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

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

**(Stock Code : 2688)**

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

## **CONNECTED TRANSACTION: SUPPLEMENTAL DEED OF NON-COMPETITION**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**PLATINUM**  
Securities

### **Supplemental Deed of Non-Competition**

Upon Listing, each of Mr. Wang, Ms. Zhao, EGII (formerly known as Easywin Enterprises Limited) and XGCL had irrevocably undertaken and covenanted with the Company, in the Deed of Non-Competition, not to, directly or indirectly, carry on any Restricted Business which is or may be in competition with the Group.

Since the Listing, the Group has been engaged principally in the downstream businesses of gas supply industry in the PRC. The Company is of the view that it is now an appropriate time to re-consider the scope of the Restricted Business. As a result and subject to the Independent Shareholders' approval, a Supplemental Deed of Non-Competition dated 21 November 2013 has

been entered to amend the scope of the Restricted Business.

As at the date of this announcement, Mr. Wang and his spouse, Ms. Zhao are deemed to be interested in approximately 30.11% of the entire issued share capital of the Company and are the controlling shareholders as well as the directors of the Company. Therefore, the entering into of the Supplemental Deed of Non-Competition shall constitute a connected transaction of the Company and will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing (a) further details of the Supplemental Deed of Non-Competition; (b) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (c) a notice of the EGM is expected to be dispatched to the Shareholders on or before 12 December 2013.

## **SUPPLEMENTAL DEED OF NON-COMPETITION**

Reference is made to the Deed of Non-Competition entered into on 18 April 2002 in favor of the Company, pursuant to which each of Mr. Wang, Ms. Zhao, EGII (formerly known as Easywin Enterprises Limited) and XGCL has irrevocably undertaken and covenanted with the Company that he/she/it will not and will procure that his/her/its associates will not, directly or indirectly, during the period from the date on which the Deed of Non-Competition took effect and until the date on which the Deed of Non-Competition is terminated in accordance with the terms therein, carry on for his/her/its own account or for any other person, firm or organisation any business which is or may be in competition with (i) the business then carried on by any member of the Group; and (ii) the business relating to gas supply (including but not limited to the investment in, and the operation, design, construction and management of gas pipeline infrastructure and the sale and distribution of piped gas) in the PRC (the "**Restricted Business**").

Since the Listing, the Group has been engaged principally in the downstream businesses of gas supply industry in the PRC. The Company is of the view that it is now an appropriate time to re-consider the scope of the Restricted Business. As a result and subject to the Independence Shareholders' approval, a Supplemental Deed of Non-Competition dated 21 November 2013 has been entered to amend the scope of the Restricted Business.

The Restricted Business is amended to cover:

The gas supply business carried on by the Group in the PRC (including but not limited to the sales of piped gas, gas connection, construction and operation of vehicle gas refueling stations, wholesale of

gas, distribution of bottled liquefied petroleum gas and sales of gas appliances and materials) except the following:

- (i) production or liquefaction of gas through construction and operation of related facilities, or construction and operation of LNG terminal, and relevant sales resulting from the aforesaid businesses (including delivery of gas at the location of the facilities or direct delivery to the customers' designated locations without further processing, but excluding sales of gas to end users after processing); or
- (ii) design and construction of gas supply infrastructure and other businesses, which require operators to possess specific qualifications and/or eligibility in accordance with the PRC laws, regulations and/or policies, and such qualifications and/or eligibility are not possessed by the Group as at the date of the Supplemental Deed of Non-Competition.

In the Supplemental Deed of Non-Competition, each of the Covenantors has given undertaking to the Company that in the event any of the Covenantors and/or his/her/its associates engage in new projects in relation to gas supply business in the PRC and would like to invite investor to participate in such projects, the relevant Covenantor(s) will, and will procure his/her/its associates by exercising legal rights available to the relevant Covenantor(s) to, invite the Group to participate in such projects on normal commercial terms. Upon receiving such invitation, the Company shall convene a board meeting as soon as practicable and provide independent directors of the Company with the relevant information. The independent directors of the Company shall decide whether or not to accept the invitation. If the Company does not reply to such invitation within 30 days, the relevant Covenantor(s) and/or his/her/its associates shall be entitled to seek other investors to participate in such projects.

