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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)

CONTINUING CONNECTED TRANSACTIONS:

(1) RENEWAL OF EXISTING MASTER AGREEMENTS

AND

(2) MASTER INFORMATION TECHNOLOGY SERVICES AGREEMENT

Reference is made to the announcements of the Company dated 30 December 2013, 12 May 2014 and 15 August 2014, in relation to certain continuing connected transactions between the Company and the Wang Family Companies. On considering the Group's business development needs, and in view of the fact that the Existing Master Agreements will expire on 31 December 2016, in order to regulate such continuing connected transactions which will be performed from time to time, the Board announces that on 17 October 2016, the Company entered into each of the following master agreements with the Wang Family Companies, which will be effective upon expiry of the Existing Master Agreements:

- (1) the Renewed Master Construction Services Agreement, details of which are set out in the section headed "RENEWED MASTER CONSTRUCTION SERVICES AGREEMENT" in this announcement;
- (2) the Renewed Master LNG Purchasing Agreement, details of which are set out in the section headed "RENEWED MASTER LNG PURCHASING AGREEMENT" in this announcement;
- (3) the Renewed Master Equipment Purchasing and Modification Services Agreement, details of which are set out in the section headed "RENEWED MASTER EQUIPMENT PURCHASING AND MODIFICATION SERVICES AGREEMENT" in this announcement; and

(4) the Renewed Master Energy Efficiency Technology Services Agreement, details of which are set out in the section headed “RENEWED MASTER ENERGY EFFICIENCY TECHNOLOGY SERVICES AGREEMENT” in this announcement.

The Board hereby further announces that on the same date, the Company also entered into the Master Information Technology Services Agreement with a Wang Family Company, details of which are set out in the section headed “MASTER INFORMATION TECHNOLOGY SERVICES AGREEMENT” in this announcement.

As at the date of this announcement, Mr. Wang is a substantial and controlling shareholder of the Company holding approximately 30.41% of the entire issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Wang Family Companies, such companies are associates of Mr. Wang and thus connected persons of the Company. The transaction as contemplated under each of the New Master Agreements therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under each of the New Master Agreements are more than 0.1% but less than 5% on an annual basis, such continuing connected transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcements of the Company dated 30 December 2013, 12 May 2014 and 15 August 2014 in relation to the continuing connected transactions under the Existing Master Agreements of the Group entered into with the Wang Family Group.

In view of the fact that the Existing Master Agreements will expire on 31 December 2016 and to ensure that the Group’s ordinary business will not be affected, as well as to cope with the need of the Group’s business development, the Company has entered into the New Master Agreements with the Wang Family Companies, including the Renewed Master Construction Services Agreement, the Renewed Master LNG Purchasing Agreement, the Renewed Master Equipment Purchasing and Modification Services Agreement and the Renewed Master Energy Efficiency Technology Services Agreement on 17 October 2016, details of which are summarised in section II (1) to (4) below.

On the same date, the Company and a Wang Family Company also entered into the Master Information Technology Services Agreement, details of which are summarised in section II (5) below.

The above mentioned master agreements entered into between the Company and the Wang Family Companies are non-exclusive in nature, which allow the Group to secure similar services with independent third parties on similar terms, if available. This is in accordance with common practice in the industry. In deciding whether to engage the Wang Family Group or other independent third parties in question, the Group will undertake a selection

process that may vary for different types of transactions. Details of the related selection process are set out under the corresponding section entitled “Pricing mechanism and other terms” for each master agreement.

Each of the proposed annual caps only represent the maximum transaction amount that the Company estimated to be for the respective New Master Agreements after taking into account of factors set out under the corresponding section entitled “Proposed annual caps and basis of determination” for each of the New Master Agreements. Therefore, the actual transaction amounts in respect of each of the New Master Agreements may or may not reach the respective proposed annual caps.

