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百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

POSSIBLE DISCLOSEABLE TRANSACTION
AND
PROPOSED UNDERWRITING COMMITMENT



ENERCHINA HOLDINGS LIMITED

威華達控股有限公司*

(Incorporated in Bermuda with limited liability)

PROPOSED OPEN OFFER TO QUALIFYING ENERCHINA SHAREHOLDERS
ON THE BASIS OF TWO OFFER SHARES FOR EVERY EXISTING SHARE
WHITEWASH WAIVER
INCREASE IN AUTHORISED SHARE CAPITAL
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
RESUMPTION OF TRADING

JOINT ANNOUNCEMENT

Financial adviser to Sinolink Worldwide Holdings Limited

Financial adviser to Enerchina Holdings Limited

ANGLO CHINESE
CORPORATE FINANCE, LIMITED


SinoPac Securities (Asia) Limited

OPEN OFFER

Enerchina proposes to raise approximately HK\$610 million, before expenses, by way of an open offer of not less than 1,525,525,936 Offer Shares at a price of HK\$0.40 each. The Open Offer will be on the basis of two Offer Shares for every existing Share held by Qualifying Enerchina Shareholders on the Record Date. The Open Offer is fully underwritten by Smart Orient, a wholly-owned subsidiary of Sinolink.

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms. The conditions contained in the Underwriting Agreement are set out below in the section headed “Conditions of the Open Offer” and the circumstances in which the Underwriting Agreement may be terminated are set out below in the section headed “Underwriting arrangements – Termination of the Underwriting Agreement”. If the Underwriting Agreement is terminated or does not become unconditional, the Open Offer will not proceed.

As at the date of this announcement, Sinolink and its concert party, the Underwriter, are together interested in 257,039,515 Shares representing approximately 33.70% of the existing issued share capital of Enerchina. Sinolink and the Underwriter have each irrevocably and unconditionally undertaken to Enerchina to subscribe for all the Offer Shares to which it is entitled under the Open Offer, amounting to, in aggregate, 514,079,030 Offer Shares.

The Underwriter has agreed to act as the underwriter for the balance of the Open Offer, amounting to not less than 1,011,446,906 Offer Shares, subject to fulfilment of the conditions set out in the Underwriting Agreement. The Underwriter will receive an underwriting fee of 2% of the subscription price multiplied by the maximum number of Offer Shares underwritten by it under the Underwriting Agreement. Such underwriting fee is on normal commercial terms. The entering into of the Underwriting Agreement by Enerchina constitutes a connected transaction of Enerchina. However, such transaction is exempted from the requirement to obtain Enerchina Shareholders’ approval pursuant to Rule 14.24(6)(c) of the Listing Rules.

In the event that Sinolink and the Underwriter subscribe for their respective entitlements in full under the Open Offer (as required pursuant to the Letter of Undertaking and the Underwriting Agreement) and the Underwriter is called upon to subscribe for the balance of the Offer Shares in full pursuant to its obligations under the Underwriting Agreement, the interest of Sinolink and parties acting in concert with it in Enerchina will increase from approximately 33.70% of the existing issued share capital of Enerchina to approximately 77.90% of Enerchina’s enlarged issued share capital immediately following completion of the Open Offer (assuming no Share Options are exercised before completion of the Open Offer). Accordingly, the subscription for Offer Shares by the Underwriter pursuant to the Underwriting Agreement may trigger a mandatory general offer by Sinolink under Rule 26 of the Takeovers Code for all the Shares not held by Sinolink and parties acting in concert with it. Sinolink will therefore apply to the Executive for the Whitewash Waiver.

The directors of Enerchina intend to apply about two-third of the net proceeds raised from the Open Offer (amounting to approximately HK\$400 million) for investing in the further expansion of the Power Plant. The balance of the net proceeds (amounting to approximately HK\$200 million) will be used to repay the Group's outstanding indebtedness in part and for the Group's general working capital.

A circular containing, inter alia, details of the Open Offer and the Whitewash Waiver, a letter from the independent board committee of Enerchina, a letter from the independent financial adviser and a notice convening the SGM to consider and, if thought fit, approve, inter alia, the Open Offer and the Whitewash Waiver, is expected to be sent to all Enerchina Shareholders on or before 5 March 2004.

Sinolink and its associates and parties acting in concert with any of them will abstain from voting on the resolutions to approve the Open Offer and the Whitewash Waiver at the SGM. An independent board committee has been established to advise the Independent Enerchina Shareholders on the Open Offer and the Whitewash Waiver. Kingsway Capital Limited has been appointed as the independent financial adviser to advise such independent board committee on the Open Offer and the Whitewash Waiver.

