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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](http://www.xinaogas.com))*

## ANNOUNCEMENT

### CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 25 January 2008 and 18 February 2009 in relation to the Existing Continuing Connected Transactions entered into by the Group.

It is expected that the Group will from time to time continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the agreements to which the Existing Continuing Connected Transactions relate. Accordingly, the Group now seeks to renew the said agreements on substantially the same terms and to enter into the following agreements which constitute continuing connected transactions under the Listing Rules:

- (1) the New Master Property Management Service Agreement dated 31 December 2010 entered into between the Company and a Wang Family Company, details of which are set out in the section headed "NEW MASTER PROPERTY MANAGEMENT SERVICE AGREEMENT";
- (2) the New Master Supporting Services Agreement dated 31 December 2010 entered into between the Company and a Wang Family Company, details of which are set out in the section headed "NEW MASTER SUPPORTING SERVICES AGREEMENT"; and
- (3) the New Master Maritime Transportation Service Agreement dated 31 December 2010 entered into between the Company and a Wang Family Company, details of which are set out in the section headed "NEW MASTER MARITIME TRANSPORTATION SERVICE AGREEMENT".

The Board wishes to further announce that on 31 December 2010, the Company and a Wang Family Company entered into the following agreement:-

- (4) the Master Energy Technology Supporting Services Agreement dated 31 December 2010 entered into between the Company and a Wang Family Company, details of which are set out in the section headed “MASTER ENERGY TECHNOLOGY SUPPORTING SERVICES AGREEMENT”.

As at the date of this announcement, Mr. Wang is a substantial shareholder of the Company holding approximately 31.20% of the entire issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings of the Wang Family Companies, such companies are associates of Mr. Wang and thus connected persons of the Company.

The entering into of each of the New Master Property Management Service Agreement, the New Master Supporting Services Agreement, the New Master Maritime Transportation Service Agreement and the Master Energy Technology Supporting Services Agreement therefore constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In view of this, Mr. Wang, Ms. Zhao Baoju (the spouse of Mr. Wang) and their respective associates have abstained from voting on the board resolutions approving such agreements.

As the Board anticipates that the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the New Master Property Management Service Agreement, the New Master Supporting Services Agreement, the New Master Maritime Transportation Service Agreement and the Master Energy Technology Supporting Services Agreement will on an annual basis respectively be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

The Group has continued to carry on the Existing Continuing Connected Transactions as announced in the Company’s announcements dated 25 January 2008 and 18 February 2009, which include, among others, transactions under the following agreements:

- (i) The Existing Master Property Management Service Agreement which will expire on 31 December 2010;
- (ii) The Existing Master Supporting Services Agreement which will expire on 31 December 2010; and
- (iii) The Existing Master Maritime Transportation Service Agreement which will expire on 31 December 2010.

Details of the Existing Continuing Connected Transactions are more particularly set out in the aforementioned announcements.

It is expected that the Group will continue to enter into transactions similar to those as contemplated under the above agreements after the expiry of the agreements to which the Existing Continuing Connected Transactions relate. Accordingly, the Group now seeks to renew the said agreements on substantially the same terms and enter into the agreements numbered (1) to (3) below which constitute continuing connected transactions under the Listing Rules.

The Company has also entered into the Master Energy Technology Supporting Services Agreement with a Wang Family Company, which is numbered (4) below and constitutes a continuing connected transaction under the Listing Rules.

## **II. CONTINUING CONNECTED TRANSACTIONS**

### **1. NEW MASTER PROPERTY MANAGEMENT SERVICE AGREEMENT (“Transaction 1”)**

**Date** : 31 December 2010

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

#### **Subject matter:**

The Wang Family Companies will provide the Group with property management services, including but not limited to maintenance, security and hygiene management services, to certain properties situated in the PRC that are owned, leased or occupied by the Group.

#### **Duration and fees:**

The management fees payable by the Group to the Wang Family Companies for the provision of the property management services will be based on the prevailing market rates as valued and determined by an independent valuer of the particular premises for a term of three years commencing on 1 January 2011. The property management service fees will be payable by the Group on a half-yearly basis in arrears.

