by the creation of an additional 4,500,000,000 shares each ranking pari passu with the existing shares of the Company.

16. DISPOSAL OF A SUBSIDIARY

As disclosed in note 7, on 22 February 2011, the Group discontinued its electricity supply operation at the time of disposal of its subsidiary, Shenzhen Fuhuade (the "Disposal"). The net assets of Shenzhen Fuhuade at the date of the Disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	**1,415,935**
Prepaid lease payments	**44,328**
Inventories	**72,611**
Trade and other receivables, deposits and prepayments	**78,094**
Amount due from the Group *(Note (a))*	**17,074**
Pledged bank deposits	**20,212**
Bank balances and cash	**30,567**
Trade and other payables	**(191,906)**
Amount due to the Group *(Note (b))*	**(152,567)**
Taxation payable	**(8,684)**
Borrowings – amount due within one year	**(864,929)**
Borrowings – amount due after one year	**(74,645)**
	386,090
Gain on disposal	**763,076**
Total consideration after deducting estimated other tax expenses in relation to the Disposal	**1,149,166**
Satisfied by:	
Cash received during the year	**817,308**
Cash consideration receivable	**429,858**
	1,247,166
Net cash inflow arising on the Disposal:	
Total cash consideration received	**817,308**
Bank balances and cash disposed of	**(30,567)**
	786,741

Notes:

(a) The Group settled HK$17,074,000 to Shenzhen Fuhuade in September 2011 in respect of its current account due to Shenzhen Fuhuade which is presented in the financing activities cash flow.

(b) The Group provided loans to Shenzhen Fuhuade pursuant to inter-company loan agreements in the principal amount of US$12,000,000 (equivalent to approximately HK$93,000,000) and US$4,500,000 (equivalent to approximately HK$35,263,000), which carried interest at fixed rates of 5% and 3% per annum respectively. The outstanding principal amounts of the two loans together with the accrued interests of HK$152,567,000 as at the date of the Disposal was repayable within 20 days after the date of the Disposal in the event that the shareholding structure of Shenzhen Fuhuade has changed and/or prior to the date of obtaining written consent by Sinolink Electric Power Company Limited ("Sinolink Electric"), which held all the equity interest in Shenzhen Fuhuade up to the date of Disposal and is an indirect wholly owned subsidiary of the Company.

The outstanding principal amount of the two loans owed to Sinolink Electric together with the interests accrued up to the maturity of the loans amounted to HK$155,340,000 in aggregate. As agreed with Sinolink Electric, the loans were settled at an amount of HK$151,811,000 during the year ended 31 December 2011, and the difference of HK$3,529,000 was recognised in the consolidated statement of comprehensive income accordingly.

The consideration after deducting estimated other tax expenses such as withholding tax arising on the Disposal was subject to adjustment in accordance with the results of the Supplemental Audit. Up to 31 December 2011, the Supplemental Audit was not yet completed, accordingly, the gain arising on the Disposal of HK$763,076,000 is determined by consideration of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000), assuming no adjustment will arise upon completion of the Supplemental Audit, which in the opinion of the directors of the Company represent the most likely outcome at the end of the reporting period, and deducting the net assets of Shenzhen Fuhuade disposed of, and other tax expenses in relation to the Disposal of HK$98,000,000.

The deferred consideration will be settled in cash by the Purchaser substantially within 20 days after the results of the Supplemental Audit have been confirmed by the Group and the Purchaser. The directors of the Company expected that such amount will be settled within one year from the end of the reporting period.

Cash consideration receivable of HK$429,858,000 and other taxes payable of HK$98,000,000 arising from the Disposal at the date of the Disposal, which were denominated in RMB, were retranslated at the rate prevailing at the end of the reporting period, exchange difference arising on such retranslation of HK$8,593,000 was recognised in profit or loss during the year ended 31 December 2011. Accordingly, the carrying amounts of cash consideration receivable and other taxes payable arising from the Disposal amount to HK$440,989,000 (note 12) and HK$100,538,000 (note 14), respectively.