The entering into of the Underwriting Agreement by the Underwriter and the undertaking by Sinolink to subscribe for Offer Shares pursuant to the Letter of Undertaking together constitute a discloseable transaction of Sinolink. A circular will be despatched to Sinolink's shareholders as soon as practicable.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 February 2004 at the request of Enerchina pending the publication of this announcement. Application was made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 20 February 2004.

Enerchina proposes to raise approximately HK\$610 million, before expenses, by way of an open offer of not less than 1,525,525,936 Offer Shares at a price of HK\$0.40 each. The Open Offer will be on the basis of two Offer Shares for every existing Share held by Qualifying Enerchina Shareholders on the Record Date. The Open Offer is fully underwritten by Smart Orient, a wholly-owned subsidiary of Sinolink. The purpose of this announcement is to inform Enerchina Shareholders of certain matters relating to the Open Offer.

OPEN OFFER

Issue statistics:

Basis of the Open Offer:	Two Offer Shares for every existing Share held by Qualifying Enerchina Shareholders on the Record Date at a subscription price of HK\$0.40 each.
Existing number of Shares in issue:	762,762,968 Shares as at the date of this announcement.
Number of Offer Shares:	Not less than 1,525,525,936 Shares and not more than 1,543,613,936 Shares.
Enlarged number of Shares in issue immediately following the Open Offer:	2,288,288,904 Shares, assuming no Share Options are exercised before completion of the Open Offer.

Under the Open Offer, not less than 1,525,525,936 Offer Shares will be issued (assuming no Share Options are exercised before the Record Date). This represents 200% of the existing issued share capital of Enerchina and approximately 66.67% of the issued share capital of Enerchina as enlarged by the issue of the Offer Shares.

The number of Offer Shares which may be issued pursuant to the Open Offer will increase in proportion to any additional Shares which may be issued pursuant to the Share Option Schemes on or before the Record Date. As at the date of this announcement, Enerchina has 9,044,000 Share Options which are outstanding and exercisable before the Record Date and which, if exercised, would allow employees of the Group to subscribe for up to an aggregate of 9,044,000 Shares at prices from HK\$3.71 to HK\$6.62 per Share. If all the subscription rights attaching to the Share Options are exercised and Shares are issued pursuant to such exercise on or before the Record Date, the number of issued Shares will increase to 771,806,968 Shares and the number of Offer Shares which will be issued pursuant to the Open Offer will increase to 1,543,613,936 Offer Shares. The directors of Enerchina have no intention to grant any further Share Options on or before the Record Date.

The invitation to subscribe for the Offer Shares is not transferable or capable of renunciation and there will not be any trading in nil-paid entitlements on the Stock Exchange.

Qualifying Enerchina Shareholders:

Enerchina will send the Prospectus Documents to Qualifying Enerchina Shareholders only. To qualify for the Open Offer, an Enerchina Shareholder must:

- be registered as a member of Enerchina at the close of business on the Record Date; and
- have an address in Hong Kong as its address on the register of members of Enerchina at the close of business on the Record Date.

Enerchina retains the right, in its discretion, to vary the requirements set out above to avoid any unlawful issue to its shareholders. In order to be registered as a member on the Record Date, a transferee of Shares must lodge the transfer of Shares (together with the relevant share certificate(s)) with Enerchina's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. (Hong Kong time) on 17 March 2004.

Closure of register of members:

Enerchina's register of members will be closed from 18 March 2004 to 22 March 2004, both days inclusive. No transfer of Shares will be registered during this period.

Subscription price:

The subscription price of HK\$0.40 per Offer Share is payable in full when a Qualifying Enerchina Shareholder accepts the Open Offer. The subscription price of HK\$0.40 per Offer Share represents:

- (i) a discount of approximately 55.06% to the closing price of HK\$0.89 per Share quoted on the Stock Exchange on 16 February 2004, being the last trading day preceding the date of the Underwriting Agreement;
- (ii) a discount of approximately 28.57% to the theoretical ex-entitlement price of HK\$0.56 per Share based on the closing price per Share on 16 February 2004;
- (iii) a discount of approximately 56.14% to the average closing price of HK\$0.912 per Share quoted on the Stock Exchange for the ten trading days up to and including 16 February 2004;
- (iv) a discount of approximately 50% to the unaudited consolidated net asset value per Share as at 30 June 2003 adjusted so as to reflect the December Rights Issue of approximately HK\$0.80; and
- (v) a discount of approximately 35.48% to the unaudited consolidated net tangible assets per Share as at 30 June 2003 adjusted so as to reflect the December Rights Issue of approximately HK\$0.62.