CONTINUING CONNECTED TRANSACTIONS

1. RENEWED MASTER CONSTRUCTION SERVICES AGREEMENT

Transaction Background:

Based on the business nature, the Group requires the construction of high-pressure and medium-pressure pipelines and pressure regulating stations from time to time. Such construction works require the engagement of construction service providers qualified with state recognised Grade A engineering license. The Company is not eligible to apply for such qualification due to the constraints of the PRC laws, rules and / or polices and / or conditions and / or qualifications required to be met as an operator. The Wang Family Company is one of the few nationwide construction service providers having the Grade A engineering license. The Group has been requesting the Wang Family Company to provide relevant services from time to time and the Existing Master Construction Services Agreement will expire on 31 December 2016. It is expected that the Group will continue to request engineering design and construction services from the Wang Family Company from time to time in the ordinary course of business after the expiry of the Existing Master Construction Services Agreement. Therefore, the Company entered into the Renewed Master Construction Services Agreement with a Wang Family Company on 17 October 2016, principle terms of which are set out below:

Date	: 17 October 2016
Parties	: (i) the Company; and (ii) a Wang Family Company
Duration	: From 1 January 2017 to 31 December 2018

Subject matter:

If the Wang Family Company is being awarded the tender in the tendering and bidding process, it shall, upon request from the Group, provide engineering design and construction services, including but not limited to engineering design, construction of pipelines and pressure regulating stations, and engineering procurement construction services.

Pricing mechanism and other terms:

The fees payable by the Group to the Wang Family Company will be on normal commercial terms determined by reference to market rates (the pricing guidelines as published by local governments for the same type of services).

In accordance with the market practice, the Group will pay in advance part of the aforesaid fees to the Wang Family Company before the commencement of the construction works. The remaining fees will be paid after the commencement of the construction works in accordance with the construction progress and after such progress is confirmed.

The Group will issue tenders in accordance with the actual conditions for each construction works. A construction service provider will be selected by the evaluation committee of the Group after considering and evaluating the bidding prices, qualifications, reputation, delivery capability and track record (if applicable), etc. of the construction service providers.

Reasons and benefits of entering into the Renewed Master Construction Services Agreement:

The Company considers that it is in the interests of the Group to allow the Wang Family Company to participate in the tendering process, and to use the construction services should it be awarded the relevant contracts, for the following reasons:

1. the Group and the Wang Family Company have established a long-term and stable business relationship and the Wang Family Company possesses relevant qualification and with more than 20-years of relevant construction experiences; and
2. the Wang Family Company can provide assurance of the construction quality and the safety of the construction works, and help the Group to better control the construction quality and cost, which is vital to the stability of the Group's business development.

Historical transaction amounts and analysis:

For the two years ended 31 December 2014 and 2015 and six months ended 30 June 2016, the historical transaction amounts under the Existing Master Construction Services Agreement are as follows:

	Actual amount			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
	2014	2015	2016	2014	2015	2016
RMB	390,543,000	814,426,000	268,043,000	1,025,000,000	1,040,000,000	1,055,000,000
(approximately in HK\$)	454,120,000	947,007,000	311,678,000	1,191,860,000	1,209,302,000	1,226,744,000

The aggregate historical transaction amounts for the two years ended 31 December 2014 and 2015 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2016 will not exceed the annual cap of the year.

Proposed annual caps and basis of determination:

The proposed annual caps for the two years ending 31 December 2017 and 2018, and the basis of determination of the annual cap are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
RMB	1,100,000,000	1,120,000,000
(approximately in HK\$)	1,279,070,000	1,302,326,000

The annual caps for the Renewed Master Construction Services Agreement are determined with reference to the following:

1. the expected amount of construction works of the Group;
2. historical successful tender rates of the Wang Family Company; and
3. the local government pricing guidelines.

