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**新奥能源控股有限公司**  
**ENN Energy Holdings Limited**

*(Incorporated in Cayman Islands with limited liability)*  
**(Stock Code: 2688)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

The Board of Directors (the “Directors”) of ENN Energy Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2011 together with the comparative audited figures for the corresponding period in 2010. The audited consolidated financial statements have been reviewed by the Company’s Audit Committee.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

		<b>2011</b>	<b>2010</b>
	<i>NOTES</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	3	15,068	11,215
Cost of sales		<u>(11,166)</u>	<u>(8,203)</u>
Gross profit		3,902	3,012
Other income		167	114
Other gains and losses	4	14	96
Distribution and selling expenses		(283)	(213)
Administrative expenses		(1,380)	(1,169)
Share of results of associates		51	5
Share of results of jointly controlled entities		316	277
Finance costs		<u>(460)</u>	<u>(311)</u>
Profit before tax		2,327	1,811
Income tax expense	5	<u>(660)</u>	<u>(410)</u>
Profit and total comprehensive income for the year		<u>1,667</u>	<u>1,401</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,253	1,013
Non-controlling interests		<u>414</u>	<u>388</u>
		<u>1,667</u>	<u>1,401</u>
		<b>2011</b>	<b>2010</b>
		<i>RMB</i>	<i>RMB</i>
Earnings per share	7		
-Basic		<u>1.19</u>	<u>0.97</u>
-Diluted		<u>1.18</u>	<u>0.95</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	2011 RMB million	2010 RMB million
<b>Non-current Assets</b>			
Property, plant and equipment		13,073	10,800
Prepaid lease payments		695	658
Investment properties		57	54
Goodwill		196	192
Intangible assets		1,051	702
Interests in associates		694	488
Interests in jointly controlled entities		1,733	1,361
Available-for-sale financial assets		14	14
Loan receivable		3	6
Other receivables		5	72
Amounts due from associates		39	21
Amounts due from jointly controlled entities		66	-
Amounts due from related companies		26	21
Deferred tax assets		176	131
Deposits paid for investments		41	30
Deposits paid for acquisition of property, and plant and equipment, land use rights and operation rights		68	6
Restricted bank deposits		7	5
		<u>17,944</u>	<u>14,561</u>
<b>Current Assets</b>			
Inventories		272	249
Trade and other receivables	8	1,837	1,356
Prepaid lease payments		17	13
Amounts due from customers for contract work		201	307
Amounts due from associates		31	12
Amounts due from jointly controlled entities		404	213
Amounts due from related companies		31	13
Restricted bank deposits		2,675	65
Cash and cash equivalents		3,349	2,851
		<u>8,817</u>	<u>5,079</u>
Assets classified as held for sale		127	-
		<u>8,944</u>	<u>5,079</u>
<b>Current Liabilities</b>			
Trade and other payables	9	4,172	3,574
Amounts due to customers for contract work		989	665
Amounts due to associates		119	69
Amounts due to jointly controlled entities		627	554
Amounts due to related companies		37	41
Taxation payables		234	172
Bank and other loans - due within one year		1,913	1,569
Short-term debentures		1,300	810
Financial guarantee liability		9	6
Deferred income		44	29
		<u>9,444</u>	<u>7,489</u>
Liabilities associated with assets held for sale		76	-
		<u>9,520</u>	<u>7,489</u>
<b>Net Current Liabilities</b>		<u>576</u>	<u>2,410</u>
<b>Total Assets less Current Liabilities</b>		<u>17,368</u>	<u>12,151</u>

**Capital and Reserves**

Share capital	110	110
Reserves	<u>6,936</u>	<u>5,922</u>
Equity attributable to owners of the Company	7,046	6,032
Non-controlling interests	<u>1,794</u>	<u>1,508</u>
<b>Total Equity</b>	<u>8,840</u>	<u>7,540</u>

**Non-current Liabilities**

Bank and other loans - due after one year	2,327	2,568
Corporate bond	496	-
Senior notes	4,636	-
Guaranteed notes	-	1,316
Deferred tax liabilities	337	225
Deferred income	<u>732</u>	<u>502</u>
	<u>8,528</u>	<u>4,611</u>
	<u>17,368</u>	<u>12,151</u>

*Notes:*

## **1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration of the Company and its subsidiaries (collectively referred to as the "Group") in light of its net current liabilities of approximately RMB576 million as at 31 December 2011. Having considered the secured credit facilities of approximately RMB5,594 million which remain unutilised at the date of approval of the consolidated financial statements, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements for the year ended 31 December 2011 have been prepared on a going concern basis.

In addition, the Directors have also considered the impact of the potential obligations under the pre-conditional general offer of the shares of China Gas Holdings Limited (the "Offer") made in the Company's announcement dated 12 December 2011 on the Group's financial position and are confident that the Group can obtain sufficient funding and banking facilities to finance the acquisition had the Offer been successfully made in 2012.

## **2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

In the current year, the Group has applied a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the Group's financial year ended 31 December 2011.