The subscription price was arrived at after arm's length negotiation between Enerchina and the Underwriter with reference to the market price of the Shares taking into account various factors including but not limited to prevailing market conditions and a reasonable incentive for the Qualifying Enerchina Shareholders to subscribe for the Offer Shares. The directors of Enerchina consider that the subscription price of HK\$0.40 per Offer Share and the other terms of the Open Offer to be fair and reasonable so far as Enerchina and the Enerchina Shareholders are concerned.

Status of the Offer Shares:

When issued and fully paid, the Offer Shares will rank pari passu in all respects with the then existing Shares. Holders of Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of issue of the Offer Shares.

Share certificates:

Subject to the fulfilment of the conditions of the Open Offer, certificates for all Offer Shares are expected to be posted by 16 April 2004 to those Qualifying Enerchina Shareholders who have applied and paid for the relevant Offer Shares at their own risk.

Non-Qualifying Enerchina Shareholders:

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong and Bermuda. As the directors of Enerchina are of the view that the offer of Offer Shares would, or might, in the absence of compliance with registration or other special formalities in territories outside Hong Kong, be unlawful or impracticable, the directors of Enerchina will exercise the discretion given to them under the bye-laws of Enerchina not to offer the Offer Shares to Non-Qualifying Enerchina Shareholders. Accordingly, no Offer Shares will be offered to the Non-Qualifying Enerchina Shareholders and no application forms will be sent to such persons. Enerchina will send the Prospectus to Non-Qualifying Enerchina Shareholders for their information only. The Offer Shares to which the Non-Qualifying Enerchina Shareholders would otherwise have been entitled under the Open Offer will be taken up by the Underwriter. Non-Qualifying Enerchina Shareholders are entitled to vote at the SGM.

No applications for excess Offer Shares:

Enerchina has decided that no Qualifying Enerchina Shareholder is entitled to apply for any Offer Shares which are in excess of its entitlement.

Application for listing:

Enerchina will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

The Offer Shares are expected to be traded in board lots of 3,000. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENTS**Underwriting Agreement:**

Date: 17 February 2004.

Underwriter: Smart Orient Investments Limited, a wholly-owned subsidiary of Sinolink.

Number of Offer Shares underwritten: not less than 1,011,446,906 Offer Shares and not more than 1,029,534,906 Offer Shares.

Underwriting fee: 2% of the subscription price multiplied by the maximum number of Offer Shares to be underwritten by the Underwriter under the Underwriting Agreement. The 2% underwriting fee is on normal commercial terms.

The entering into of the Underwriting Agreement by Enerchina constitutes a connected transaction of Enerchina. However, such transaction is exempt from the requirement to obtain Enerchina Shareholders' approval pursuant to Rule 14.24(6)(c) of the Listing Rules.

As at the date of this announcement, Sinolink and its concert party, the Underwriter, are together interested in 257,039,515 Shares representing approximately 33.70% of the existing issued share capital of Enerchina. Sinolink and the Underwriter have each irrevocably and unconditionally undertaken to Enerchina that the Shares beneficially owned by it will remain registered in its name from the date of this announcement to the Record Date and to subscribe for all the Offer Shares to which it is entitled under the Open Offer, amounting to, in aggregate, 514,079,030 Offer Shares.

The Underwriter has agreed to act as the underwriter for the balance of the Open Offer, amounting to not less than 1,011,446,906 Offer Shares and not more than 1,029,534,906 Offer Shares, subject to fulfilment of the conditions set out in the Underwriting Agreement. The Underwriter will receive an underwriting fee of 2% of the subscription price multiplied by the maximum number of Offer Shares underwritten by it under the Underwriting Agreement. Such underwriting fee is on normal commercial terms.

The Underwriter is a wholly-owned subsidiary of Sinolink. The ordinary and usual course of business of the Underwriter does not involve underwriting of securities.

The Underwriter and Sinolink will use their internal resources to meet their respective financial commitments under the Underwriting Agreement and the Letter of Undertaking. The maximum aggregate amount of such financial commitments is approximately HK\$617 million (calculated by multiplying the maximum number of Offer Shares by the subscription price). As at 30 June 2003, Sinolink's consolidated cash and cash equivalent amounted to approximately HK\$867.7 million in aggregate.