Opinions of the Board:

The Board of the Company (including the independent non-executive directors of the Company) is of the opinion that the above-mentioned transaction is entered into on normal commercial terms during ordinary course of business. The relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. RENEWED MASTER LNG PURCHASING AGREEMENT

Transaction Background:

LNG is an important resource for the Group to develop its downstream natural gas distribution business. Currently, the Group has a diversified mix of LNG sources. Apart from the Wang Family Group, the Group's other suppliers also include three of the largest oil companies in China, LNG processing plants owned by independent third parties and other LNG traders. The Group has, from time to time, purchased LNG from the processing plants operated by the Wang Family Group under the Existing Master LNG Supply Agreement which will expire on December 31, 2016. It is expected that the Group will continue to purchase LNG from the Wang Family Group from time to time in the ordinary course of business after the expiry of the Existing Master LNG Supply Agreement. As such, the Company entered into the Renewed Master LNG Purchasing Agreement with a Wang Family Company on 17 October 2016, the principle terms of which are set out below:

Date	: 17 October 2016
Parties	: (i) the Company; and (ii) a Wang Family Company
Duration	: From 1 January 2017 to 31 December 2018

Subject matter:

Upon request from the Group, the Wang Family Group will supply LNG to the Group.

Pricing mechanism and other terms:

The fees payable by the Group to the Wang Family Group for purchasing LNG will be on normal commercial terms determined by the market price with reference to the LNG market price quoted from widely recognised websites in the PRC gas industry. Such market price quoted therein is the average price of LNG supplied by various LNG processing plants in the PRC.

Prior to issuing any purchase orders or entering into any purchase contracts with the Wang Family Group, the Group will obtain the market price information on the above mentioned websites, and then, by obtaining quotations, select at least two independent suppliers. A supplier will be selected after taking into account of the prevailing market prices, payment terms and transportation costs of LNG. In accordance with market practice, such fees will be paid in advance to the designated account of the Wang Family Group before the delivery of LNG.

Reasons and benefits of entering into the Renewed Master LNG Purchasing Agreement:

The Company considers that purchasing LNG from the Wang Family Group is in the interests of the Group for the following reasons:

1. the Wang family Group can produce LNG with stable supply and quality assurance;
2. enriching the Group's source of LNG to facilitate its business expansion and reduce the Group's purchasing costs so as to enhance gross profit; and
3. continuing to purchase LNG from the Wang Family Group ensures that the part of business that depending on LNG supply will not be affected.

Historical transaction amounts and analysis:

For the two years ended 31 December 2014 and 2015 and the six months ended June 30, 2016, the historical transaction amounts under the Existing Master LNG Supply Agreement are as follows:

	Actual amounts			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
	2014	2015	2016	2014	2015	2016
RMB	110,521,000	282,000,000	92,678,000	167,599,000	299,205,000	274,271,000
(approximately in HK\$)	128,513,000	327,907,000	107,765,000	194,883,000	347,913,000	318,920,000

The aggregate historical transaction amounts for the two years ended 31 December 2014 and 2015 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2016 will not exceed the annual cap of the year.

Proposed annual caps and basis of determination:

The proposed annual caps for the two years ending 31 December 2017 and 2018, and the basis of determination of the annual cap are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
RMB	172,500,000	292,500,000
(approximately in HK\$)	200,581,000	340,116,000

The annual caps for the Renewed LNG Purchasing Agreement are determined with reference to the following:

1. anticipated volume of LNG to be purchased from the Wang Family Group by the Group;
2. estimated LNG supply capacity of the Wang Family Group; and
3. estimated open market price of LNG.

Opinions of the Board:

The Board of the Company (including the independent non-executive directors of the Company) is of the opinion that the above mentioned transaction is entered into on normal commercial terms during ordinary course of business. The relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. RENEWED MASTER EQUIPMENT PURCHASING AND MODIFICATION SERVICES AGREEMENT

Transaction Background:

The Group needs to purchase different types of equipment and conduct for modification services during its ordinary course of business, and the Group plans to increase the procurement of hi-tech equipment to achieve operational excellence, reduce operating costs, increase operating efficiency and increase customer satisfaction, including the engagement of the Wang Family Company as one of the Group's suppliers. The Existing Master Equipment Purchasing and Modification Services Agreement will expire on 31 December 2016. As the Group will continue to purchase equipment and request equipment modification services from the Wang Family Group from time to time in the ordinary course of business after the expiry of the Existing Master Equipment Purchasing and Modification Services Agreement, the Company entered into the Renewed Master Equipment Purchasing and Modification Services Agreement with a Wang Family Company on 17 October 2016, the principle terms of which are set out below:

Date	: 17 October 2016
Parties	: (i) the Company; and (ii) a Wang Family Company
Duration	: From 1 January 2017 to 31 December 2018

Subject matter:

Upon request from the Group, the Wang Family Group will provide equipment and equipment modification, enhancement services including but not limited to unmanned airborne gas security systems, bluetooth cards, flow meters, card readers and the modification and enhancement services of equipment.

