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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)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF CU GROUP INVESTMENTS LIMITED

THE ACQUISITION AGREEMENT

The Board announces that on 4 December 2012, after trading hours, the Company entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser agrees to purchase and the Vendor agrees to sell the entire issued share capital of the Target Company at the consideration of HK\$62 million (subject to adjustments as further described in this announcement).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Acquisition at the SGM.

* For identification purposes only

GENERAL

A circular containing (i) further details of the Acquisition Agreement and the Acquisition; (ii) the accountants' report of the Target Company; (iii) the pro forma financial information of the Group as a result of the Acquisition; (iv) a notice convening the SGM and (v) other information required to be disclosed under the Listing Rules will be despatched to the Shareholders. As additional time is required for preparing the accountants' report of the Target Company, the circular is expected to be despatched to the Shareholders on or before 31 January 2013.

THE ACQUISITION AGREEMENT

Date

4 December 2012 (after trading hours)

Parties

Purchaser: the Company or its wholly-owned subsidiary

Vendor: Hennabun International Group Limited

The Vendor is a wholly-owned subsidiary of HEC Capital Limited ("HEC"), and as at the date of this announcement, the Group owns an approximate 9.34% shareholding interest in HEC. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser conditionally agrees to purchase and the Vendor conditionally agrees to sell the entire issued share capital of the Target Company. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration

The consideration for the Acquisition is HK\$62 million (subject to adjustments as described below). The unaudited consolidated net asset value of the Target Company as at 1 November 2012 was approximately HK\$62 million. Such consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the unaudited consolidated net asset value of the Target Company as at 1 November 2012.

The aforesaid consideration will be paid by the Purchaser to the Vendor in the following manner:

- (1) HK\$10 million as the refundable deposit will be paid within 2 Business Days after the date of signing of the Acquisition Agreement; and
- (2) HK\$52 million (subject to adjustments as described below) will be paid upon completion of the Acquisition which will take place before 11:00 a.m. on the 3rd Business Day following the fulfillment of all the conditions precedent to the Acquisition (the “Final Installment”).

The consideration of the Acquisition is expected to be funded by internal resources of the Group.

The consideration will be adjusted on the basis of the audited consolidated net asset value of the Target Company as at 1 November 2012 as shown in the accountants’ report to be included in the circular to Shareholders, rounded up to the nearest HK\$ million (the “Final NAV”). To the extent the Final NAV exceeds HK\$62 million, the difference will be added to the Final Installment. On the other hand, if the Final NAV is less than HK\$62 million, the difference will be deducted from the Final Installment.

Conditions Precedent

The Acquisition is conditional upon:–

- (i) obtaining Shareholders’ approval of the Acquisition Agreement and transactions contemplated thereunder at the SGM in accordance with the Listing Rules;
- (ii) the SFC’s approval for the change of the substantial shareholders (as defined under the SFO) of the Licensed Subsidiaries, and
- (iii) 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 Acquisition Agreement and any of the transaction contemplated hereunder.

If the conditions mentioned above have not been fulfilled or waived on or before the last day of the sixth calendar month from the date of the Acquisition Agreement (or such other date as the Purchaser and the Vendor may agree in writing), the Acquisition Agreement shall cease and determine, and in such event, the Vendor shall return the refundable deposit in full, without interest, to the Purchaser within 7 Business Days after lapse or termination of the Acquisition Agreement and neither party of the Acquisition Agreement shall have any obligations and liabilities towards each other save for any prior breaches of the Acquisition Agreement.

Completion of the Acquisition

The completion of the Acquisition shall take place on or before 11:00 a.m. on the 3rd Business Day following the fulfillment of all the conditions precedent to the Acquisition. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in investment in the energy and power sector, in particular, in the production and sales of energy-related products such as porcelain insulators; and investment in financial services and property businesses.

INFORMATION ON TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by the Vendor. The Target Group is principally engaged in the provision of type 1, 4, 6 and 9 regulated activities under the SFO as well as investment holding.

Set out below are the brief details of the members of the Target Group. Each of the subsidiaries of the Target Company is directly or indirectly wholly owned by the Target Company.

Name of the company	Principal business
CU Group Investments Limited	Investment holding
CU Investment (Holdings) Limited	Investment holding
CU Corporate Finance Limited	Advising on corporate finance (type 6 regulated activity under the SFO)
Radland International Limited	Dealing in securities (type 1 regulated activity under the SFO)
CU Investment Management Limited	Advising on securities and asset management (type 4 and 9 regulated activities under the SFO)
CU Nominee Limited	Provision of nominee services

Set out below is the unaudited consolidated net profits (before and after taxation and extraordinary items) of the Target Company for the two financial years ended 31 March 2012 and 31 March 2011.

	Financial Year ended 31	
	March (Note)	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net profit before taxation and extraordinary items	5,114	21,823
Net profit after taxation and extraordinary items	4,507	21,603

Note:

The 2011 financial year of the Target Company started from 1 January 2010 and ended on 31 March 2011 due to the change of financial year end of the Target Company. The 2012 financial year of the Target Company started from 1 April 2011 and ended on 31 March 2012.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the world economy has been stabilizing and recovering and such trends are expected to continue and therefore present an excellent opportunity for the Group to position itself to capture significant current and future opportunities in the financial services sector.

The Directors consider that the Acquisition would enable the Company to further strengthen its focus on the financial services sector through direct investment in and hands-on management and operations of the Target Group. Through the Acquisition, the Group will become a one-stop integrated financial services provider, offering an extensive range of financial services to its customers, including but not limited to, securities brokerage, investment advisory, corporate finance advisory and asset management as well as the proprietary trading of the Group. The Directors also intend to further strengthen the Target Group's businesses through various resources as needed as well as expanding the services platform and its professional team.

The Company intends to develop the Target Group into one of the major players in the financial services sector in Hong Kong. In this connection, the Company will develop and enhance the "Enerchina" brand name in the financial service sector. As a first step, after completion of the Acquisition, the Company intends to rename all the companies in the Target Group by replacing "CU" and "Radland" in the names of these companies with "Enerchina".

In view of the above, the Directors consider that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Acquisition at the SGM.

GENERAL

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DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement entered into between the Company and the Vendor on 4 December 2012 in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which bank generally are open for business in Hong Kong
“Company”	Enerchina Holdings Limited (Stock Code: 622), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	third parties independent of and not connected with the Company or any of its connected persons
“Licensed Subsidiaries”	the subsidiaries of the Target Company which are licensed by the SFC to carry out regulated activities under the SFO

“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Purchaser”	the Company or its wholly-owned subsidiary
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary shares with par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	CU Group Investments Limited, a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Hennabun International Group Limited, a company incorporated in the British Virgin Islands
“%”	per cent.

By order of the Board
ENERCHINA HOLDINGS LIMITED
Tang Yui Man Francis
Executive Director

Hong Kong, 4 December 2012

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