In the event that Sinolink and the Underwriter subscribe for their respective entitlements in full under the Open Offer (as required pursuant to the Letter of Undertaking and the Underwriting Agreement) and the Underwriter is called upon to subscribe for the balance of the Offer Shares in full pursuant to its obligations under the Underwriting Agreement, the interest of Sinolink and parties acting in concert with it in Enerchina would increase from approximately 33.70% of the existing issued share capital of Enerchina to approximately 77.90% of Enerchina's enlarged issued share capital immediately following completion of the Open Offer (assuming no Share Options are exercised before completion of the Open Offer). Accordingly, the subscription for Offer Shares by the Underwriter pursuant to the Underwriting Agreement may trigger a mandatory general offer by Sinolink under Rule 26 of the Takeovers Code for all the Shares not held by Sinolink and parties acting in concert with it. Sinolink will therefore apply to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, inter alia, the approval of the Independent Enerchina Shareholders taken on a poll at the SGM.

The Underwriting Agreement is conditional upon, inter alia, the grant by the Executive of the Whitewash Waiver and its approval by the Independent Enerchina Shareholders. In the event that the Whitewash Waiver is not granted by the Executive or approved by the Independent Enerchina Shareholders, the Underwriting Agreement will lapse and the Open Offer will not proceed.

Maintaining the listing of Enerchina:

It is the intention of both Sinolink and Enerchina to maintain the listing of Enerchina on the Stock Exchange after the Open Offer. In the event that less than 25% of the issued share capital of Enerchina is held by the public after the Open Offer, Sinolink has undertaken to the Stock Exchange to take steps as soon as practicable following the close of the Open Offer to place down the Shares held to independent third parties not connected with the directors, chief executives and substantial shareholders of Enerchina or its subsidiaries or any of their respective associates (as defined in the Listing Rules) so that the public float of Enerchina is not less than 25% of the enlarged issued share capital of Enerchina.

If as a result of the Open Offer less than 25% of the issued Shares are held in the hands of the public, both Sinolink and Enerchina will take steps to restore the public float to 25%. If the Stock Exchange believes that: (a) a false market exists or may exist in the Shares; or (b) there are too few Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. In this connection, it should be noted that upon completion of the Open Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient public float is attained.

Changes in shareholding structure:

Assuming no Share Options are exercised before completion of the Open Offer

Existing Enerchina Shareholders	Scenario 1				Scenario 2		Scenario 3	
					After the Open Offer assuming Atlantic Cay takes up the Offer Shares to which it is entitled and the Underwriter takes up the remaining 741,747,720 Offer Shares		After the Open Offer assuming the Underwriter takes up all the 1,011,446,906 Offer Shares	
	Before the Open Offer		After the Open Offer assuming all Enerchina Shareholders take up their respective Offer Shares					
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Sinolink and its concert parties	257,039,515	33.70	771,118,545	33.70	1,512,866,265	66.11	1,782,565,451	77.90
Atlantic Cay (notes)	134,849,593	17.68	404,548,779	17.68	404,548,779	17.68	134,849,593	5.89
Public Enerchina Shareholders	370,873,860	48.62	1,112,621,580	48.62	370,873,860	16.21	370,873,860	16.21
Total issued share capital	762,762,968	100.00	2,288,288,904	100.00	2,288,288,904	100.00	2,288,288,904	100.00

Notes:

- (i) Other than being a substantial shareholder holding approximately 17.68% of the existing issued share capital of Enerchina and having two representatives on the board of directors of Enerchina, Atlantic Cay is an independent third party not connected with Sinolink, its associates or the chief executives or other substantial Enerchina Shareholders or any of its subsidiaries or their respective associates.
- (ii) Atlantic Cay has not made any indication or given any undertaking in respect of the Open Offer.

Termination of the Underwriting Agreement:

The Underwriter may terminate its commitment under the Underwriting Agreement by notice in writing to Enerchina, if prior to the Latest Time for Termination (being 7 April 2004) there is:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) in Hong Kong or Bermuda; or
- (ii) a change (whether or not forming part of series of events or changes occurring or continuing before and/or after the date of the Underwriting Agreement) in the political, military, industrial, economic, currency (a change in currency conditions for this purpose includes a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or market conditions (including without limitation, a change in fiscal or monetary policy or foreign exchange or suspension or restriction of trading in securities) or a change in taxation or exchange controls; or
- (iii) any local, national or international outbreak (whether or not forming part of series of events or changes occurring or continuing before and/or after the date of the Underwriting Agreement), or escalation, of hostilities or armed conflict; or
- (iv) any adverse change in the business or in the financial or trading position or prospects of Enerchina or any member of the Group which shall materially and adversely affect the prospects of the Group taken as a whole or lead to the destruction of any material asset of the Group; or
- (v) any suspension in trading of securities generally or of the Shares on the Stock Exchange for a period of more than ten consecutive trading days; or
- (vi) any act of god, war, riot, public disorder, civil commotion or terrorism,

which in the sole opinion of the Underwriter has, or is likely to have, a material adverse effect on the business, financial or other condition or prospects of Enerchina or the Group or any member of the Group; or which has, or will have, or is likely to have, an adverse effect on the success of the Open Offer or the level of Offer Shares taken up or shall make it inadvisable or inexpedient to proceed with the Open Offer.

The Underwriter may also terminate its commitment under the Underwriting Agreement by notice in writing to Enerchina, if prior to the Latest Time for Termination (being 7 April 2004) the Underwriter becomes aware that any of the representations, undertakings or warranties contained in the Underwriting Agreement or any other provisions of the Underwriting Agreement are in any material respect untrue or inaccurate.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Open Offer will not proceed.

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms. The circumstances in which the Underwriting Agreement may be terminated are set out above in the section headed "Underwriting arrangements – Termination of the Underwriting Agreement". The Underwriting Agreement is conditional upon, inter alia:

- (a) the passing of an ordinary resolution by the Enerchina Shareholders at the SGM approving the increase in the authorised share capital of Enerchina from HK\$25,000,000 to HK\$50,000,000 by the creation of 2,500,000,000 new Shares;
- (b) the grant of the Whitewash Waiver by the Executive;
- (c) the passing of a resolution by the Independent Enerchina Shareholders by way of a poll at the SGM, in compliance with the Takeovers Code to approve the Whitewash Waiver;
- (d) the passing of a resolution by the Independent Enerchina Shareholders at the SGM approving the Open Offer;
- (e) Enerchina registering or filing, as the case may be, all relevant documents with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda;
- (f) the posting of the Prospectus Documents to Qualifying Enerchina Shareholders on 23 March 2004 or such other date as the Underwriter may agree in writing with Enerchina; and

(g) the Listing Committee of the Stock Exchange granting and not withdrawing the listing of, and permission to deal in, the Offer Shares.

In the event that conditions (a), (e) and (f) have not been satisfied or waived by the Underwriter, and conditions (b) to (d) (inclusive) have not been satisfied, on or before the date of posting the Prospectus Documents (expected to be on or about 23 March 2004) and condition (g) has not been satisfied or waived by the Underwriter on or before 4:00 p.m. on the Acceptance Date, the Underwriting Agreement will lapse and the Open Offer will not proceed.

WHITEWASH WAIVER

Sinolink will make an application for the Whitewash Waiver to the Executive in respect of its potential obligation to make a mandatory general offer for all the Shares not held by Sinolink and parties acting in concert with it as a result of the Open Offer and the subscription of any Offer Shares by the Underwriter under its obligations pursuant to the Underwriting Agreement. The Underwriter has not reserved its right to waive the conditions of the granting of the Whitewash Waiver by the Executive and/or the approval of the Whitewash Waiver by the Independent Enerchina Shareholders. Accordingly, in the event the Whitewash Waiver is not granted by the Executive or approved by the Independent Enerchina Shareholders the Underwriting Agreement will lapse and the Open Offer will not proceed.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is as follows:

2004

Despatch of circular to Enerchina Shareholders	Friday, 5 March
Last day of dealing on a cum-entitlement basis	Monday, 15 March
First day of dealing on an ex-entitlement basis	Tuesday, 16 March
Latest time for lodging transfers of the Shares (accompanied by the relevant title documents) in order to qualify for the Open Offer	4:00 p.m. on Wednesday, 17 March
Register of members closes	From Thursday, 18 March to Monday, 22 March
Latest time for lodging proxy forms for the SGM	9:30 a.m. on Saturday, 20 March
SGM	9:30 a.m. on Monday, 22 March
Record Date	Monday, 22 March
Announcement of results of SGM	Tuesday, 23 March
Despatch of the Prospectus Documents	Tuesday, 23 March
Register of members reopens	Tuesday, 23 March
Latest time for acceptance of, any payment for, Offer Shares	4:00 p.m. on Wednesday, 7 April
Open Offer expected to become unconditional	Wednesday, 7 April
Announcement of the results of the Open Offer	Tuesday, 13 April
Certificates for Offer Shares expected to be sent on or before	Friday, 16 April
Dealings in the Offer Shares expected to commence	9:30 a.m. on Tuesday, 20 April

INFORMATION ON ENERCHINA

Enerchina is an investment holding company. The Group's principal business is electricity generation and supply in the PRC. Enerchina's principal operating plant is the Power Plant which is operated by Enerchina's principal subsidiary, Fuhuade.