The impact of Shenzhen Fuhuade on the Group's results in the current and prior periods is disclosed in note 7.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2011, the Group's continuing operation recorded turnover of approximately HK$47.7 million and gross loss of approximately HK$1.2 million. Profit attributable to owners of the Company amounted to HK$647.4 million, compared to a loss attributable to owners of the Company of HK$683.2 million for the year ended 31 December 2010. The turnaround from loss to profit was mainly attributable to a gain of HK$763.1 million recorded on the disposal of the Group's electricity generation business during the year, whereas an one-off loss of approximately HK$847.6 million was recognized in 2010 as a result of the Group's disposal and deemed disposal of partial interests in an associate.

BUSINESS REVIEW

High-voltage Porcelain Products – Henan ADD Electricity Equipment Co., Ltd. ("Henan ADD")

Henan ADD is principally engaged in the production and sales of porcelain insulators which represent the Group's principal activities in the electricity and power generation business. During the year ended 31 December 2011, turnover and gross loss recorded by the continuing business of production and sales of electrical products amounted to approximately HK$47.7 million and HK$1.2 million respectively. For the period from the end of July 2010 (when the Group completed the acquisition of Henan ADD) to 31 December 2010, turnover and gross loss recorded by Henan ADD amounted to approximately HK$16.3 million and HK$1.6 million respectively. The gross loss was attributable to overcapacity and intensive competition.

As a production enterprise for high voltage porcelain products, Henan ADD will continue to examine ways and means to broaden its market share in the local and international markets in the energy and power industry. This is expected to contribute to the Group's development and enable the Group to establish a strong and competitive foundation within the industry. Moreover, Henan ADD plans to further strengthen its core high-tech team and research and development capacity in order to accelerate the introduction and launch of new products and enhance its overall competitiveness.

Disposal of interests in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade") and Overview of Electricity Generation Business

On 19 December 2010, Goodunited Holdings Limited ("Goodunited") and Sinolink Electric Power Company Limited ("Sinolink Electric"), being indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with CNOOC Gas & Power Group ("CNOOC Gas"), pursuant to which Goodunited and Sinolink Electric sold their entire equity interests in Fuhuade to CNOOC Gas at a total consideration of RMB1,037,642,000 (equivalent to approximately HK$1,247.2 million) (subject to adjustment).

On 23 February 2011, Fuhuade received approval notice from the Market Supervision Administration of Shenzhen Municipality on the change of registration and obtained a new business license. As at 31 December 2011, the Group has received RMB680 million (equivalent to approximately HK$817.3 million) from CNOOC Gas, representing 66% of the total consideration amount for the transfer. Moreover, the Group has received an amount of approximately US$19.6 million (equivalent to approximately HK$151.8 million) being the shareholder's loan and accrued interest owed by Fuhuade to Sinolink Electric. Payment for the balance of the total consideration amount is being arranged.

During 1 January 2011 to 22 February 2011 (the date before Fuhuade obtained a new business license), the Group recorded a turnover of HK$62.6 million from the electricity generation business before it was discontinued.

Disposal of shares in Towngas China Company Limited ("Towngas China")

As at 31 December 2011, the Group beneficially owned 195,487,245 shares in Towngas China, representing approximately 7.95% of the issued share capital of Towngas China. Towngas China is a company incorporated in the Cayman's Islands with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It is principally engaged in the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances.

On 25 July 2011, the Company dispatched a circular to shareholders to seek a mandate to dispose the remaining shares it holds in Towngas China. The mandate was granted by shareholders at a special general meeting on 15 August 2011 to directors to effect disposal(s) from time to time for a period of 12 months from 15 August 2011 of all remaining Towngas China shares subject to the following two conditions:

1) the selling price per remaining Towngas China share shall represent no more than 20% discount to the average closing price of Towngas China shares in the five trading days immediately prior to the date of the relevant sale and purchase agreement; and

2) the minimum selling price per Towngas China share shall not be less than HK$3.00.

The Company intends to apply the aggregate remaining proceeds from the disposal mandate and the proceeds from the future disposal towards funding the working capital needs of its existing business and funding any future acquisition or investment as and when suitable opportunities arise.