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets <sup>1</sup> Disclosures - Offsetting Financial Assets and Financial Liabilities <sup>2</sup> Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income <sup>5</sup>
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets <sup>4</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2011
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2015
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2012
- <sup>5</sup> Effective for annual periods beginning on or after 1 July 2012
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the application of the other new and revised HKFRSs, other than set out below, will have no material impact on the consolidated financial statements.

#### HKFRS 9 Financial Instruments

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the year ending 31 December 2015, and the application of the new standard may have an impact on the amounts reported in respect of the Group's available-for-sale investments which are currently stated at cost less impairment and will be measured at fair value upon adoption.

#### New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures” and HK (SIC)-Int 13 “Jointly Controlled Entities - Non-Monetary Contributions by Venturers”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated

structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the application of these standards and hence have yet quantified the extent of the impact.

#### HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may result in more extensive disclosures in the consolidated financial statements.

#### Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

#### Amendments to HKAS 12 Deferred Tax - Recovery of Underlying Assets

The amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the Directors anticipate that the application of the amendments to HKAS 12 may have material impact on deferred tax recognised for investment properties that are measured using the fair value model.

### 3. SEGMENT INFORMATION

Information reported to the chief operating decision maker, the Company's Chief Executive Officer (the "CEO") for the purposes of resource allocation and performance assessment among segments focuses specifically on different type of goods and services. Specifically, the Group's reportable segments under HKFRS 8 are gas connection, sales of piped gas, vehicle gas refuelling stations, wholesale of gas, distributions of bottled LPG, sales of gas appliances and sales of material. Segment profit reviewed by CEO represents the gross profit earned by each segment. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable segment which is also the operating segments for the periods under review:

#### 2011

	Gas connection	Sales of piped gas	Vehicle gas refuelling stations	Wholesale of gas	Distributions of bottled LPG	Sales of gas appliances	Sales of material	Consolidation
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue from external customers	3,415	7,980	1,620	1,172	192	97	592	15,068
Segment profit before depreciation and amortisation	2,254	1,504	339	116	17	25	35	4,290
Depreciation and amortisation	(127)	(217)	(28)	(10)	(4)	(2)	-	(388)
Segment profit	2,127	1,287	311	106	13	23	35	3,902

#### 2010

	Gas connection	Sales of piped gas	Vehicle gas refuelling stations	Wholesale of gas	Distributions of bottled LPG	Sales of gas appliances	Sales of material	Consolidation
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue from external customers	2,635	5,728	1,209	905	240	84	414	11,215
Segment profit before depreciation and amortisation	1,667	1,276	233	113	12	22	34	3,357
Depreciation and amortisation	(81)	(224)	(22)	(12)	(4)	(2)	-	(345)
Segment profit	1,586	1,052	211	101	8	20	34	3,012



#### 4. OTHER GAINS AND LOSSES

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
Impairment loss (recognised) reversed on:		
- Property, plant and equipment	-	(15)
- Trade and other receivables, net	23	17
Gain (loss) on disposal of:		
- Property, plant and equipment	(5)	(20)
- Prepaid lease payments	-	20
- Jointly controlled entities (Note a)	-	3
Gain on derecognition of subsidiary to jointly controlled entities	-	10
Loss on deregistration of subsidiaries	-	(1)
Increase in fair value of investment properties	8	3
Early redemption premium of guaranteed notes	(95)	-
Arrangement fee of a banking facility (note b)	(57)	-
Fair value adjustment on interest-free advances to related companies at initial recognition	(3)	-
Reversal of fair value adjustment on interest-free advances to related companies due to early settlement	-	4
Gain on foreign exchange, net (note c)	143	75
	<u>14</u>	<u>96</u>

Notes:

- a. The balance for the year ended 31 December 2010 was arising from the disposal of 雲南新奧清潔能源有限公司 (Yunnan Xinao Clean Energy Company Limited).
- b. The balance represented an arrangement fee payable to a financial institution for certain banking facilities granted to the Group which is not refundable regardless of the utilisation of such facilities by the Group.
- c. Included in the balance for the year ended 31 December 2011 is an amount of approximately RMB138 million which is the exchange gain arising from the translation of senior notes denominated in USD to RMB.

## 5. INCOME TAX EXPENSE

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
PRC Enterprise Income Tax:		
Current tax	687	491
Under provision in prior years	-	1
Withholding tax	3	15
	<u>690</u>	<u>507</u>
Deferred tax		
Current year	(30)	(97)
	<u>660</u>	<u>410</u>

The charge represents PRC Enterprise Income Tax for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% except for certain group entities which are entitled to various concessionary tax rates as disclosed below.

Pursuant to the relevant laws and regulations in the PRC in respect of preferential tax benefit for entities engaged in energy infrastructure business, certain PRC subsidiaries enjoying preferential tax rate of 15% in 2007 is gradually transit to the new tax rate of 25% within 5 years after the enforcement of the current EIT Law from 1 January 2008 and the tax rate applicable for 2011 is 24% (2010: 22%).