Pricing mechanism and other terms:

The fees payable by the Group to the Wang Family Group will be on normal commercial terms determined by the following factors: (i) tendering and bidding; or (ii) with reference to the market price charged for the same equipment and services provided by independent third parties; and (iii) the Wang Family Group will provide similar equipment and equipment modification, enhancement services to the Group at trading terms and conditions not less favourable than those offered to independent third parties.

Payment for equipment procurement is payable by the Group within six months after the inspection of the relevant equipment whereas equipment modification and enhancement services is payable by the Group in accordance with the progress for the provision of the said services within six months after such quality is confirmed.

Prior to issuing any purchase order/contract or entering into any equipment modification and enhancement services contract with the Wang Family Group, the Group will simultaneously invite its list of equipment suppliers (including the Wang Family Group) who are qualified to bid or offer quotation on the provision of equipment and equipment modification, enhancement services. The Group will select a supplier after considering and evaluating the pricing proposals, relevant reputation, experiences in the industry, delivery capability and track record (if applicable), etc. of each supplier through tendering and bidding or quotation procedures.

Reasons benefits of entering into the Renewed Master Equipment Purchasing and Modification Services Agreement:

The Company considers that engaging in the equipment purchasing and modification service agreement with the Wang Family Group is in the interest of the Group for the following reasons:

1. the Wang Family Group specialises in smart energy devices and service development and innovation, its products are of high quality and applicability and it can offer more competitive prices and quality services;
2. the Group can coordinate with the Wang Family Group more efficiently on related after-sales services to further enhance operational efficiency and service quality; and
3. the Group does not need to incur related research and development input on equipment manufacturing, allowing the Group to focus on its core business development.

Historical transaction amounts and analysis:

For the two years ended 31 December 2014 and 2015 and the six months ended 30 June, 2016, the historical transaction amounts under the Existing Master Equipment Purchasing and Modification Services Agreement are as follows:

	Actual amounts			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
	2014	2015	2016	2014	2015	2016
RMB	2,553,000	1,324,000	972,000	58,000,000	66,000,000	61,000,000
(approximately in HK\$)	2,969,000	1,540,000	1,130,000	67,442,000	76,744,000	70,930,000

The aggregate historical transaction amounts for the two years ended 31 December 2014 and 2015 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2016 will not exceed the annual cap of the year. The utilisation rates of the annual caps were relatively low during such periods, mainly due to independent third parties' competitive-price.

Proposed annual caps and basis of determination:

The proposed annual caps for the two years ending 31 December 2017 and 2018, and the basis of determination of the annual cap are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
RMB	150,200,000	150,200,000
(approximately in HK\$)	174,651,000	174,651,000

The annual caps for the Renewed Master Equipment Purchasing and Modification Services Agreement are determined with reference to the following:

1. the Group's business plan and the needs for management structure upgrades;
2. the estimated number of equipment purchase and the scale of modification and enhancement services required for the Group (such as security equipment and gas data monitoring equipment); and
3. the estimated market prices of those equipment and service charges.

Opinions of the Board:

The Board of the Company (including the independent non-executive directors of the Company) is of the opinion that the above mentioned transaction is entered into on normal commercial terms during ordinary course of business. The relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. RENEWED MASTER ENERGY EFFICIENCY TECHNOLOGY SERVICES AGREEMENT

Transaction Background:

Due to the macro-economic downturn in recent years and a substantial decline in substitute energy prices, customer's sensitivity to the cost of energy usage increased. At the same time, China is carrying out energy structure optimization, the National Development and Reform Commission promulgates the active development of distributed energy projects, to promote the flexible conversion, efficient storage, and intelligent collaborative development of

different forms of energies, i.e. electricity, cooling, heating and natural gas. In order to cope with the changing market environment and respond to relevant government policies, the Group has provided tailored energy efficiency technology solutions to customers based on their specific energy needs, thereby reducing their overall energy costs and driving the Group's energy sales growth.