Subscription of shares in Cordoba Homes Limited ("Cordoba")

On 25 January 2011, Ideal Principles Limited ("Ideal Principles"), a wholly-owned subsidiary of the Company, and Cordoba entered into an agreement pursuant to which Cordoba agreed to issue and Ideal Principles agreed to subscribe for 500,000,000 shares of Cordoba at the subscription price of HK$300,000,000. As at 31 December 2011, Ideal Principles owned approximately 13.14% of the issued share capital of Cordoba.

Cordoba is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment, near to cash investments (such as investment in securities trading and money lending business), and investment holding.

The subscription has enabled the Company to enter into the property investment market by leveraging on the expertise of Cordoba Group and to seek for investment opportunities through Cordoba Group's business and operation, which the Directors believe will benefit the Group in the longer term.

Subscription of shares in Mascotte Holdings Limited ("Mascotte")

On 6 July 2011, the Company through Kenson Investment Limited ("Kenson"), a wholly-owned subsidiary of the Company, entered into a placing commitment letter to subscribe up to 500,000,000 shares of Mascotte at the price of HK$0.40 per Mascotte share with a total consideration up to HK$200,000,000. The placing was completed on 14 July 2011, on which date the Group holds approximately 11.1% of the then total issued share capital of Mascotte. The shares of Mascotte were accounted for as the Group's investment held for trading.

Mascotte is a company incorporated in Bermuda with limited liability and is listed on the main board of the Stock Exchange. The Mascotte group is principally engaged in the trading of investments, loan financing, manufacture and sales of accessories for photographic, electrical and multimedia products, property investment, and manufacture and sales of solar grade polysilicon.

EVENT AFTER THE REPORTING PERIOD

In February and March 2012, Kenson disposed all of the 500,000,000 shares in Mascotte. Net proceeds from the disposal amounted to HK$40 million. As at 31 December 2011, the carrying amount of these shares in Mascotte was HK$115.0 million.

FINANCIAL POSITION

As a result of the Group's cessation of the electricity generation business, the Group's total borrowings decreased from HK$941.2 million as at 31 December 2010 to HK$38.8 million as at 31 December 2011. Gearing ratio as at 31 December 2011, calculated on the basis of total borrowing over shareholders' equity, was 1% compared to 33% as at 31 December 2010.

Total assets pledged in securing the loan and other general banking facilities have a net book value of HK$86.7 million as at 31 December 2011. The bank borrowing of the Group is at floating rates and denominated in RMB. The Group's operation is mainly carried out in the PRC and substantial receipts and payments in relation to the operations are denominated in RMB. No financial instruments were used for hedging purpose. The Board will continue to evaluate and monitor the potential impact of the appreciation of RMB to the Group's business and manage the risks of using different financial instruments.

The Group's cash and cash equivalents and pledged bank deposits amounted to HK$1,281.4 million and HK$49.3 million, respectively, as at 31 December 2011 and are mostly denominated in RMB, HKD and USD.

Capital Commitments

As at 31 December 2011, the Group had capital commitments in respect of the acquisition of property, plant and equipment but not provided in the financial statements amounting to HK$4.8 million.

PROSPECTS

Consumption remains robust in the PRC. This coupled with the launch of affordable housing as well as the huge infrastructure development projects under the 12th Five-Year Plan will ensure a plausible growth in investment. We believe a great amount of investment and development opportunities still exist in the PRC market, and we will strive to identify assets or projects with good potential for investment or acquisition.

Moving forward, the Board will continue to pursue investment opportunities with good strategic value in order to enhance the shareholders' value of the Company.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group employed approximately 493 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the approved share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2011.

CORPORATE GOVERNANCE

The Company has adopted all the code provisions set out in the Code on Corporate Governance Practices ("Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as its own code on corporate governance practices.

During the year, the Company has complied with the code provisions as set out in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2011, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The audited financial statements of the Company for the year ended 31 December 2011 have been reviewed by the audit committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") was scheduled to be held on Thursday, 17 May 2012. The notice of AGM will be published on the Company's website at www.enerchina.com.hk and the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk in due course. The record date for entitlement of shareholders of the Company to attend and vote at the AGM was fixed at the close of business on Wednesday, 16 May 2012.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

By Order of the Board
Enerchina Holdings Limited
CHEN Wei
Chairman

Hong Kong, 27 March 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, 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.