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are entitled to an exemption from PRC Enterprise Income Tax for the first two years commencing from their first profit-making year of operation and thereafter and a 50% relief from PRC Enterprise Income Tax for the following three years. Under the EIT Law, the PRC Enterprise Income Tax rates applicable to these subsidiaries range from 24% to 25% (2010: 22% to 25%) and the reduced tax rates for the relief period range from 12% to 12.5% (2010: 11% to 12.5%). The charge of PRC Enterprise Income Tax for the year has been provided for after taking these tax incentives into account. The tax benefit will expire in 2012.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the year.

Income tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
Profit before tax	<u>2,327</u>	<u>1,811</u>
Tax at the PRC Enterprise Income Tax rate of 25%	582	453
Tax effects of share of results of associates	(13)	(1)
Tax effects of share of results of jointly controlled entities	(79)	(69)
Tax effects of income not taxable for tax purpose	(6)	(15)
Tax effects of expenses not deductible for tax purpose	101	75

Tax effects of tax losses not recognised	129	100
Utilisation of tax losses previously not recognised	(24)	(41)
Tax effects of deductible temporary differences not recognised	18	-
Tax concession and exemption granted to PRC subsidiaries	(29)	(16)
Effect of different tax rates of subsidiaries	(41)	(90)
Under provision in respect of prior years	-	1
Withholding tax on undistributed profit of PRC entities	22	13
Income tax charge for the year	<u>660</u>	<u>410</u>

## 6. DIVIDENDS

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
Final dividend paid in respect of previous financial year	248	200
Special dividend paid in respect of 2010	<u>49</u>	<u>-</u>
	<u>297</u>	<u>200</u>

### Notes:

- a. 2009 final dividend of HK\$21.65 cents (equivalent to approximately RMB19.06 cents) per share or approximately RMB200 million in aggregate was paid during the year ended 31 December 2010.
- b. 2010 final dividend of HK\$28.35 cents (equivalent to approximately RMB24.12 cents) per share or approximately RMB248 million in aggregate was paid during the year ended 31 December 2011.
- c. 2010 special dividend of HK\$5.66 cents (equivalent to approximately RMB4.82 cents) per share or approximately RMB49 million in aggregate was paid during the year ended 31 December 2011.
- d. The proposed final dividend in respect of 2011 of HK\$36.23 cents (equivalent to approximately RMB29.37 cents) per share on 1,066,594,397 shares has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
<u>Earnings</u>		
Earnings for the purposes of basic and diluted earnings per share	<u>1,253</u>	<u>1,013</u>
	<b>2011</b>	<b>2010</b>
	<i>Number of shares</i>	<i>Number of shares</i>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,050,428,849	1,050,149,397
Effect of dilutive potential ordinary shares arising from issue of share options by the company	<u>11,370,212</u>	<u>11,634,003</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,061,799,061</u>	<u>1,061,783,400</u>

## 8. TRADE AND OTHER RECEIVABLES

Included in the trade and other receivables are trade receivables amounting to RMB463 million (2010: RMB464 million). The Group allows an average credit period of 60 to 90 days to its trade customers, except for certain customers with credit period more than 90 days. The following is an aged analysis of trade receivables, net of impairment, presented based on the invoice date at the end of the reporting period:

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
Within three months	358	378
4 to 6 months	58	50
7 to 9 months	29	16
10 to 12 months	10	13
More than one year	<u>8</u>	<u>7</u>
	<u>463</u>	<u>464</u>

## 9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of RMB1,437 million (2010: RMB1,265 million). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2011</b>	<b>2010</b>
	<i>RMB million</i>	<i>RMB million</i>
Within three months	1,060	847
4 to 6 months	191	175
7 to 9 months	34	75
10 to 12 months	13	26
More than one year	139	142
	<u>1,437</u>	<u>1,265</u>