The Group has been requesting the Wang Family Group to provide energy efficiency technology services from time to time, and the Existing Master Energy Efficiency Technology Services Agreement will expire on 31 December 2016. As the Group will request the service from the Wang Family Group from time to time in the ordinary course of business after the expiry of the Existing Master Energy Efficiency Technology Services Agreement, the Company entered into the Renewed Master Energy Efficiency Technology Services Agreement with a Wang Family Company on 17 October 2016, the principle terms of which are set out below:

Date : 17 October 2016

Parties : (i) the Company; and
(ii) a Wang Family Company

Duration : From 1 January 2017 to 31 December 2018

Subject matter:

The Wang Family Group will, upon the requests of the Group, provide the Group with energy efficiency technology services, including but not limited to energy efficiency planning and energy efficiency management consultation.

Pricing mechanism and payment terms:

The fees payable by the Group to the Wang Family Group will be on normal commercial terms determined by the following: (i) with reference to the market rate of similar energy efficiency technology services provided by independent third parties; and (ii) the Wang Family Group will provide similar energy efficiency technology services to the Group at trading terms and conditions not less favorable than those offered to independent third parties.

The above mentioned service fees will be payable by the Group in accordance with the progress of the provision of the said services within six months after such progress is confirmed.

Prior to issuing service order or entering into any service contract with the Wang Family Group, the Group will simultaneously invite service providers in its list of qualified service suppliers (including the Wang Family Group), to submit quotations. The Group will select a supplier after considering and evaluating the pricing proposals, relevant reputation, experience, delivery capability and track records (if applicable), etc. of each supplier.

Reasons and benefits of entering into the Renewed Master Energy Efficiency Technology Services Agreement:

The Company considers that requesting energy efficiency technology services from the Wang Family Group is in the interest of the Group for the following reasons:

1. the Wang Family Group has a team of experienced experts who provided services that satisfied the Group's and customers' needs, the renewal of such agreement ensures the Group continues to receive quality energy efficiency technology services, which facilitate the Group's business development;
2. saving the Group's investment in research and development on relevant technologies, allowing the Group to centralise resources on client development and management;
3. an effective energy efficiency solution can lower the cost of energy usage and increase energy efficiency for customers. Thus, the Group can leverage on this technology to develop more customers so as to expand of gas sales volume; and
4. to align with the national policy which encourages the development of natural gas distributed energy and to meet with increasing market demand, the Group will expand related business proactively, thereby, the demand for energy efficiency technology services will be increased significantly. Renewing such Agreement can Ensures the Group capture available business opportunities in a timely manner..

Historical transaction amounts and analysis:

For the two years ended 31 December 2014 and 2015 and the six months ended 30 June, 2016, the historical transaction amounts under the Existing Master Energy Efficiency Technology Services Agreement are as follows:

	Actual amounts			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
	2014	2015	2016	2014	2015	2016
RMB	72,405,000	128,564,000	29,077,000	80,000,000	150,000,000	200,000,000
(approximately in HK\$)	84,192,000	149,493,000	33,810,000	93,023,000	174,419,000	232,558,000

The aggregate historical transaction amounts for the two years ended 31 December 2014 and 2015 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2016 will not exceed the annual cap of the year. The utilisation rate of the annual caps for the six months ended 30 June 2016 was relatively low, mainly due to the fact that most of the services fee will be confirmed and paid in the second half of 2016.