For the year ended 31 December 2002, Enerchina recorded audited net losses before and after taxation and extraordinary items attributable to the Enerchina Shareholders of approximately HK\$85.6 million and approximately HK\$85.7 million respectively. For the year ended 31 December 2001, Enerchina recorded audited net losses before and after taxation and extraordinary items attributable to the Enerchina Shareholders of approximately HK\$139.8 million and approximately HK\$141.9 million respectively. For the six months ended 30 June 2003, the unaudited net profits before and after taxation and extraordinary items attributable to the Enerchina Shareholders was approximately HK\$5.1 million. As at 30 June 2003, the unaudited net tangible assets of Enerchina amounted to approximately HK\$253.0 million.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

In recent months Enerchina has raised:

- HK\$106.0 million from the February Rights Issue;
- HK\$26.3 million from the September Issue; and
- HK\$191.0 million from the December Rights Issue.

The proceeds of the February Rights Issue were intended to be used for the general working capital of the Group and for investing in opportunities in electricity generation businesses. A large portion of the proceeds raised from the February Rights Issue was used as working capital for the Power Plant. In particular, during the period from April 2003 to July 2003 when the new power generating unit commenced its operation in May 2003 approximately HK\$100 million was spent on fuel. The proceeds of the September Issue and the December Rights Issue were primarily used for the expansion of the Power Plant in which the Group has committed to invest approximately HK\$500 million. Each of these uses was in accordance with the uses described in the prospectus for the February Rights Issue, the announcement made in relation to the September Issue and the prospectus for the December Rights Issue respectively.

The future financial needs of Enerchina will depend upon the future expansion of the Power Plant. It is the intention of the directors of Enerchina to expand the Power Plant if such expansion would be to the benefit of the Enerchina Shareholders as a whole. Future expansions are however subject to the requisite approvals from the relevant government authorities.

On 6 January 2004 Enerchina announced that, the relevant government authority had approved, in principle, further expansion of the installed capacity of the Power Plant by 180 MW. Together with the existing generating units (having a capacity of 305 MW) and the expansions already in progress, the installed capacity of the Power Plant will increase to a total of 665 MW after completion of these expansions. In order to finance such further expansion, it is expected that additional funding of approximately HK\$500 million will be required. The board of directors of Enerchina proposes to raise such funding through additional borrowing and the Open Offer.

The exact amount of the additional funding required referred to in the previous paragraph has not been finalised and will depend on the total investment cost required for expanding the Power Plant. Furthermore, the amount of additional funds Enerchina will borrow is yet to be finalised. The directors of Enerchina intend to apply about two-third of the net proceeds of the Open Offer (amounting to approximately HK\$400 million) for investing in the expansion of the Power Plant. The balance of the net proceeds (amounting to approximately HK\$200 million) will be used to repay the Group's outstanding indebtedness in part and for the Group's general working capital.

The directors of Enerchina believe that the Open Offer will allow the Qualifying Enerchina Shareholders to participate in the future growth of the Group. The directors of Enerchina consider that the Open Offer is in the best interests of Enerchina and the Enerchina Shareholders as a whole.

Given the strong demand for electricity in the Guangdong province of the People's Republic of China and the economies of scale that can be achieved through expanding the Power Plant, the Group will continue to explore opportunities to expand the capacity of the Power Plant so as to be able to take advantage of market opportunities.

REASONS FOR THE UNDERWRITING COMMITMENT

The directors of Sinolink noticed the gradual improvement of Enerchina's profitability upon the commencement of commercial operations of the expanded Power Plant in the six month period ended 30 June 2003. The directors of Sinolink believe that the Open Offer provides an opportunity for Enerchina to raise funds to further strengthen its capital base and improve its financial position so as to provide flexibility for Enerchina to pursue any new business opportunities for its future development and expansion.