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

	For the year ended		Increase/ (Decrease)
	2011	2010 (Restated)	
Revenue ( <i>RMB million</i> )	15,068	11,215	34.4%
Gross profit ( <i>RMB million</i> )	3,902	3,012	29.5%
Profit and total comprehensive income attributable to owners of the Company ( <i>RMB million</i> )	1,253	1,013	23.7%
Earnings per share – Basic ( <i>RMB</i> )	1.19	0.97	22.7%
Connectable urban population	53,142,000	46,868,000	13.4%
Connectable residential households	17,714,000	15,623,000	13.4%
New natural gas connections made during the year:			
– residential households	1,029,727	875,744	17.6%
– commercial/industrial (“C/I”) customers (sites)	5,178	4,178	1,000
– installed designed daily capacity for C/I customers ( $m^3$ )	6,823,476	4,619,944	47.7%
Accumulated number of connected natural gas customers:			
– residential households (Note1 & 2)	6,658,272	5,419,826	22.9%
– C/I customers (sites) (Note1 & 2)	23,501	17,767	5,734
– installed designed daily capacity for C/I customers ( $m^3$ ) (Note1 & 2)	25,273,724	17,649,198	43.2%
Accumulated number of connected piped gas (including natural gas) customers:			
– residential households	6,815,165	5,618,583	21.3%
– C/I customers (sites)	23,969	18,424	5,545
– installed designed daily capacity for C/I customers ( $m^3$ )	25,767,276	18,175,160	41.8%
Natural gas penetration rate	37.6%	34.7%	2.9%
Piped gas (including natural gas) penetration rate	38.5%	36.0%	2.5%
Unit of piped gas sold to residential households ( $m^3$ )	824,276,000	640,597,000	28.7%
Unit of piped gas sold to C/I customers ( $m^3$ )	3,591,898,000	2,765,488,000	29.9%
Unit of gas sold to vehicles ( $m^3$ )	696,442,000	520,438,000	33.8%
Wholesale of gas( $m^3$ )	260,928,000	222,833,000	17.1%
Unit of bottled liquefied petroleum gas (“LPG”) sold ( <i>ton</i> )	36,402	47,919	(24.0)%
Unit of steam sold ( <i>ton</i> )	112,031	86,012	30.3%
Number of vehicle refuelling stations	238	192	46
Number of natural gas processing stations	115	100	15
Total length of existing intermediate and main pipelines ( <i>km</i> )	18,854	16,340	15.4%

### Notes:

1. At 31 December 2011, including a total of 1,217,044 natural gas residential customers and 2,633 natural gas C/I customers (with a total designed daily capacity of 1,873,178  $m^3$ ) from acquisition/conversion.
2. At 31 December 2010, including a total of 1,008,325 natural gas residential customers and 2,077 natural gas C/I customers (with a total designed daily capacity of 1,072,128 $m^3$ ) from acquisition/conversion.

## **CHAIRMAN'S STATEMENT**

### **RESULTS OF THE YEAR**

The year of 2011 was the first year of China's 12th Five-Year Plan. Thanks to the concerted effort of its employees, the Group continued to maintain a substantial growth during the year in face of complicated macroeconomic condition and market environment. The turnover and profit attributable to shareholders for the year reached RMB15,068 million and RMB1,253 million respectively, representing increases of 34.4% and 23.7% over last year, while the earnings per share increased by 22.7% to RMB1.19.

In 2011, the Group secured 10 new projects in the first half of the year and another five new projects in the second half of the year, including Panyu District of Guangzhou and Yunan County, Guangdong Province; Changqing District in Jinan, Shandong Province; Zhengdingxin District of Shijiazhuang and Jingxing County, Hebei Province. As a result, the number of secured projects by the Group in China increased to 104, and the total connectable urban population coverage increased by 6.27 million to 53.14 million. On the other hand, apart from the continued efforts in developing vehicle compressed natural gas ("CNG") refuelling station business, the Group also actively expanded vehicle/ship liquefied natural gas business. During the year, 46 new natural gas refuelling stations (including 27 CNG refuelling stations and 19 liquefied natural gas ("LNG") refuelling stations) were built and put into operation. As of the end of 2011, the number of vehicle gas refuelling stations operated by the Group reached 238 and the volume of gas sold in the vehicle segment over the total volume of gas sold increased further to 13.0%. The growth in vehicle gas sales volume not only reflected the potential for greater development in vehicle gas refuelling station business, but also further secured the Group's future revenue from gas sales.

During the year, the Group completed piped natural gas connections for 1,029,727 residential households and 5,178 commercial/industrial ("C/I") customers (connected to gas appliances with total installed designed daily capacity of 6,823,476 cubic meters). As of the end of 2011 the accumulated number of residential households and C/I customers of natural gas were 6,658,272 and 23,501 (connected to gas appliances with total installed designed daily capacity of 25,273,724 cubic meters) respectively, while in terms of all piped gas users, the accumulated number of residential households and C/I customers reached 6,815,165 and 23,969 (connected to gas appliances with total installed designed daily capacity of 25,767,276 cubic meters) respectively. The sales volume of natural gas for the year grew rapidly by 31.6% to 5,011 million cubic meters as compared with last year. Accordingly, the Group has not only reached but even exceeded its operational and financial performance goals set in early 2011. The Group's ability to maintain satisfactory growth fully demonstrated the robust business development of the Group, our strong execution ability in vigorously raising the gas penetration rate of our existing gas projects, as well as the immense demand for and growth potential of natural gas in China.

### **CORPORATE MANAGEMENT**

During the year, the informatisation program jointly developed with IBM China Company Limited ("IBM") has been carried out and promoted in full swing, leading to a remarkable enhancement in the operational efficiency. As of the end of 2011, the Group processed over 98.0% of business through the information systems. It led to a significant enhancement in operational efficiency and increasingly highlighted the strength of informationalised management.

During the year, with the continuous use of innovative management tools like balanced scorecard, the Group formulated a market and strategic performance optimisation solution and implemented it in different planning segments such as the annual strategic conference, annual business goal and financial budget planning, so as to ensure that the Group's strategies were effectively delivered to lower levels for implementation and to optimise resource allocation according to the market and strategies.