Proposed annual caps and basis of determination:

The proposed annual caps for the two years ending 31 December 2017 and 2018, and the basis of determination of the annual cap are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
RMB	440,000,000	594,000,000
(approximately in HK\$)	511,628,000	690,698,000

The annual caps for the Renewed Master Energy Efficiency Technology Services Agreement are determined with reference to the following:

1. the Group's estimated number of distributed energy projects requiring the use of energy efficiency technology services; and

2. the estimated market price of the relevant services.

Opinions of the Board:

The Board of the Company (including the independent non-executive directors of the Company) is of the opinion that the above mentioned transaction is entered into on normal commercial terms during ordinary course of business. The relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. MASTER INFORMATION TECHNOLOGY SERVICES AGREEMENT

Transaction Background:

The Group focuses on energy sales and pipeline network operations, hence, information technology is not an area that the Group intends to develop. The Group has outsourced majority part of its information technology infrastructure construction, operation and maintenance to the professional information technology services providers, while an in-house information technology team provides supports. However, as the business scale of the Group expands, the cost of this current operating model becomes higher. In order to reduce costs and ensure better services, the Group intends to engage a new information technology services providers.

At the same time, the Group has to enhance its information technology system so as to adapt to the external informatisation environment development, so as to promote the Group's operational efficiency and solid its core competitiveness, as well as to respond to customer needs instantaneously. In order to construct a smart enterprise, the Group needs a professional information technology services provider to assist in developing and implementing advanced information technology applications for the Group.

The Company entered into the Master Information Technology Services Agreement with a Wang Family Company on 17 October 2016, the principal terms of which are set out below:

Date	:	17 October 2016
Parties	:	(i) the Company; and (ii) a Wang Family Company
Duration	:	From 17 October 2016 to 31 December 2018

Subject matter:

The Wang Family Group will, upon the requests of the Group, provide the Group with integrated information technology services, including but not limited to information technology infrastructure construction, operation and maintenance, as well as consultation, design, development and operation and maintenance services for information technology applications such as software and platforms.

Pricing mechanism and payment terms:

The fees payable by the Group to the Wang Family Group will be on normal commercial terms determined by the following factors: (i) tendering and bidding; or (ii) with reference to

the market rate of similar services provided by independent third parties; and (iii) the Wang Family Group will provide similar information technology support services to the Group at trading terms and conditions not less favourable than those offered to independent third parties.

For each information technology projects of the Group, the selection process of information technology services provider (including the Wang Family Group) will be based on tendering and bidding. A information technology service provider will be selected after considering and evaluating the overall strength, reputation, delivery capability and track record (if applicable) of various information service providers. If there is no tendering and bidding procedure, the Group will obtain quotations from at least three information technology service providers (which may include Wang Family Group) as its selection process.

For services provided under the Master Information Technology Services Agreement, the Group will enter into a service level agreement with the appointed service provider. The operation and maintenance service fees will be payable by the Group to the Wang Family Group quarterly after the services were confirmed by both parties, while the service fees for the consultation, design and development of information technology applications, such as software and platforms will be payable in accordance with the progress for the provision of such services and after the service qualities are confirmed.

Reasons and benefits of entering into the Master Information Technology Services Agreement

The Company considers that the information technology services provided by the Wang Family Group is in the interest of the Group for the following reasons:

1. the Group can streamline its organisational structure and re-allocate its internal resources to its core business, reducing the existing information technology infrastructure and operating cost;
2. the Group can utilise the expertise of information technology products and services more efficiently; and
3. the Wang Family Group has strong capability in the realm of information technology and deep understanding of the Group's culture as well as business needs, it can facilitate the Group's objective to transform into a smart enterprise through architecting necessary information technology applications.

Proposed annual caps and basis of determination:

The proposed annual caps for the two years ending 31 December 2016, 2017 and 2018, and the basis of determination of the annual cap are set out as follows:

	Year ending 31 December		
	2016	2017	2018
RMB	127,570,000	369,517,000	335,403,000
(approximately in HK\$)	148,337,000	429,671,000	390,003,000

The annual caps for the Master Information Technology Services Agreement are determined with reference to the following:

1. the anticipated needs of the Group in construction, operation and maintenance services on information technology infrastructure, and consultation, design, development, operation and maintenance services for software and platform applications; and
2. estimated market price of the service charges.

