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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 ACQUISITION**

#### **THE ACQUISITION**

On 15 August 2016 (after trading hours), the Purchaser entered into the Acquisition Agreement with the Vendor pursuant to which both parties have conditionally agreed as follows:

The Purchaser, a non-wholly owned subsidiary of the Company, has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share at the Consideration of HK\$1,295,000,000, which will be satisfied by the Purchaser having paid the Deposit to the Vendor or its nominee(s) upon signing of the Acquisition Agreement and the balance of the Consideration will be settled by issuing the Vendor or its nominee(s) the Zero-Coupon Promissory Note and the Promissory Notes. Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary as to 88.22% owned by the Company and the financial results of the Target Company will be consolidated into the Group's financial statement.

To the best of Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are independent third parties and not connected with, the Company and its connected persons as defined under the Listing Rules.

\* For identification purpose only

## **LISTING RULES' IMPLICATION**

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

The SGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition. A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) other information required under the Listing Rules in respect of the Acquisition; and (iii) notice of the SGM will be despatched to Shareholders on or before 15 September 2016.

**Shareholders and potential investors should note that completion of the Acquisition is subject to the fulfillment of the conditions under the Acquisition Agreement and the Acquisition Agreement may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **THE ACQUISITION**

The Board is pleased to announce that, on 15 August 2016 (after trading hours), the Purchaser, a non-wholly owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares for the Consideration of HK\$1,295,000,000, which will be settled by the Zero-Coupon Promissory Note and the Promissory Notes.

## **THE ACQUISITION AGREEMENT**

The principal terms of the Acquisition Agreement are set out below:

### **Date**

15 August 2016

### **Parties**

- (1) Win Wind Capital Limited as the Purchaser; and
- (2) Freeman Financial Investment Corporation as the Vendor

To the best of Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are independent third parties.

## **Asset to be acquired**

The Purchaser, a non-wholly owned subsidiary of the Company, has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Target Group, subject to the terms and conditions therein. Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary as to 88.22% held by the Company and the financial results of the Target Company will be consolidated into the Group's financial statement.

## **Consideration**

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor and was determined after taking into account the following factors:

- (1) the historical performance of the Target Group for the three financial years ended 31 March 2014, 2015 and 2016; and
- (2) the business development and future prospects of the Target Company.

The Consideration represents a premium of approximately 52.05% to the unaudited consolidated net assets of the Target Group as at 31 March, 2016 of approximately HK\$851,691,000.

The Consideration represents a price earnings ratio of approximately 4.18 based on the three years average profit, HK\$309,716,107.66 of Target Group for the 12 months period ending March 31, 2014, 2015 and 2016.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the Acquisition Agreement is on normal commercial terms which are fair and reasonable, and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

The Consideration will be satisfied by the Company having paid the Deposit to the Vendor or its nominee(s) upon signing the Acquisition Agreement and the balance of the Consideration will be settled by issuing the Promissory Notes to the Vendor or its nominee(s) within 5 days upon Completion.

## *Deposit*

The Deposit in the amount of HK\$95,000,000 in Zero-Coupon Promissory Note will be issued by the Purchaser to the Vendor or its nominee(s) upon signing of the Acquisition Agreement. Save and except the circumstances stated below, the Deposit is non-refundable. The Deposit will be refunded by the Vendor to the Purchaser in full in the event that the Acquisition Agreement and the transactions contemplated thereunder are not approved by the shareholders of Freeman at the Freeman's extraordinary general meeting to be convened by Freeman. On the other hand, if the Acquisition Agreement and the transactions contemplated thereunder are not approved by the Shareholders, half of the Deposit shall be forfeited to the Vendor and the remaining half shall be refunded to the Purchaser without interest. The principal terms of the Zero-Coupon Promissory Note is set out as below.

## Zero-Coupon Promissory Note

Issuer:	the Purchaser
Principal amount:	HK\$95,000,000
Maturity date:	Five (5) Business Days after the Company's SGM or three (3) months from the date of issue, whichever is earlier
Interest:	No interest
Transferability:	The Vendor may assign, transfer, endorse or in any other way alienate any of its rights thereunder whether in whole or in part. Any transfer to a connected person of the Company or its associate(s) shall be subject to the written consent from the Company and full compliance with the Listing Rules.
Status:	This Zero-Coupon Promissory Note constitutes direct, unconditional and unsubordinated obligations of the Purchaser and will at all times rank pari passu among themselves and will at all times rank at least pari passu with all other present and future creditors of the Purchaser.