In order to reduce the financing cost arising from business expansion and allocate the capital between group companies more effectively to achieve high liquidity, security and profitability of capital, the Group had spent enormous efforts to gain the approval of the China Banking Regulatory Commission to establish ENN Finance Co., Ltd. on 14 April 2011. The finance company serves companies within the Group and has

significantly facilitated the capital allocation and enhanced the utilisation of financial resources of the Group as a result. Meanwhile, the operating cost management system, lifecycle asset management system and active risk management system which were set up during the year to facilitate reasonable cost control, enhance asset efficiency and control corporate risks had also played a significant part in achieving these goals.

## **INTERNATIONAL AWARDS**

During the year, our annual report was awarded “Gold: Energy, Oil, Natural Gas and Fuels” and “Merit, Cover Design: Oil and Natural Gas Production and Service” in the International LACP and ARC Awards. These remarkable achievements fully evidenced the clear and accurate disclosure of information in our annual reports, and our efficient communication with our shareholders.

## **HUMAN RESOURCES**

At the end of 2011, the Group had 21,575 employees (2010: 19,111 employees). In addition to the increasing number of energy-saving and emission reduction projects and vehicle gas refuelling station projects, the Group also increased its manpower to meet the demand arising from its normal business development.

The Group has always adhered to its principle of “people-oriented” and considered talents as the vital source of our competitiveness and an indispensable factor for our future success and sustainable development. We believe that staff could provide satisfactory services to customers only if they are offered the opportunity of healthy development.

In order to meet the need for operational talents required for the Group’s continued rapid growth and build a young management team who deeply recognises the corporate culture and supports the strategic development of the Group, the Group has developed a distinctive training system for young management. A group of outstanding young members would be selected systematically every year to be the future leaders. In 2010, the Group selected 26 young employees to complete 11 related special training modules. Thirteen of them have been promoted as leaders after on-the-job training and evaluation. The Group picked another 21 young employees during the year who are now receiving professional training. We also continued to implement a young backbone management training program and 1,031 young leaders were selected and trained under the program.

In addition, in order to cultivate engineering talents who are responsive to changing situations and versatile, certain employees were shortlisted by the Group to pursue further study and receive training in famous colleges in China or overseas, facilitating the introduction of a talents nurturing program of masters of engineering.

## **PROSPECTS**

According to the 2011 Domestic Economy and Social Development Statistics Report of the People’s Republic of China, the total energy consumption in 2011 amounted to 3.48 billion tons of standard coal, up 7.0% over last year. The consumption of coal, crude oil, natural gas and electric power grew by 9.7%, 2.7%, 12.0% and 11.7% respectively over last year. The national energy consumption per unit of gross domestic product in ten-thousand dollars decreased by 2.0%. The natural gas consumption recorded the highest growth among all types of energy, showing the popularity and bright prospects of natural gas.

In the current primary energy consumption pattern in China, coal and petroleum account for 68.0% and 19.0% respectively while natural gas only accounts for 4.4%. New energy like hydropower, wind power and nuclear power merely accounts for 8.6% in total. Currently, the environment of China cannot afford the pollution caused by the existing energy consumption structure by far, and it is among the nations which top the list in respect of emission volume of carbon dioxide and sulphur dioxide. The share of coal in China’s energy consumption remains very high. The coal-based energy structure has heightened the energy demand and the pressure on the environment, and the energy consumption pattern should be optimised in a short period to promote the development and use of natural gas, nuclear power, solar energy, wind power and



other kinds of new energy. This does not only save energy and reduce emission, but is also the right strategy for China to achieve sustainable economic development. In terms of energy saving and emission reduction, China's biggest challenge is the coal-based energy structure. In the 12th Five-Year Plan, the Chinese government clearly proposed the guiding principles of China's energy development: "to optimize the energy structure, to reasonably control the total energy consumption, to improve the pricing system of resource-related products and the tax system for resources and environment, to strengthen the laws, regulations and standards on energy saving and emission reduction, to enhance the responsibility review of energy saving and emission reduction targets, to introduce energy saving and environmental protection measures to production, circulation, consumption and construction processes, and to enhance sustainability development". The Chinese government indicated that it would further promote the optimisation and adjustment of the energy structure under the 12th Five-Year Plan, and expected the share of natural gas in primary energy consumption to raise from the current 4.4% to 8.3%, while the share of hydropower and nuclear power, and other kinds of new energy such as solar energy, wind power and biomass energy was expected to grow by 1.5% and 1.8% respectively by 2015. The share of coal in primary energy consumption should drop from the current 68.0% to around 63.0% by then. By 2020, China will gradually reduce its over-dependence on coal.