Opinions of the Board:

The Board of the Company (including the independent non-executive directors of the Company) is of the opinion that the above mentioned transaction is entered into on normal commercial terms during ordinary course of business. The relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. CORPORATE GOVERNANCE MEASURES AND INTERNAL CONTROL PROCEDURES

In order to protect the interests of the Company and the Shareholders as a whole, so as to ensure that the continuing connected transactions entered into between the Group and the Wang Family Companies are conducted on normal commercial terms and based on the aforesaid pricing policies, the Company continues to adopt the following corporate governance measures and internal control procedures:

1. The execution contracts which will be entered into separately under each of the New Master Agreements shall be carried out in strict compliance with the terms and conditions contained in the relevant New Master Agreements. If revision to such terms and conditions contained in the New Master Agreements are required due to change of actual conditions, the relevant approval process has to be re-complied with, including but not limited to obtaining approvals from the Board and comply with the relevant requirements under the Listing Rules;
2. The finance department of the Company is responsible for the continuous monitor and review of the pricing terms, payment arrangements and actual transaction amounts of all continuing connected transactions and ensure that all the continuing connected transactions are carried out in accordance with the terms of the relevant New Master Agreements and that the transactions contemplated thereunder will not exceed the respective proposed annual caps;
3. The Internal Control Department and the Risk Management Department of the Company will review the connected transactions under the relevant New Master Agreements regularly, to consider (i) the effective implementation of the pricing policies and the payment method, early warning system on balances of annual caps; (ii) whether the execution contracts are entered into on normal commercial terms or better, and whether the terms are fair and reasonable; and (iii) to make recommendations to the management from time to time to ensure that the internal control procedures in respect of the continuing connected transactions remain complete and effective;
4. The independent auditor of the Company will conduct annual review and opine on the implementation and the annual caps of the continuing connected transactions to ensure compliance with the Listing Rules; and

5. The Audit Committee and the Risk Management Committee of the Company will review the continuing connected transactions implementation report every year. The independent non-executive Directors will express their views on the continuing connected transactions during the reporting period in the annual report, including but not limited to whether the continuing connected transactions are fair and reasonable, whether they are conducted on normal commercial terms or better terms and whether they are in the interests of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors) considers that the above corporate governance measures and internal control procedures adopted by the Company concerning the continuing connected transactions with the Wang Family Companies are appropriate and sufficient, and that the procedures and measures give sufficient assurance to the Shareholders that the continuing connected transactions will be appropriately monitored by the Company.

IV. LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wang is a substantial and controlling shareholder of the Company holding approximately 30.41% of the entire issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Wang Family Companies, such companies are associates of Mr. Wang and thus connected persons of the Company. The transactions as contemplated under each of the New Master Agreements therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

In view of (i) Mr. Wang owns the shares of the Wang Family Group, is deemed to have interest in the Wang Family Companies; (ii) Mr. Wang Zizheng (non-executive director of the Company) as Mr. Wang's son; and (iii) Mr. Wang, Mr. Wang Zizheng, Mr. Cheung Yip Sang (vice chairman of the Company) and Mr. Jin Yongsheng (non-executive director of the Company) act as directors and/or senior management positions in certain subsidiaries of the Wang Family Companies, they are deemed to have a material interest in the New Master Agreements and the transactions contemplated thereunder. As such, they have not voted on the resolutions approving the New Master Agreements and the transactions contemplated thereunder. Except as disclosed above, no other Directors have material interests in the New Master Agreements and the transactions contemplated thereunder.

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

V. 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 gas connection,

sales of piped gas, construction of vehicles gas refuelling stations, wholesale of gas, sales of other energy, sales of gas appliances and sales of materials.

The Wang Family Company is a company or companies of the Wang Family Group which is or are established as limited companies in the PRC. The businesses of the members of the Wang Family Group covers the energy sector, including energy distribution, energy and chemical engineering, pan-energy technology, energy saving, environmental protection and renewable energy. For the lifestyle sector, it includes real estate, tourism, cultural and healthcare industry. For the high-tech sector, it includes smart city operations, industrial network operation, cloud computing and artificial intelligence.

