Enerchina Holdings Limited
威 華 達 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 622)

POSITIVE PROFIT ALERT AND CHANGE IN USE OF PROCEEDS

This announcement is made by Enerchina Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors of the Company that based on the preliminary review on the unaudited consolidated management accounts of the Group for the 11 months ended 30 November 2018 (the "**Period**") and the information currently available to the Board, the Group's net profit attributable to the owners of the Company for the year ended 31 December 2018 (the "**Year**") is expected to be increased by no less than 660.43% as compared to that of approximately HK$21.29 million recorded for the year ended 31 December 2017 (the "**Previous Year**"). The directors of the Company (the "**Directors**") are of the view that the expected increase is mainly attributable to (i) no impairment loss of available-for-sale investments for the Year as compared to that of approximately HK$130.01 million for the Previous Year due to effects of adoption of *Hong Kong Financial Reporting Standard 9 - Financial Instruments*; (ii) no loss on early settlement of promissory notes for the Year as compared to that of approximately HK$153.62 million for the Previous Year; and (iii) HK$22.67 million of employee benefits expenses for the Period as compared to that of approximately HK$92.43 million for the Previous Year which represents a drop of approximately HK$69.76 million, as a result of no share options were granted during the Period. The Group also recorded a total turnaround from a loss on financial assets at fair value through profit or loss ("**FVPL**") of approximately HK$286.62 million for the six months ended 30 June 2018 to a gain on financial assets at FVPL of approximately HK$17.72 million for the Period. However, such gain still represented a decrease of approximately HK$142.06 million as compared to that of approximately HK$159.78 million for the Previous Year.

* *For identification purpose only*

As at the date of this announcement, the Company is in the process of finalising the consolidated annual results of the Group for the Year. The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figures or information which has been audited or reviewed by the independent auditors of the Company nor approved by the audit committee of the Company and therefore the Group's actual results may be subject to amendments and potential adjustments. The Board wishes to emphasize that the results of the Group for the Year may be affected by a number of other factors, including but not limited to the valuation of the available-for-sale investments and the results of operation for the month ended 31 December 2018. Consequently, such financial information should not be relied upon by Shareholders and potential investors to provide with the same quality of information associated with the financial statements that have been subject to an audit or review.

Shareholders and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Shareholders and potential investors are advised to read carefully the announcement of the final results of the Group for the Year which is expected to be released in March 2019.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

CHANGE IN USE OF PROCEEDS

On 28 March 2018, the Company announced a proposed rights issue on the basis of one rights share for every one share in issue at a subscription price of HK$0.45 per rights share (the "**Rights Issue**").

Reference is made to the (i) the prospectus of the Company dated 28 June 2018 (the "**Prospectus**"); and (ii) the 2018 interim report of the Company dated 19 September 2018. The details of the proposed use of proceeds and the actual use of proceeds from the Rights Issue up to the date of this announcement are as follows:

	Proposed use of proceeds from the Rights Issue *HK$'000*	Amount utilized *HK$'000*	Amount unutilized *HK$'000*
(i) Business development of the Group's financial services			
a) provide additional resources to the Group's money lending business	300,000	300,000	–
b) provide additional resources to the Group's margin financing business	180,000	180,000	–
c) conduct marketing activities	10,000	1,142	8,858
d) hire high caliber professionals	10,000	–	10,000
	500,000	481,142	18,858
(ii) Repayment of the outstanding principal and interest of the Group's loans due to third parties	325,000	325,000	–
(iii) Operating expenses	100,000	100,000	–
(iv) Finance any investment opportunities	23,418	23,418	–
(v) Settlement of the promissory note in relation to the acquisition of Win Wind	320,000	120,000	200,000
Total	**1,268,418**	**1,049,560**	**218,858**

In view of the volatile market environment and difficulties for hiring high caliber professionals in the second half of the Year, the Company prioritizes application of unutilized proceeds for general working capital out of ordinary and usual course of business, including office rentals and maintenance costs, staff costs and professional fees, to additional expenses. Therefore, the Board proposed to reallocate certain unutilized amount being approximately HK$18.86 million (which was initially allocated for conducting marketing activities and hiring high caliber professionals), as general working capital of the Group. Save as disclosed, there are no other changes to the details regarding the proposed use of proceeds from Rights Issue as set out in the Prospectus.

The Directors consider the change in use of proceeds is appropriate and necessary for preparing the Group to adapt to the more challenging market environment and is in the best interests of the Company and its Shareholders as a whole.

By order of the Board
Enerchina Holdings Limited
Chow Chi Wah Vincent
Managing Director

Hong Kong, 3 January 2019

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

Executive Directors:
Mr. Sam Nickolas David Hing Cheong *(Acting Chairman)*
Mr. Chow Chi Wah Vincent *(Managing Director)*
Mr. Wong Yat Fai

Independent Non-Executive Directors:
Mr. Cheung Wing Ping
Mr. Hung Cho Sing
Mr. Chan Hak Kan