In 2009, the Chinese government pledged to reduce the emission of carbon dioxide per unit of gross domestic product by 40.0%-45.0% by 2020 as compared to 2005. In order to ensure the fulfillment of this goal, the government is adopting various measures. At the United Nation Climate Change Conference held at Durban, climate issue once again raised international concerns and the international community reached the consensus of developing a low-carbon economy. As a member of the Chinese delegation, ENN was honoured to participate in the conference and its credo to create innovative ways of producing and using cleaner energy won the recognition of the world. Natural gas, a clean and efficient fossil fuel, is one of the pillars of low-carbon economy. It is estimated that the carbon dioxide emission of natural gas is 41.0% and 28.0% lower than that of coal and oil respectively. Extensive development and use of natural gas will be a realistic option for countries in response to global warming and an important strategy for maintaining the energy safety of a nation and enhancing its international competitiveness.

To cope with the growing demand for natural gas, the Chinese government invested heavily in natural gas infrastructure. At the moment, the national natural gas pipeline network in China, which is fundamentally formed by the West-East Pipeline I and II, Shaanxi-Beijing Pipeline I, II and III, Zhong-Wu Pipeline, Sebei-Xining-Lanzhou Pipeline, Sichuan-East Pipeline, Qin-Shen Pipeline, as well as branch pipelines like Hebei-Nanjing Pipeline and Huai-Wu Pipeline, has been basically completed. According to the plan of the Chinese government, a number of natural gas pipeline projects, including the West-East Pipeline III and IV and China-Myanmar Oil and Gas Pipeline, will be completed and launched in the coming years. At the same time, more and more import LNG terminals will be built along the coast. The real "network era" for the natural gas industry will begin by then. On the other hand, although the consumption of natural gas is rising rapidly given the overwhelming demand, the gas reserve and facilities for peak time usage adjustments are still very insufficient. To ensure a stable natural gas supply, the Chinese government started to plan and construct a dozen natural gas storage facilities to enhance the peak time usage adjustments in winter. Currently, three storage facilities with a total capacity of over 5 billion cubic meters have been built and another four are under construction. In the future, the natural gas reserve is expected to account for 20.0% to 25.0% of the demand.

During the period of 12th Five-Year Plan, China will put extra efforts in developing natural gas and increasing the share of electric power generated by natural gas. To increase the efficiency of energy utilization, facilitate structural adjustment, energy saving and emission reduction, and promote the orderly development of natural gas distributed energy, the Chinese government released the "Guidance on Developing Natural Gas Distributed Energy" (hereinafter as the "Guidance") on 9 October 2011. It clearly proposes the constructions of around 1,000 natural gas distributed energy projects and about 10 distributed energy demonstration areas with different representative features during the period of the 12th Five-Year Plan. By 2020, distributed energy system should be promoted and used in key cities throughout the country, with the installed capacity reaching 50 million kilowatt and achieving distributed energy equipment industrialization. During the year, the Group's several distributed energy projects, including Changsha Huanghua Airport, China Power-Snow Beer project, Xinxiang and Liuyang Industrial Park, were completed

and put into operation. The Group also reviewed and approved another three projects, including the Zhuzhou Shennong Cultural Park project. The Group also signed contracts for around 175 energy saving and refit projects which enhance heat efficiency of customers through the provision of equipment refit and technological enhancement in energy consumption, among which 133 had completed gas connections with installed capacity of over 1 million cubic meters/day.

In addition, with China's rapid economic development, the coal-based energy consumption has increased substantially and the number of motor vehicles has also surged, leading to a significant rise in the emission levels of nitrogen oxides (NOx) and volatile organic compounds (VOCs) in developed regions and intensifying the pollution caused by ozone (O3) and fine particulate matter (PM2.5). With the unsolved pollution caused by inhalable particulate matter (PM10) and total suspended particulate (TSP), the pollution caused by PM2.5 and O3 in Beijing, Tianjin, Hebei, Yangtze River Delta and Pearl River Delta worsens and the frequent accumulation of smog reduces visibility. Therefore, the Chinese government has released and implemented the new "Ambient Air Quality Standard" on 29 February 2012. In order to objectively reflect the ambient air quality and encourage the prevention of air pollution in China, the new standard introduces the average concentration limit for fine particulate matter (PM2.5) and eight-hour average concentration limit for ozone, and also requires more stringent detection and checking. The standard was first strictly implemented in key areas like Beijing, Tianjin, Hebei, Yangtze River Delta, Pearl River Delta, and municipalities directly under the jurisdiction of the Central Government and provincial capitals. It will then be rolled out throughout the country in 2016. The introduction of this standard has broadened the prospects of the promotion and utilization of clean energy like natural gas.

The period of the 12th Five-Year Plan is an important period marked by the rapid industrialisation and urbanization of China. The country's urbanisation ratio is expected to increase from the current 43.0% to 55.0%-60.0% by 2020. With the existing supportive policies of the Chinese government, natural gas will gradually become the major fuel in the urban gas market, presenting considerable potential for the sustainable development of urban gas projects and bright market prospects. We will seize this opportunity and ensure that while we orderly develop existing business, we will focus more on the development of natural gas distributed energy projects and vehicle/ship LNG business. By doing so, the Group is able to make contribution to the environmental protection as well as the energy sector of not only China but also the whole world, while at the same time spare no effort to maximize the long-term benefits of our shareholders, customers, staff, society and enterprises.