The Supplemental Deed of Non-Competition shall only take effect upon its approval by the Independent Shareholders at the EGM.

The terms and conditions under the Deed of Non-Competition provided by the parties thereto shall remain unchanged and in full force and effect subject to the amendments made thereto under the Supplemental Deed of Non-Competition.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL DEED OF NON-COMPETITION**

Since the Listing, the Group has been engaged principally in the downstream businesses of gas supply industry in the PRC, such as gas supply to end users. The upstream sector is not the focus of

the Group as it requires a considerable amount of investment and the payback period is relatively longer.

With the growing demand for natural gas in the PRC, the upstream gas supply gradually demonstrated a trend of diversification and allows investment in various forms. The Major Shareholders controlled a number of companies in the PRC which own coal mines and possess coal gasification technology that the Group does not have. The Deed of Non-Competition has been entered into for more than eleven years. With the change of circumstances since then, whether the scope of Restricted Business is still appropriate for the new situation should be considered.

### **Upstream sector**

As mentioned above, the upstream sector such as the construction and operation of related facilities to produce or liquefy gas requires a considerable amount of investment but the payback period is relatively longer. While in the past ten years or so, the Major Shareholders' Companies have gained the expertise and resources to develop the upstream businesses, and that it is more appropriate to permit the Major Shareholders to do so such that the Group can focus on the downstream businesses.

### **Business requiring special qualifications**

Some sectors of business in the gas supply industry in the PRC, like the design and construction of gas supply infrastructure, require special qualifications and/or eligibility of the operators under the PRC laws, regulations and/or policies. Different types of infrastructure have different requirements on qualifications and/or eligibility. The Company is unable to operate such businesses because the existing PRC rules and regulations have more stringent requirements in conferring such qualifications and/or eligibility on a foreign enterprise than a domestic company in the PRC. In the past, when the Group took up projects in design and construction of gas supply infrastructure involving special qualifications requirements, it had to outsource those parts to companies which were qualified to do so.

### **LNG terminal**

Sometimes, even there are no specific requirements on the qualifications and/or eligibility of the operators, it would be extremely difficult in practice to obtain approval to engage in certain sectors of business as a foreign enterprise. The Group had applied for the establishment of LNG terminal in the past but such application was not successful. As the Major Shareholders' Companies are mainly domestic enterprises in the PRC, it would be relatively easier for them to obtain approval to carry on such businesses.

## **Potential future benefits**

Assuming the scope of Restricted Business is amended pursuant to the Supplemental Deed of Non-Competition, if the Major Shareholders' Companies do engage in the upstream sector and/or the operation of LNG terminal, the Group may be in a better position to secure the supply of natural gas in the future, given the Major Shareholders' interest in the Company. Likewise, if the Major Shareholders' Companies carry on the design and construction of gas supply infrastructure in the future, the Group may have the opportunity to cooperate with the Major Shareholders' Companies in such respect, achieving better control over the quality and work progress in gas supply infrastructure projects.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wang and his spouse, Ms. Zhao are deemed to be interested in approximately 30.11% of the entire issued share capital of the Company and are the controlling shareholders as well as the directors of the Company. Therefore, the entering into of the Supplemental Deed of Non-Competition shall constitute a connected transaction of the Company and will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Wang and Ms. Zhao are deemed to have a material interest in the Supplemental Deed of Non-Competition, therefore they had abstained from voting on the board resolutions approving the Supplemental Deed of Non-Competition. As Mr. Zhao Jinfeng, an executive Director, is the brother of Ms. Zhao, he had also abstained from voting on the board resolutions approving the Supplemental Deed of Non-Competition.