VI. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“controlling shareholder (s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Master Agreements”	the Existing Master Construction Services Agreement, the Existing Master LNG Supply Agreement, the Existing Master Equipment Purchasing and Modification Services Agreement, and the Existing Master Energy Efficiency Technology Services Agreement
“Existing 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, details of which are summarised in the announcement of the Company dated 12 May 2014
“Existing Master Energy Efficiency Technology Services Agreement”	the master energy efficiency technology services agreement dated 30 December 2013 entered into between the Company and a Wang Family Company for a term commencing from 1 January 2014 and expiring on 31 December 2016, details of which are

	summarised in the announcement of the Company dated 30 December 2013
“Existing Master Equipment Purchasing and Modification Services Agreement”	the master equipment purchasing and equipment modification services agreement dated 30 December 2013 entered into between the Company and a Wang Family Company for the term commencing from 1 January 2014 and expiring on 31 December 2016, details of which are summarised in the announcement of the Company dated 30 December 2013
“Existing Master LNG Supply Agreement”	the master LNG supply agreement dated 15 August 2014 entered into between the Company and a Wang Family Company named ENN Ecological Holdings Co., Ltd (新奧生態控股股份有限公司), which formerly known as Hebei Veyong Bio-Chemical Co., Ltd.(河北威遠生物化工股份有限公司) for a term commencing from 15 August 2014 and expiring on 31 December 2016, details of which are summarised in the announcement of the Company dated 15 August 2014
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Master Information Technology Services Agreement”	the master information technology services agreement dated 17 October 2016 entered into between the Company and a Wang Family Company for the term commencing from 17 October 2016 and expiring on 31 December 2018
“Mr. Wang”	Mr. Wang Yusuo (王玉鎖), the chairman, an executive Director and a substantial and controlling shareholder of the Company as at the date of this announcement
“New Master Agreements”	the Renewed Master Construction Services Agreement, the Renewed Master LNG Purchasing Agreement, the Renewed Master Equipment Purchasing and Modification Services Agreement, the Renewed Master Energy Efficiency Technology Services Agreement and the Master Information Technology Services Agreement
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profits ratio and equity capital ratio

“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Renewed Master Construction Services Agreement”	the master construction services agreement dated 17 October 2016 entered into between the Company and a Wang Family Company for a term commencing from 1 January 2017 and expiring on 31 December 2018
“Renewed Master Energy Efficiency Technology Services Agreement”	the master energy efficiency technology services agreement dated 17 October 2016 entered into between the Company and a Wang Family Company for a term commencing from 1 January 2017 and expiring on 31 December 2018
“Renewed Master Equipment Purchasing and Modification Services Agreement”	The master equipment purchasing and equipment modification, enhancement services agreement dated 17 October 2016 entered into between the Company and a Wang Family Company for a term commencing from 1 January 2017 and expiring on 31 December 2018
“Renewed Master LNG Purchasing Agreement”	the master LNG purchasing agreement dated 17 October 2016 entered into between the Company and a Wang Family Company for a term commencing from 1 January 2017 and expiring on 31 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the registered holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Wang Family Company(ies)”	a company or companies of the Wang Family Group which is or are limited liability company(ies) established in the PRC
“Wang Family Group”	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, including the Wang Family Company(ies)
“%”	percentage

Note: For information purposes only, the translation of RMB to HK\$ in this announcement is based at the rate of RMB1.00 to HK\$1.16.

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

Hong Kong, 17 October 2016

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. WANG Yusuo (Chairman), Mr. CHEUNG Yip Sang (Vice Chairman), Mr. HAN Jishen (President), and Mr. WANG Dongzhi (Chief Financial Officer); two Non-executive Directors, namely Mr. WANG Zizheng and Mr. JIN Yongsheng; and three Independent Non-executive Directors, namely Mr. MA Zhixiang, Mr. YUEN Po Kwong and Mr. LAW Yee Kwan Quinn.