## **FINANCIAL RESOURCES REVIEW**

### *Liquidity and financial resources*

As at 31 December 2011, the Group's total debts amounted to RMB10,672 million (31 December 2010: RMB6,263 million) and the bank balances and cash for the purpose of computing net gearing ratio amounted to RMB5,869 million (31 December 2010: RMB2,851 million) which include cash and cash equivalents of RMB3,349 million (31 December 2010: RMB2,851 million) and a bank deposit of RMB2,520 million (31 December 2010: nil) in the restricted bank deposits as an escrow for the pre-conditional offer as set out in the commitment section below. The Group's net gearing ratio, i.e. ratio of net debt to equity (including non-controlling interests), was 54.3% (31 December 2010: 45.3%).

### *Seven-year 7.375% fixed rate bonds*

On 28 June 2011, the Company has completed the redemption of the 7-year bonds in aggregate principal amount of US\$200 million (equivalent to RMB1,614 million) in full.

### *Ten-year 6% Fixed Rate Bonds*

On 13 May 2011, the Company issued 10-year bonds in the aggregate principal amount of US\$750 million (equivalent to RMB4,863 million) with issue price of 99.274% and redemption price of 100%. The coupon of the bonds is 6.0%, and interests are paid semi-annually. The terms of the bonds require Mr. Wang Yusuo, the Chairman of the Company, to retain not less than 25% of the issued share capital of the Company

throughout the term of the bonds.

As all the operations of the Group are in China, if RMB appreciates in the future, the Group will benefit from earning RMB and repaying foreign currency debts, and the costs for foreign currency debt will be lowered indirectly.

Currently, the Group's operating and capital expenditures are funded by operating cash flow, internal liquidity, bank loans and issued bonds. The Group has sufficient sources of funds and unutilised banking facilities to meet the future capital expenditure and working capital requirements.

#### *Borrowings structure*

As at 31 December 2011, the Group's total debts amounted to RMB 10,672 million (31 December 2010: RMB 6,263 million), including bank loans and bonds of US\$878 million (equivalent to RMB 5,439 million) and bank loans of HK\$11 million (equivalent to RMB 9 million). Apart from the US\$750 million bonds, RMB 1,300 million short-term debenture and RMB 500 million corporate bond which bear interest at fixed coupons and other US dollar loans and HK dollar mortgage loans bear interest at floating rates, the remaining bank and other loans are denominated in Renminbi and bear interest at the interest rates announced by the People's Bank of China. The project companies used the Renminbi loans as their capital expenditure, working capital and operational expenditure. Except for the bank and other loans amount equivalent to RMB 1,616 million that are secured by assets with an carrying amount equivalent to RMB 94 million, all of the other loans are unsecured. Short-term loans amounted equivalent to RMB 1,913 million while the remaining were long-term loans falling due after one year or above.

As all the operations of the Group are in PRC, revenues and expenses were mainly denominated in Renminbi. Hence, there were no significant foreign exchange exposures or risks. The Group will monitor the market trends of interest rates and exchange rates closely and adopt appropriate measures when necessary.

#### **Commitments**

##### **(a) Capital Commitments**

	<b>2011</b> <i>RMB million</i>	<b>2010</b> <i>RMB million</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>124</u>	<u>86</u>
Capital commitment in respect of investments in joint ventures	<u>57</u>	<u>69</u>

##### **(b) Other Commitments**

As at 31 December 2011, the Group has commitment amounting to approximately RMB32 million (2010: RMB21 million) in respect of acquisition of land use rights in the PRC.

##### **(c) Pre-conditional commitment**

In the announcement dated 12 December 2011, China Petroleum & Chemical Corporation ("Sinopec") and the Company jointly announced the formation of a consortium and intend to, subject to the satisfaction of the pre-conditions as set out below, make a voluntary conditional cash offer (i) to acquire all of the outstanding shares in the issued share capital of China Gas Holdings Limited ("China Gas") (other than those shares in China Gas already held by Sinopec or the Company or other parties acting in concert with Sinopec or the Company) at cash consideration of HK\$3.50 per share and (ii) to acquire and cancel all outstanding share options in China Gas at cash consideration HK\$0.90 to HK\$2.79 per option share.

The following pre-conditions are expected to be satisfied or waived (where applicable) on or before the Long Stop Date as defined in the offer announcement dated 12 December 2011 (and subsequently extended) (the "Long Stop Date") made by Sinopec and the Company:

- i. with respect to both Sinopec and the Company, the joint submission by both of them to, and acceptance by Ministry of Commerce of the PRC ("MOFCOM"), under the Anti Monopoly Law of the PRC in respect of the transaction and the clearance or deemed clearance (through the expiration of the relevant statutory time periods for review by MOFCOM) by MOFCOM under the Anti Monopoly Law of the PRC of the transaction, on terms reasonably acceptable to the both Sinopec and the Company;
- ii. with respect to the Company:
  - a. the grant of approval of the transaction (including the signing of the consortium agreement dated 12 December 2011 entered into between Sinopec and the Company) as a "very substantial acquisition" pursuant to the Listing Rules at the extraordinary general meeting of the Company;
  - b. the clearance of any necessary PRC national security review in connection with the transaction if required under applicable laws, on terms reasonably acceptable to the Company;
- iii. with respect to Sinopec, the obtaining of approvals or authorisations of, the making of the necessary filings and registrations with, and notifications to, the National Development and Reform Commission of the PRC, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the State Administration of Foreign Exchange of the PRC, in each case, of the PRC in connection with the transaction, on terms reasonably acceptable to Sinopec;
- iv. the obtaining of all other approvals necessary in connection with the transaction that are either to be submitted to the relevant authority(ties) by Sinopec and the Company jointly or separately, which may be required as a result of or in connection with or otherwise arising from any changes in applicable laws and regulations that come into effect after the date of the announcement, on terms reasonably acceptable to the Sinopec and the Company; and
- v. that sufficient access to conduct due diligence on China Gas is given by China Gas to Sinopec and the Company for assessing whether the completion of the transaction would result in any event of default or other event giving the lenders of China Gas a right to accelerate the repayment of any obligations prior to the stated maturity date arising from any financing documentations to which any member of the China Gas is a party and no lender of China Gas indicating on or prior to the Long Stop Date that it will exercise such rights to accelerate repayment or claim an event of default.

Neither Sinopec nor the Company may waive the above pre-conditions except with respect to pre-condition v above. If the pre-conditions are not satisfied on or before the Long Stop Date and Sinopec and the Company have not extended the Long Stop Date to a later date, the transaction will not be implemented.

As stated in the announcement dated 12 December 2011, with respect to ENN Energy, assuming that all the outstanding Options are exercised before the close of the Offers and that the Share Offer is accepted in full, the financial resources required of ENN Energy in order to satisfy its obligations in respect of full acceptance of the Offers amount to approximately HK\$9,185 million (RMB7,446 million).

### **Financial Guarantee Liability**

As at 31 December 2011, the Group had outstanding guarantees issued to banks to secure loan facilities granted to jointly controlled entity and an associate to the extent of approximately RMB95 million (31 December 2010: RMB45 million) for loans with maturity from one to four-years, of which the amounts have been utilised at the end of the reporting period. The carrying amount of financial guarantee contracts as at

31 December 2011 is approximately RMB9 million (31 December 2010: RMB6 million).

## **PURCHASE SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The Company established an Audit Committee on 28 March 2001. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control (including financial control, operational control, compliance control, risk management function and the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, as well as their training programmes and budget) and financial reporting matters. Members of the Audit Committee are Mr. Wang Guangtian, Ms. Yien Yu Yu, Catherine and Mr. Kong Chung Kau, who are all independent non-executive Directors. Three Audit Committee meetings were held during the financial year, and the Audit Committee has reviewed the audited annual accounts for 2010 and the unaudited interim accounts for 2011. As of the date of this announcement, the Audit Committee has also reviewed the annual results and the audited annual accounts for 2011.

## **THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). Specific enquiries have been made with all Directors who have confirmed that they complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions.

## **THE CODE ON CORPORATE GOVERNANCE PRACTICES**

To the knowledge of the Board, the Company has complied with the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Listing Rules throughout the year, except a deviation from the Code Provision E.1.2. where the chairman of the Board was unable to attend the annual general meeting of the Company held on 31 May 2011 due to business trips. Alternatively, Mr. Cheng Chak Ngok, the executive Director and Company Secretary of the Company attended and acted as the chairman of the said annual general meeting.

## **DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Directors now recommend a final dividend of HK\$36.23 cents (2010: HK\$28.35 cents) (equivalent to approximately RMB29.37 cents (2010: RMB24.12 cents)) per share payable to shareholders of the Company whose names are on the register of members on Thursday, 5 July 2012. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting and will be paid to shareholders of the Company on or before 11 October 2012.

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting, the register of members will be closed from Friday, 22 June 2012 to Tuesday, 26 June 2012, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Thursday, 21 June 2012.

For the purpose of determining the qualification for the proposed final dividend, the register of members will be closed from Tuesday, 3 July 2012 to Thursday, 5 July 2012, both days inclusive, during which period no

share transfer will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Friday, 29 June 2012.

By order of the Board  
**WANG YUSUO**  
*Chairman*

Hong Kong, 27 March 2012

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

*Executive Directors:*

*Mr. Wang Yusuo (Chairman)*

*Mr. Cheung Yip Sang (Chief Executive Officer)*

*Mr. Zhao Jinfeng*

*Mr. Yu Jianchao*

*Mr. Cheng Chak Ngok*

*Mr. Zhao Shengli*

*Mr. Wang Dongzhi*

*Non-executive Directors:*

*Ms. Zhao Baoju*

*Mr. Jin Yongsheng*

*Independent Non-executive Directors:*

*Mr. Wang Guangtian*

*Ms. Yien Yu Yu, Catherine*

*Mr. Kong Chung Kau*