An Independent Board Committee, consisting of Mr. Wang Guangtian, Ms. Yien Yu Yu, Catherine, Mr. Kong Chung Kau, Mr. Zhang Gang and Mr. Lim Haw Kuang, has been formed to advise the Independent Shareholders on the Supplemental Deed of Non-Competition. Platinum Securities Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Deed of Non-Competition in accordance with the Listing Rules.

The Directors (excluding (i) the independent non-executive Directors who would give a view after having been advised by the Independent Financial Adviser; and (ii) Mr. Wang, Ms. Zhao and Mr. Zhao Jinfeng who had abstained from voting on the board resolutions approving the Supplemental Deed of Non-Competition) consider that the terms of the Supplemental Deed of Non-Competition

are fair and reasonable and in the interests of the Shareholders as a whole.

## **GENERAL**

The principal activity of the Company is investment holding, The Group is principally engaging in the sales of piped gas, gas connection, construction and operation of vehicle gas refueling stations, wholesale of gas, distribution of bottled liquefied petroleum gas and sales of gas appliances and materials.

EGII is a company held as to 50 % by Mr. Wang and 50% by Ms. Zhao and is an investment holding company.

XGCL is a company controlled by Mr.Wang and is an investment holding company.

## **EXTRAORDINARY GENERAL MEETING**

A circular containing (a) further details of the Supplemental Deed of Non-Competition; (b) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (c) a notice of the EGM is expected to be dispatched to the Shareholders on or before 12 December 2013.

As at the date of this announcement, EGII, which is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang, held approximately 30.11 % of the entire issued share capital of the Company, and is the controlling shareholder of the Company, hence, EGII is deemed to have material interests in the Supplemental Deed of Non-Competition and shall abstain from voting in respect of the resolutions approving the Supplemental Deed of Non-Competition at the EGM.

## **DEFINITIONS**

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:

“associates”	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

“Covenantor(s)”	Mr. Wang, Ms. Zhao, EGII and XGCL
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Non-Competition”	the deed of non-competition dated 18 April 2002 entered into between Mr. Wang, Ms. Zhao, Easywin Enterprises Limited and XGCL in favor of the Company
“Director(s)”	the director(s) of the Company
“EGII”	ENN Group International Investment Limited ( <i>formerly known as Easywin Enterprises Limited</i> ), the controlling shareholder of the Company holding approximately 30.11% of the issued share capital of the Company
“EGM”	The extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Supplemental Deed of Non-Competition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the Supplemental Deed of

## Non-Competition

“Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Deed of Non-Competition.
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM to approve the Supplemental Deed of Non-Competition
“Listing”	the listing of the Company on the main board of the Stock Exchange in 2002
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Major Shareholders”	Mr. Wang and Ms. Zhao
“Major Shareholders’ Companies”	companies which are controlled by the Major Shareholders
Mr. Wang	Mr. Wang Yusuo, the chairman and an executive Director
Ms. Zhao	Ms. Zhao Baoju, a non-executive Director
“PRC”	the People’s Republic of China, which for the purpose of this announcement, does not include Hong Kong, the Macau



Special Administrative Region and Taiwan

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Restricted Business”	as defined in the section headed “Supplemental Deed of Non-Competition” of this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed of Non-Competition”	the supplemental deed of non-competition dated 21 November 2013 entered into between Mr. Wang, Ms. Zhao EGII and XGCL with the Company
“XGCL”	新奧集團股份有限公司 (Xinao Group Company Limited*), a company incorporated in the PRC with limited liability

*\*for identification purpose only*

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

**Hong Kong, 21 November 2013**

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. Han Jishen  
Mr. Zhao Shengli  
Mr. Wang Dongzhi (Chief Financial Officer)

*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  
Mr. Zhang Gang  
Mr. Lim Haw Kuang