#### **Reasons for and benefits of the New Master Property Management Service Agreement:**

As some of the Wang Family Companies are engaged in the provision of property management services and thus have the necessary expertise, the Directors consider that it is in the interest of the Group to enter into the New Master Property Management Service Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Master Property Management Service Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the New Master Property

Management Service Agreement is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

## **2. NEW MASTER SUPPORTING SERVICES AGREEMENT (“Transaction 2”)**

**Date** : 31 December 2010

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

### **Subject matter:**

The Wang Family Companies will provide the Group with supporting services, including but not limited to catering, training of employees, information technology support and maintenance, legal, administrative and travelling services.

### **Duration and fees:**

Fees payable by the Group for the provision of the supporting services from the Wang Family Companies will be determined between the parties on a cost basis based on usage for a term of three years commencing on 1 January 2011. The supporting services fees will be payable by the Group on a half-yearly basis in arrears.

### **Reasons for and benefits of the New Master Supporting Services Agreement:**

The Wang Family Companies are engaged in different business lines in the energy industry. Centralisation of supporting services would enable the Group to adapt to additional expertise efficiently.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Master Supporting Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the New Master Supporting Services Agreement is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

## **3. NEW MASTER MARITIME TRANSPORTATION SERVICE AGREEMENT (“Transaction 3”)**

**Date** : 31 December 2010

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

**Subject matter:**

The Wang Family Companies will provide maritime transportation services to the Group for the transportation of energy, including but not limited to, LPG, CNG and LNG.

**Duration and fees:**

The maritime transportation fees for transactions contemplated under the New Master Maritime Transportation Service Agreement will be determined by reference to the market rate of similar transportation services provided by independent third parties, and where there are no comparable transportation services, will be at rates to be agreed upon by the parties which will be on a fair and reasonable basis based on usage for a term of three years commencing on 1 January 2011. The maritime transportation fees will be payable by the Group on a monthly basis and the Group may pay a sum equal to a month's worth of fees as deposit if required.

**Priority:**

The Wang Family Companies may provide maritime transportation services to other third parties, provided that under the same terms, the Wang Family Companies shall provide such services to the Group with priority.

**Reasons for and benefits of the New Master Maritime Transportation Service Agreement**

Since some of the Wang Family Companies are engaged in the provision of maritime transportation services with high-quality vessels and have the necessary expertise which particularly suits the needs of the Group and priority is agreed to be given to the Group in their provision of such services, the Directors consider that it is in the interest of the Group to continue to engage the Wang Family Companies for their maritime transportation services in the course of the sale and distribution of gas by the Group to different locations in the PRC.

The New Master Maritime Transportation Service Agreement was entered into in the ordinary and usual course of business of the Group and the terms of which were negotiated on an arm's length basis and were on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the New Master Maritime Transportation Service Agreement, including the transportation fees contemplated thereunder, are fair and reasonable and in the interests of the Shareholders as a whole.

**HISTORICAL FIGURES**

The historical aggregate values of each of the Existing Continuing Connected Transactions for the three years ended 31 December 2010 (if applicable) were as follows:-

Transaction	Transaction amount					
	Actual amount			Annual caps		
	Financial year ended 31 December		Six months ended 30 June	Financial year ended 31 December		
	2008	2009	2010	2008	2009	2010
Transaction 1 – Property Management						
(in RMB)	4,855,000	4,755,000	2,296,000	6,000,000	6,000,000	6,000,000
(approximately in HK\$)	5,659,000	5,542,000	2,676,000	6,994,000	6,994,000	6,994,000
Transaction 2 – Supporting Services						
(in RMB)	20,117,000	22,071,000	15,676,480	35,000,000	46,000,000	53,000,000
(approximately in HK\$)	23,449,000	25,726,000	18,273,000	40,796,000	53,618,000	61,777,000
Transaction 3 – Maritime Transportation Services						
(in RMB)	N/A	18,874,000	4,304,000	N/A	81,120,000	139,920,000
(approximately in HK\$)	N/A	22,000,000	5,017,000	N/A	94,554,000	163,091,000

None of the aggregate amounts above exceeded their respective annual caps for the corresponding years or periods.