The directors of Sinolink also believe that, in addition to 2% commission earned by the Underwriter in underwriting the Open Offer, the Underwriting Agreement provides an attractive opportunity for the Underwriter, and therefore Sinolink, to benefit from the opportunities available to Enerchina as a result of the strong demand for electricity, and the growth potential of the market for electricity, in the Guangdong province of the People's Republic of China. The commission to be earned by the Underwriter under the Underwriting Agreement is approximately HK\$8 million and will be booked as other income of Sinolink in its consolidated accounts.

INTENTIONS OF SINOLINK AND POSSIBLE DISCLOSEABLE TRANSACTION

At present, two out of the eight directors on the board of directors of Enerchina represent Sinolink. If Sinolink is interested in more than 50% of Enerchina's enlarged issued share capital after the Open Offer, Sinolink will consider what action is appropriate to ensure that Sinolink's best interests in Enerchina are protected. At this moment Sinolink has not decided whether to increase its representation on the board of directors of Enerchina and to consolidate the results of Enerchina into its own results. The entering into of the Underwriting Agreement by the Underwriter and the undertaking by Sinolink to subscribe for Offer Shares pursuant to the Letter of Undertaking together constitute a discloseable transaction of Sinolink under Rule 14.12 of the Listing Rules. A circular will be despatched to Sinolink's shareholders as soon as practicable.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS

In accordance with the rules of the Share Option Schemes, adjustment to the subscription prices and the number of Shares to be issued in respect of the Share Options will be required as a result of the Open Offer. Holders of Share Options will be informed of the adjustment in due course. The calculation of the adjustments will be reviewed by the auditors of Enerchina.

INFORMATION ON SINOLINK

Sinolink is a company listed on the main board of the Stock Exchange and is principally engaged in: (i) property development and investment; (ii) transportation, storage, distribution and sales of liquefied petroleum gas and natural gas; and (iii) electricity generation and supply operations.

INCREASE IN AUTHORISED SHARE CAPITAL

The directors of Enerchina propose to seek Enerchina Shareholders' approval at the SGM to increase the authorised share capital of Enerchina from HK\$25,000,000 to HK\$50,000,000 by the creation of 2,500,000,000 new Shares.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

The directors of Enerchina propose to seek Enerchina Shareholders' approval at the SGM to refresh the general mandates to issue and repurchase Shares granted by the Enerchina Shareholders at the special general meeting of Enerchina held on 4 December 2003.

REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT

The directors of Enerchina also propose to seek Enerchina Shareholders' approval at the SGM to refresh the Scheme Mandate Limit granted by the Enerchina Shareholders at the special general meeting of Enerchina held on 4 December 2003.

GENERAL

A circular containing, inter alia, details of the Open Offer and the Whitewash Waiver, a letter from the independent board committee of Enerchina, a letter from the independent financial adviser and a notice convening the SGM to consider and, if thought fit, approve the Open Offer, the Whitewash Waiver, the increase in the authorised share capital of Enerchina, the general mandates to issue and repurchase Shares and the refreshment of the Scheme Mandate Limit, is expected to be sent to all Enerchina Shareholders on or before 5 March 2004.

Save for the September Issue and the taking up of its entitlement of 165,239,685 Shares in the December Rights Issue, Sinolink and parties acting in concert with it have not acquired any voting rights in Enerchina and have not dealt in any Shares in the six months prior to the date of this announcement. Save for the taking up of its entitlement of 86,689,024 Shares in the December Rights Issue, Atlantic Cay has not dealt in any Shares in the six months prior to the date of this announcement.

Sinolink and its associates and parties acting in concert with any of them will abstain from voting on the resolutions to approve the Open Offer and the Whitewash Waiver at the SGM.

An independent board committee comprising the independent non-executive director of Enerchina has been established to advise the Independent Enerchina Shareholders on the Open Offer and the Whitewash Waiver. Kingsway Capital Limited has been appointed as the independent financial adviser to advise such independent board committee on the Open Offer and the Whitewash Waiver. SinoPac Securities (Asia) Limited has been appointed as the financial adviser to Enerchina. Anglo Chinese Corporate Finance Limited has been appointed as the financial adviser to Sinolink.

WARNING OF THE RISKS OF DEALING IN SHARES

Existing Shares are expected to be dealt in on an ex-entitlement basis from 16 March 2004. If the Underwriter terminates the Underwriting Agreement, or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Any person dealing in the Shares from now up to the date on which all such conditions are fulfilled (currently expected to be on 7 April 2004) will accordingly bear the risk that the Open Offer may not become unconditional and/or may not proceed. Investors should exercise caution when dealing in the Shares. Any Enerchina Shareholder or other person contemplating dealing in the Shares during such period who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 February 2004 at the request of Enerchina pending the publication of this announcement. Application was made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 20 February 2004.

