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# **新奥能源控股有限公司**

## **ENN Energy Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 2688)**

*(Website: [www.ennenergy.com](http://www.ennenergy.com))*

### **ANNOUNCEMENT**

#### **CONTINUING CONNECTED TRANSACTION - MASTER CONSTRUCTION SERVICES AGREEMENT**

The Board announces that on 12 May 2014, the Company entered into the Master Construction Services Agreement with a Wang Family Company for a term commencing from 12 May 2014 and expiring on 31 December 2016, pursuant to which the Wang Family Company shall, upon request from the Group, provide design and construction services, including but not limited to engineering design, construction of pipelines and stations, and construction contracting services.

As at the date of this announcement, Mr. Wang is a substantial shareholder of the Company holding approximately 30.11% of the issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is interested so as to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Wang Family Company, such company is an associate of Mr. Wang and thus a connected person of the Company. The entering into of the Master Construction Services Agreement therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the transaction contemplated under the Master Construction Services Agreement are more than 0.1% but are less than 5% on an annual basis, such transaction is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 12 May 2014, the Company entered into the Master Construction Services Agreement with a Wang Family Company for a term commencing from 12 May 2014 and expiring on 31 December 2016, pursuant to which the Wang Family Company shall, upon request from the Group, provide design and construction services, including but not limited to engineering design, construction of pipelines and stations, and construction contracting services.

## **MASTER CONSTRUCTION SERVICES AGREEMENT**

**A. The principal terms of the Master Construction Services Agreement are summarised as follows:**

- Date** : 12 May 2014
- Parties** : (a) the Company; and  
(b) a Wang Family Company
- Term** : From 12 May 2014 to 31 December 2016
- Subject Matter** : The Wang Family Company after obtaining the bid shall, upon request from the Group, provide design and construction services, including but not limited to engineering design, construction of pipelines and stations, and construction contracting services.
- Fee and Payment terms** : The fees payable by the Group to the Wang Family Company for the provision of the design and construction services will be on normal commercial terms determined by market rates with reference to the price guidelines as published by the local government for the same type of services, and where no guidelines for the services are available, such fees will be determined by mutual agreement to be reached between the parties to the Master Construction Services Agreement on a fair and reasonable basis.

Part of the aforesaid fees may be prepaid before the construction, depending on the nature of services provided by the Wang Family Company. The remaining fee will be paid in instalments after the commencement of the construction, such instalments will be paid by the end of the relevant month when the completion of the relevant stage is certified.

## **B. Reasons for and benefits of the entering into of the Master Construction Services Agreement**

In relation to the design and construction of the gas supply infrastructure of the Company, the Company has been engaging an external service provider company (the “**Existing Service Provider**”) which is qualified and/or eligible to provide such services under the relevant PRC laws, regulations and/or policies. The Existing Service Provider has obtained Grade A state-level engineering licence which qualifies it to provide high or medium pressure pipelines engineering projects. The aggregate fees paid by the Group to the Existing Service Provider amounted to RMB476,000,000, RMB797,000,000 and RMB969,000,000 in respect of the financial years ended 31 December 2011, 2012 and 2013 respectively.

The Existing Service Provider had been a third party independent of the connected persons of the Company before it was acquired by the Wang Family Group on 25 April 2014. Since such acquisition, the Existing Service Provider becomes a non-wholly owned subsidiary of the Wang Family Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

In view of the abovementioned qualification and experience of the Existing Service Provider and the long-term business relationship between the Group and the Existing Service Provider, the Company considers that the entering into of the Master Construction Services Agreement is necessary to maintain the high quality of the infrastructure facilities and the stability of the business development of the Group.

The Board (including the independent non-executive Directors) is of the opinion that the Master Construction Services Agreement was entered into on normal commercial terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

## **C. Proposed Annual Caps**

It is anticipated that the amount of fees payable by the Group to the Wang Family Company under the Master Construction Services Agreement for each of the financial years ending 31 December

2014, 2015 and 2016 will not exceed the following amount respectively:

<b>Financial year ending 31 December</b>		
<b>2014</b>	<b>2015</b>	<b>2016</b>
RMB 1,025,000,000	RMB 1,040,000,000	RMB 1,055,000,000

The above annual caps are determined with reference to the estimated number of construction projects of the Group which is expected to require the Existing Service Provider to design and construct for the three years and the estimated market rates of such fees in such periods, and taking into account the historical figures.

The Directors (including the independent non-executive Directors) consider that the proposed annual caps above are fair and reasonable.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wang is a substantial shareholder of the Company holding approximately 30.11% of the issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is interested so as to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Wang Family Company, such company is an associate of Mr. Wang and thus a connected person of the Company. The entering into of the Master Construction Services Agreement therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the transaction contemplated under the Master Construction Services Agreement are more than 0.1% but are less than 5% on an annual basis, such transaction is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Wang, being the Director, is deemed to be interested in the shares of the Wang Family Company and therefore has a material interest in the Master Construction Services Agreement and the transactions contemplated thereunder, he had therefore abstained from voting on the board resolutions approving the Master Construction Services Agreement. Further, Mr. Wang Zizheng and Mr. Zhao Jinfeng, being the Directors and the son and the brother-in-law of Mr. Wang respectively, had also abstained from voting on the board resolutions approving the Master Construction Services Agreement. Moreover, Mr. Yu Jianchao, being the Director of the Wang Family Company since the acquisition of the Existing Service Provider by the Wang Family Group, has a material interest in the Master Construction Services Agreement and the transactions contemplated thereunder, he had therefore

abstained from voting on the board resolutions approving the Master Construction Services Agreement.

## **GENERAL**

The principal activity of the Company is investment holding. The Group is principally engaged in gas supply business in the PRC, including but not limited to the sales of piped gas, gas connection, construction and operation of vehicles gas refuelling stations, wholesale of gas, sales of other energy and sales of gas appliances and materials.

The principal businesses of the Wang Family Company include real estate development, the development and utilisation of solar energy, coal mining and coal-related chemical businesses.

## **DEFINITION**

“Board”	the board of Directors
“Company”	ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Wang Family Company(ies)”	company(ies) (including its subsidiaries and associates) to which Mr. Wang and/or his associates is/are entitled to exercise or control the exercise of 30% or more of the voting power at any general meeting of such companies, collectively the “Wang Family Group”
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Construction Services Agreement”	the master construction services agreement dated 12 May 2014 entered into between the Company and a Wang Family Company for the term commencing from 12 May 2014 and expiring on 31 December 2016
“Mr. Wang”	Mr. Wang Yusuo (王玉鎖), the chairman, an executive Director and a substantial shareholder of the Company as at the date of this announcement
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**ENN Energy Holdings Limited**  
**Ms. WONG Chui Lai**  
*Company Secretary*

Hong Kong, 12 May 2014

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

Executive Directors

*Mr. Wang Yusuo (Chairman)*

*Mr. Cheung Yip Sang (Vice Chairman)*

*Mr. Zhao Jinfeng*

*Mr. Yu Jianchao*

*Mr. Han Jishen (President)*

*Mr. Wang Dongzhi (Chief Financial Officer)*

Non-executive Directors

*Mr. Wang Zizheng*

*Mr. Jin Yongsheng*

*Mr. Lim Haw Kuang*

Independent Non-executive Directors

*Mr. Wang Guangtian*

*Ms. Yien Yu Yu, Catherine*

*Mr. Kong Chung Kau*

*Mr. Ma Zhixiang*

*Mr. Yuen Po Kwong*