### *The Promissory Notes*

The balance thereof, i.e. HK\$1,200,000,000, will be satisfied by the Purchaser by issuing and delivering the following Promissory Notes to the Vendor or its nominee within five (5) Business Days upon Completion. The principal terms of the Promissory Notes are set out as below:

Issuer:	the Purchaser
Principal amount:	HK\$400,000,000
Maturity date:	Promissory Note A: 6 months from the issue date Promissory Note B: 12 months from the issue date Promissory Note C: 18 months from the issue date
Interest:	5% per annum
Transferability:	The Vendor may assign, transfer, endorse or in any other way alienate any of its rights under this Promissory Note whether in whole or in part. Any transfer to a connected person of the Company or its associate(s) shall be subject to the written consent from the Company and full compliance with the Listing Rules.

**Early Redemption:** The Purchaser may redeem all or part of the Promissory Notes at any time seven (7) Business Days prior to the respective maturity dates at 100% of their face value together with all interest accrued on the principal. Provided that in case of any early and full redemption of the outstanding principal of the Promissory Notes on or earlier than one month before the maturity, any outstanding accrued interest on the amount of principal so early redeemed shall be cancelled and void ab initio absolutely.

**Status:** These Promissory Notes constitute the direct, unconditional and unsubordinated obligations of the Purchaser and will at all times rank pari passu among themselves and will at all times rank at least pari passu with all other present and future creditors of the Purchaser.

The Group may use internal financial resources and/or conduct fund raising exercise for the repayment of the Promissory Notes in the future. As at the date of this announcement, no detailed terms have been concluded and no legally binding agreement has been entered into with any party for any potential fund raising exercise.

### **Conditions Precedent**

Completion is subject to and conditional upon the fulfilment and satisfaction, at or prior to the Long Stop Date, of each of the following conditions:

- (a) if required, the passing of the necessary resolution(s) by the shareholders of Freeman (other than those, if any required to abstain from voting pursuant to the Listing Rules) at Freeman's extraordinary general meeting to approve the entering into of the Acquisition Agreement by the Vendor and performance of the transactions contemplated thereunder;
- (b) if required, the passing of the necessary resolution(s) by the Shareholders (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at the SGM to approve the entering into of the Acquisition Agreement by the Purchaser and performance of the transactions contemplated thereunder;
- (c) if applicable, the obtaining of all necessary approvals from the relevant governmental or regulatory authorities in British Virgin Islands, Hong Kong, Cayman Islands, Bermuda and the Republic of the Marshall Islands required of either the Vendor or the Purchaser for the consummation of the transactions contemplated under the Acquisition Agreement having been obtained and all filings have been made by each of the Vendor and the Purchaser; and
- (d) the Purchaser having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to the Target Group, and the Purchaser being satisfied with the result of such due diligence in its absolute discretion;

If all the aforesaid conditions have not been fulfilled on or before the Long Stop Date, the Acquisition Agreement shall cease and determine, and thereafter neither party shall have any future obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

If aforesaid condition (a) is not fulfilled solely because the Shareholders of Freeman shall have voted against the relevant resolution(s) in Freeman's extraordinary general meeting, the Vendor shall refund the deposit (i.e. HK\$95 million) in full, without interest, to the Purchaser within seven (7) Business Days after Freeman's extraordinary general meeting.

If aforesaid condition (b) is not fulfilled solely because the Shareholders of the Company shall have voted against the relevant resolution(s) in the SMG, the Vendor shall be entitled to forfeit half of the deposit, i.e. HK\$42,500,000 and shall refund the remaining HK\$42,500,000 to the Purchaser within seven (7) Business Days after the SGM.

### **Information of the Target Group**

The Target Company is an investment holding company with limited liability, incorporated in the British Virgin Islands on 5 November 2012 and became the holding company of its subsidiaries (including Smart Jump (BVI)) on the same date. The Target Company through its subsidiary principally engages in the trading of securities which has always been carried out by Smart Jump (BVI).

