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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.xinaogas.com)

ANNOUNCEMENT

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF LAND USE RIGHTS

The Directors are pleased to announce that on 9 December 2010, Xinao Energy, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Xinao Technology pursuant to which Xinao Energy agreed to purchase, and Xinao Technology agreed to sell, the land use rights of and structures on the Property for the consideration of RMB32.9 million (equivalent to approximately HK\$38.79 million).

As at the date of this announcement, Mr. Wang and his family members and their respective associates are entitled to exercise or control the exercise of 30% or more of the voting power at any general meeting of Xinao Technology. As such, Xinao Technology is an associate of Mr. Wang and therefore a connected person of the Company and the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

ACQUISITION OF LAND USE RIGHTS OF AND STRUCTURES ON THE PROPERTY

The Directors are pleased to announce that on 9 December 2010, Xinao Energy, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Xinao Technology pursuant to which Xinao Energy agreed to purchase, and Xinao Technology agreed to sell, the land use rights of and structures on the Property for the consideration of RMB32.9 million (equivalent to approximately HK\$38.79 million).

(a) The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

Date:	9 December 2010
Parties:	Xinao Energy, a wholly-owned subsidiary of the Company, as purchaser Xinao Technology, a company incorporated in the PRC with limited liability, as vendor
Subject matter:	Sale and purchase of land use rights of and structures on the Property for a term from 9 December 2010 to 17 September 2052
Consideration:	RMB32.9 million (equivalent to approximately HK\$38.79 million), which is payable in cash before 31 December 2010

(b) The Property

The Property comprises a parcel of land of a total site area of 55,462 square metres (equivalent to approximately 83 acres) situated at Youyi Road East and Xuenan Road South, Langfang Economic and Technical Development Zone, Hebei, PRC (廊坊經濟技術開發區友誼路東、薛南道南) and the structures on the Property include roads, cemented ground, sewage systems, embedded pipes, special pipelines and greening landscape. The Property is vacant and is permitted for industrial use.

(c) The Consideration

The Consideration under the Sale and Purchase Agreement of RMB32.9 million (equivalent to approximately HK\$38.79 million) has been agreed by the Group and Xinao Technology after arm's length negotiations and has been determined by reference to a valuation of the Property

as at 9 December 2010 of total market value of approximately RMB32.9 million (equivalent to approximately HK\$38.79 million) performed by Knight Frank Petty Limited, an independent property valuer. The valuation of the Property was conducted by adopting the depreciated replacement cost approach.

Payment of the Consideration will be financed by internal resources.

(d) Registration of Transfer of Land Use Rights of the Property

Pursuant to the Sale and Purchase Agreement, Xinao Technology and Xinao Energy shall register the transfer of the land use rights of the Property with the relevant land administration bureau.

(e) Original Cost of the Property to Xinao Technology

The land use rights of the Property were acquired by Xinao Technology from one of its shareholders by way of capital injection by such shareholder in 2006 and the Property was booked at approximately RMB11.26 million (equivalent to approximately HK\$13.28 million) in the accounts of Xinao Technology at that time.

(f) Reasons for the Acquisition

The Group intends to construct an office building on the Property and develop it into a PRC logistics centre and a gas research and development centre. It is intended that at such PRC logistics centre, Xinao Energy will use the Global Positioning System for tracking its transport vehicles for liquefied natural gas and compressed natural gas across the Mainland PRC and for managing their transport routes by transmitting instructions to such vehicles; and the gas research centre will be used for the research and development of the application of gas and other types of energy on different industries in terms of technology, efficiency and general application solutions, which will assist the long-term development of the Group's innovation business. The Group considers that the establishment of such PRC logistics centre and gas research and development centre will be beneficial to the management of the gas transport across the Mainland PRC and the advancement of the Group's business development in the long run respectively.

(g) Principal business activities of Xinao Technology

Xinao Technology is principally engaged in the design and production of energy-saving facilities and products, construction and operation of industrial factory, research and

development center and laboratories.

(h) Principal business activities of the Group

The Company acts as an investment holding company and its subsidiaries are principally engaged in the investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped and bottled gas in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wang and his family members and their respective associates are entitled to exercise or control the exercise of 30% or more of the voting power at any general meeting of Xinao Technology. As such, Xinao Technology is an associate of Mr. Wang and therefore a connected person of the Company and the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

Save for Mr. Wang and Ms. Zhao Baoju (spouse of Mr. Wang), who are regarded as materially interested in the Acquisition and have abstained from voting on the Board resolution approving the Acquisition, none of the other Directors have any material interests in the Acquisition.

VIEW OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is on terms which are on arm's length basis and the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the shareholders of the Company as a whole.

DEFINITIONS

"Acquisition" the acquisition of the land use rights of and structures on the Property by Xinao Energy from Xinao Technology, as contemplated under the

Sale and Purchase Agreement

“Board”	the board of Directors
“Company”	ENN Energy Holdings Limited (新奧能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration ”	the amount of RMB32.9 million (equivalent to approximately HK\$38.79 million) being the amount payable by Xinao Energy to Xinao Technology pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Yusuo, an executive Director, chairman and substantial shareholder of the Company
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	a parcel of land of a total site area of 55,462 square metres (equivalent to approximately 83 acres) situated at Youyi Road East and Xuenan Road South, Langfang Economic and Technical Development Zone, Hebei, PRC (廊坊經濟技術開發區友誼路東、薛南道南)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 December 2010 entered into by Xinao Technology as vendor and Xinao Energy as purchaser in relation to the sale and purchase of the land use rights of and structures on the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xinao Energy”	Xinao Energy Logistics Company Limited (新奥能源物流有限公司), a company established in PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Xinao Technology”	Xinao Technology Industry Company Limited (新奥高科工业有限公司), a company established in the PRC with limited liability, which as at the date of this announcement is an associate of Mr. Wang, and therefore a connected person of the Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi yuan, the lawful currency of PRC

In this announcement, the exchange rate of RMB0.8481 = HK\$1.00 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
ENN Energy Holdings Limited
CHENG Chak Ngok
Executive Director and Company Secretary

Hong Kong, 9 December 2010

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. Liang Zhiwei

Ms. Zhai Xiaoqin

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