### PROPOSED ANNUAL CAPS

After careful evaluation of the budget figures in the coming three financial years and the anticipated development and growth of related businesses, the Board intends to set the Annual Caps for each of the continuing connected transactions contemplated under the New Master Property Management Service Agreement, the New Master Supporting Services Agreement and the New Master Maritime Transportation Service Agreement as follows:-

Transaction	Transaction amount		
	Proposed annual caps		
	Financial year ended 31 December		
	2011	2012	2013
Transaction 1 – Property Management			
(in RMB)	13,000,000	14,000,000	14,000,000
(approximately in HK\$)	15,153,000	16,319,000	16,319,000
Transaction 2 – Supporting Services			
(in RMB)	78,000,000	92,000,000	110,000,000
(approximately in HK\$)	90,917,000	107,236,000	128,216,000
Transaction 3 – Maritime Transportation Services			
(in RMB)	24,000,000	27,000,000	30,000,000
(approximately in HK\$)	27,975,000	31,472,000	34,968,000

Basis of determination of the Annual Caps is explained as follows:-

1. For Transaction 1: It is expected that a total of 10 properties with a total floor area of approximately 166,724 square metres (as stated in the announcement of the Company dated 25 January 2008, the total floor area in relation to this transaction was approximately 136,315 square metres) will be involved in Transaction 1. The Annual Caps for Transaction 1 are determined by multiplying such total floor area to be covered by the property management services by the respective market rate, with reference to the above historical figures. The increase in the amount of Annual Caps when compared with the above historical annual caps is due to the increase of labour, welfare and maintenance costs because of the continuous inflation in the PRC during these years and also the increase of the applicable total floor area.
2. For Transaction 2: The Annual Caps are determined based on the estimated usage after taking into account the estimated cost of resources to be incurred, including labour and other raw materials. The increase in the amount of Annual Caps when compared with the above historical annual caps is mainly due to the addition of new supporting travelling services. In the past, the Company booked air tickets from third parties.
3. For Transaction 3: The Annual Caps are determined based on the projected volume of sale of gas of the Group to different locations in the PRC which is expected to require maritime transportation services of the Wang Family Companies for the three financial years ending 31 December 2011, 2012 and 2013 and the estimated market rates of transportation fees for such periods. The decrease in the amount of Annual Caps when compared with the above historical annual caps is mainly due to the reduction in the bottled LPG business.

Based on the above, the Board (including the independent non-executive Directors) considers that the Annual Caps are fair and reasonable.

#### **4. MASTER ENERGY TECHNOLOGY SUPPORTING SERVICES AGREEMENT (“Transaction 4”)**

**Date** : 31 December 2010

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

**Subject matter:**

The Wang Family Companies will provide the Group with energy technology supporting services, including but not limited to solutions, project development, sub-contracting (construction services related), operational guidance, basic management and related training.

**Duration and fees:**

The energy technology supporting fees for transactions contemplated under the Master Energy Technology Supporting Services Agreement will be determined by reference to the market rate of similar energy technology supporting services provided by independent third parties, and where there are no comparable energy technology supporting services, will be at rates to be agreed upon by the parties which will be on a fair and reasonable basis based on usage for a term of three years commencing on 1 January 2011. The energy technology supporting fees will be payable by the Group in accordance with the progress for the provision of the said services and during the month when such progress is to be determined, fees will be payable at the end of that month.

**Reasons for and benefits of the Master Energy Technology Supporting Services Agreement:**

In order to cope with the development trend of the clean energy industry in the PRC, the Company has formulated various energy distribution systems and established supply models for multi-energy products including gas, photoelectricity and calorific capacity through the provision of comprehensive regional clean energy solutions to its customers.

Since one of the Wang Family Companies is engaged in the provision of energy technology supporting services and have the necessary expertise which particular suits the needs of the Group, the Directors consider that it is in the interest of the Group to engage the Wang Family Companies for their energy technology supporting services in the course of the provision of comprehensive regional clean energy solutions to its customers.

The Master Energy Technology Supporting Services Agreement was entered into in the ordinary and usual course of business of the Group and the terms of which were negotiated on an arm’s length basis and were on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Master Energy Technology Supporting Services Agreement, including the energy technology supporting fees contemplated thereunder, are fair and reasonable and in the interests of the Shareholders as a whole.