### **Financial Information of the Target Group**

The audited financial information of Smart Jump (BVI) for the three financial years ended 31 March 2013, 2014 and 2015 and the audited financial information of the Target Group for the financial year ended 31 March 2016 are set out as follows:

	<b>For the year ended 31 March 2013 HK\$</b>	<b>For the year ended 31 March 2014 HK\$</b>	<b>For the year ended 31 March 2015 HK\$</b>	<b>For the year ended 31 March 2016 HK\$</b>
Net profit before tax	243,170,376	555,012,636	197,286,687	176,849,000
Net profit after tax	243,170,376	555,012,636	197,286,687	176,849,000

As extracted from the unaudited management account of the Target Group for the year ended 31 March 2016, the unaudited consolidated profit of the Target Group was HK\$176,849,000 and the unaudited consolidated net assets of the Target Group as at 31 March 2016 was HK\$851,691,000.

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

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

The Directors are of the view that the Acquisition would strongly complement the Company's existing proprietary trading activities. Recently, market volatility heightened due to numerous factors such as the Brexit and terrorism around the world, however the Company remains confident about the securities market in Hong Kong and believes that the Shenzhen-Hong Kong Stock Connect scheme in the remaining second half of this year will affect the market positively. The Company considers that the listed securities of Hong Kong are still attractive when comparing with those listed in other exchanges. The Directors consider the Acquisition represents a golden opportunity to purchase a securities portfolio with growth potentials at a reasonable premium.

Further, the Company is in negotiation with the management of Target Group to maintain the management continuity of the Target Group and to minimise the impact of any change in the key management of the Target Group's performance after the Acquisition.

The Directors are of the opinion that the acquired expertise in portfolio management will be beneficial to the Company. The Target Group has a consistent track record on its ability to generate substantial profits through securities trading and investment.

After taking into account the above factors, the Directors therefore believe the Acquisition is in the best interest of the Company and the Shareholders as a whole.

#### **LISTING RULES' IMPLICATION**

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

#### **THE SGM AND DESPATCH OF CIRCULAR**

The SGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition. A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) other information required under the Listing Rules in respect of the Acquisition; and (iii) notice of the SGM will be despatched to Shareholders on or before 15 September 2016.

#### **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 15 August 2016 entered into by the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors

“Business Day(s)”	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, a company incorporated in the Bermuda with limited liability listed on the main board of the Stock Exchange (stock code: 622)
“Completion”	the Completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Consideration”	the consideration of HK\$1,295,000,000 payable by the Purchaser for the Sale Share under the Acquisition Agreement
“Deposit”	the deposit for the amount of HK\$95,000,000 in which will be paid by Zero-Coupon Promissory Note by the Purchaser to the Vendor or its nominee(s) upon signing of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Freeman”	Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 279)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 months from the date of signing the Acquisition Agreement, namely 15 December 2016 or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China
“Promissory Note A”	6-month coupon note at 5% interest rate per annum to be issued by the Purchaser in favour of the Vendor or its nominee(s) pursuant to the Acquisition Agreement
“Promissory Note B”	12-month coupon note at 5% interest rate per annum to be issued by the Purchaser in favour of the Vendor or its nominee(s) pursuant to the Acquisition Agreement

“Promissory Note C”	18-month coupon note at 5% of interest rate per annum to be issued by the Purchaser in favour of the Vendor or its nominee(s) pursuant to the Acquisition Agreement
“Promissory Notes”	Promissory Note A, Promissory Note B and Promissory Note C
“Purchaser”	Win Wind Capital Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary as to 88.22% held by the Company
“Sale Share”	one ordinary share in the Target Company, representing the entire issued share capital of the Target Company
“SFO”	the Securities and Future Ordinance (CAP.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 terms of the Acquisition Agreement and the transactions contemplated thereunder, including the issue of the Zero-Coupon Promissory Note and the Promissory Notes
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Smart Jump (BVI)”	Smart Jump Corporation, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Target Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Smart Jump Corporation, a company incorporated in the Republic of the Marshall Islands and a wholly owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Freeman Financial Investment Corporation, a company incorporated in the Cayman Islands and a wholly owned subsidiary of Freeman

“Zero-Coupon Promissory Note”

non-interest bearing coupon note which will expire on the 5th Business Days after the Company’s SGM or three (3) months from the date of issue, whichever is earlier to be issued by the Purchaser in favour of the Vendor or its nominee(s) pursuant to the Acquisition Agreement

“%”

per cent.

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

Hong Kong, 15 August 2016

*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