DEFINITIONS

“Acceptance Date”	7 April 2004 or such other date as the Underwriter may agree in writing with Enerchina
“Atlantic Cay”	Atlantic Cay International Limited, a company incorporated in the British Virgin Islands with limited liability
“December Rights Issue”	the rights issue undertaken by Enerchina in accordance with the terms of the prospectus of Enerchina dated 5 December 2003
“Enerchina”	Enerchina Holdings Limited
“Enerchina Shareholder(s)”	holder(s) of the Share(s)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“February Rights Issue”	the rights issue undertaken by Enerchina in accordance with the terms of the prospectus of Enerchina dated 11 February 2003
“Fuhuade”	Shenzhen Fuhuade Electric Power Co., Ltd, a subsidiary of Enerchina incorporated in the People’s Republic of China
“Group”	Enerchina and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Independent Enerchina Shareholders”	Enerchina Shareholders other than Sinolink and its associates and parties acting in concert with any of them and those who are not involved in or interested in the underwriting of the Open Offer under the Underwriting Agreement or the possible acquisition of Shares by Sinolink and its concert party pursuant to the Open Offer and the Underwriting Agreement
“Latest Time for Termination”	4:00 p.m. on the Acceptance Date
“Letter of Undertaking”	the letter of undertaking dated 17 February 2004 from Sinolink to Enerchina and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Enerchina Shareholder(s)”	the Enerchina Shareholder(s) whose address(es) as shown on the register of members of Enerchina at the close of business on the Record Date is/are outside Hong Kong
“Open Offer”	the Open Offer of two Offer Shares for every existing Share held by the Qualifying Enerchina Shareholders on the Record Date

“Offer Share(s)”	new Share(s) to be issued pursuant to the Open Offer
“Power Plant”	the power plant operated by Fuhuade in Shenzhen
“Prospectus”	the prospectus to be issued by Enerchina in relation to the Open Offer
“Prospectus Documents”	The Prospectus together with the application form
“Qualifying Enerchina Shareholder(s)”	Enerchina Shareholder(s), other than the Non-Qualifying Enerchina Shareholder(s), whose name(s) appear(s) on the register of members of Enerchina on the Record Date
“Record Date”	22 March 2004
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Schemes as at the date of adoption of the scheme
“September Issue”	the issue of 45,400,000 new Shares by Enerchina pursuant to a subscription agreement dated 26 September 2003
“SGM”	the special general meeting of Enerchina to be convened to approve, inter alia, the Open Offer, the Whitewash Waiver, an increase in authorised share capital, the general mandates to issue and repurchase Shares and the refreshment of Scheme Mandate Limit
“Share(s)”	share(s) of HK\$0.01 each in the capital of Enerchina
“Share Option(s)”	option(s) to subscribe for Share(s) granted by Enerchina under the Share Option Schemes
“Share Option Schemes”	the share option scheme of Enerchina adopted by Enerchina on 26 July 1993 and the share option scheme adopted by Enerchina on 24 May 2002
“Sinolink”	Sinolink Worldwide Holdings Limited, a company incorporated in the Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Smart Orient”	Smart Orient Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Smart Orient, a wholly-owned subsidiary of Sinolink
“Underwriting Agreement”	the underwriting agreement dated 17 February 2004 and entered into between Enerchina and the Underwriter in relation to the Open Offer
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 of the Notes on the dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Sinolink to make a mandatory general offer for all the Shares not already owned by Sinolink and parties acting in concert with it which would otherwise arise as a result of the Underwriter subscribing for the Offer Shares under the terms of the Underwriting Agreement

By order of the Board
Sinolink Worldwide Holdings Limited
TANG Yui Man, Francis
Chief Executive Officer

By order of the Board
Enerchina Holdings Limited
SUN Qiang Chang
Chairman

Hong Kong, 19 February 2004

The directors of Enerchina jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to Sinolink and Smart Orient) and confirm, having made all reasonable inquiries that to the best of their knowledge, opinions expressed in this announcement (other than those relating to Sinolink and Smart Orient) have been arrived at after due and careful consideration and there are no other facts (other than facts relating to Sinolink and Smart Orient) not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of Sinolink jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts (other than facts relating to the Group) not contained in this announcement the omission of which would make any statement in this announcement misleading.

** for identification only*

Please also refer to the published version of this announcement in China Daily and Hong Kong Economic Times.