## PROPOSED ANNUAL CAPS

After careful evaluation of the budget figures in the coming three financial years and the anticipated development and growth of related businesses, the Board intends to set the Annual Caps for the continuing connected transactions contemplated under the Master Energy Technology Supporting Services Agreement as follows:-

Transaction	Transaction amount		
	Proposed annual caps		
	Financial year ended 31 December		
	2011	2012	2013
Transaction 4 – Energy Technology Supporting Services			
(in RMB)	30,000,000	45,000,000	68,000,000
(approximately in HK\$)	34,968,000	52,452,000	79,261,000

Basis of determination of the Annual Caps is explained as follows:-

For Transaction 4: The Annual Caps are determined based on the estimated volume of transactions of energy management services provided to third parties which is expected to require energy technology supporting services of the Wang Family Companies for the three financial years ending 31 December 2011, 2012 and 2013 and the estimated service fees for such periods.

Based on the above, the Board (including the independent non-executive Directors) considers that the Annual Caps are fair and reasonable.

### III. COMPLIANCE WITH LISTING RULES

As at the date of this announcement, Mr. Wang is a substantial shareholder of the Company holding approximately 31.20% of the entire issued share capital of the Company and is therefore a connected person of the Company. As Mr. Wang is interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings of the Wang Family Companies, such companies are associates of Mr. Wang and thus connected persons of the Company.

The entering into of each of the New Master Property Management Service Agreement, the New Master Supporting Services Agreement, the New Master Maritime Transportation Service Agreement and the Master Energy Technology Supporting Services Agreement therefore constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In view of this, Mr. Wang, Ms. Zhao Baoju (the spouse of Mr. Wang) and their respective associates have abstained from voting on the board resolutions approving such agreements.

As the Board anticipates that the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under the New Master Property Management Service Agreement, the New Master Supporting Services Agreement, the New Master Maritime Transportation Service

Agreement and the Master Energy Technology Supporting Services Agreement will on an annual basis respectively be more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 and are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **IV. GENERAL**

The Group is one of the first non state-owned piped gas operators in the PRC. The principal business of the Group is the investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped gas and LPG in the PRC. Its business activities also consist of the sale of gas appliances and equipment, the production of stored value card gas meters and the provision of repair, maintenance and other services in connection with gas supply.

The principal businesses of the Wang Family Companies, who are parties to the New Master Property Management Service Agreement, New Master Supporting Services Agreement, New Master Maritime Transportation Service Agreement and the Master Energy Technology Supporting Services Agreement are the provision of property management services, supporting services, maritime transportation services and energy technology supporting services.

#### **V. DEFINITIONS**

“Annual Cap(s)”	the maximum aggregate annual value(s) of the transactions contemplated under the New Master Property Management Service Agreement, the New Master Supporting Services Agreement, the New Master Maritime Transportation Service Agreement and the Master Energy Technology Supporting Services Agreement for each of the three financial years ending 31 December 2011, 2012 and 2013
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNG”	compressed natural gas
“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 Continuing Connected Transactions”	transactions under the Existing Master Property Management Service Agreement, the Existing Master Supporting Services Agreement and the Existing Master Maritime Transportation Service Agreement
“Existing Master Maritime Transportation Service Agreement”	the maritime transportation service agreement dated 18 February 2009 entered into between the Company and a Wang Family Company for a term of two years commencing on 1 January 2009
“Existing Master Property Management Service Agreement”	the property management service agreement dated 25 January 2008 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2008
“Existing Master Supporting Services Agreement”	the supporting services agreement dated 25 January 2008 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2008
“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
“Independent Shareholder(s)”	Shareholders other than the connected person(s) who is/are interested in the relevant transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“Master Energy Technology Supporting Services Agreement”	the energy technology supporting services agreement dated 31 December 2010 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2011
“Mr. Wang”	Mr. Wang Yusuo (王玉鎖), the chairman, an executive Director and a controlling Shareholder of the Company as at the

	date of this announcement
“New Master Maritime Transportation Service Agreement”	the maritime transportation service agreement dated 31 December 2010 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2011
“New Master Property Management Service Agreement”	the property management service agreement dated 31 December 2010 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2011
“New Master Supporting Services Agreement”	the supporting services agreement dated 31 December 2010 entered into between the Company and a Wang Family Company for a term of three years commencing on 1 January 2011
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the registered holder(s) of 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)”	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, thereby being associate(s) of Mr. Wang and thus connected person(s) of the Company

*Note: For information purposes only, the translation of RMB to HK\$ in this announcement is based at the rate of RMB1.00 to HK\$1.1656.*

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

Hong Kong, 31 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*