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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ENN Energy Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular, for which the directors of ENN Energy Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



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)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE ITS OWN SHARES
RE-ELECTION OF RETIRING DIRECTORS
ADOPTION OF NEW SHARE OPTION SCHEME
AMENDMENTS TO THE ARTICLES OF THE ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of ENN Energy Holdings Limited to be held at Tianshan and Lushan Rooms, Function Room, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Hong Kong, on Tuesday, 26 June 2012 at 10:00 a.m. is set out on pages 27 to 33 of this Circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

28 May 2012

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2002 Share Option Scheme”	the share option scheme of the Company adopted on 20 May 2002
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by resolution of the Company in general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at Tianshan and Lushan Rooms, Function Room, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Hong Kong on Tuesday, 26 June 2012 at 10:00 a.m.
“Articles of Association”	the articles of association of the Company, as originally adopted or as from time to time altered in accordance with the Companies Law (Chapter 22) of the Cayman Islands or any applicable laws
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Buyback Mandate”	the proposed general mandate authorising the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Buyback Mandate
“Company”	ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands on 20 July 2000 with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGII”	ENN Group International Investment Limited
“Grant Date”	means the date on which an Offer is deemed to be accepted by the Grantee in accordance with the New Share Option Scheme

DEFINITIONS

“Grantee”	means any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the proposed general mandate authorising the Directors to allot, issue and deal with Shares not exceeding 10% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	23 May 2012, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of the rules of which is set out in Appendix III of this circular
“Offer”	the offer of the grant of an Option made by the Board in accordance with the terms of the New Share Option Scheme
“Option(s)”	a right to subscribe for Shares pursuant to the terms of the New Share Option Scheme
“Option Period”	means a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years commencing on the Grant Date

DEFINITIONS

“Participant”	means any employee or director of any member of the Group, or any employee, partner or director of any business consultant, joint venture partner, financial adviser and legal adviser of and to any member of the Group, as absolutely determined by the Board
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme
“subsidiary”	means a company which is for the time being and from time to time a subsidiary within the meaning of Section 2 of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) (as amended from time to time) of the Company whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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)

Executive Directors:

Mr. WANG Yusuo (*Chairman*)
Mr. CHEUNG Yip Sang (*Chief Executive Officer*)
Mr. ZHAO Jinfeng
Mr. YU Jianchao
Mr. CHENG Chak Ngok (*Chief Financial Officer*)
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

Registered Office:

Ugland House
P O Box 309
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

*Principal place of business in
Hong Kong:*

Rooms 3101-04, 31st Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

Head office in the PRC:

Building A, ENN Industrial Park
Xinyuan Dongdao Road
Economic and Technological
Development Zone
Langfang City
Hebei Province
The PRC

28 May 2012

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE ITS OWN SHARES
RE-ELECTION OF RETIRING DIRECTORS
ADOPTION OF NEW SHARE OPTION SCHEME
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the proposed renewal of the general mandates to allot, issue and deal with Shares and to repurchase its own Shares, (ii) the proposed re-election of retiring Directors, (iii) the proposed adoption of the New Share Option Scheme and (iv) the proposed amendments to the Articles of Association, and to seek your approval of the relevant ordinary resolutions relating to (i), (ii) and (iii) and the special resolution relating to (iv) at the Annual General Meeting.

ISSUE MANDATE

Ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors the Issue Mandate, and authorise the extension of the Issue Mandate, details of which are set out in ordinary resolutions numbered 5 and 7 respectively in the notice of Annual General Meeting.

Subject to the passing of the ordinary resolution granting the Issue Mandate to issue new Shares and on the basis that no further Shares are issued or repurchased prior the Annual General Meeting, the Company would be allowed under such Issue Mandate to issue a maximum of 106,659,439 Shares representing 10% of the issued share capital of the Company as at the date of passing of the ordinary resolution approving the Issue Mandate.

BUYBACK MANDATE

On 31 May 2011, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such general mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew such general mandate at the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Buyback Mandate, details of which are set out in ordinary resolution numbered 6 in the notice of Annual General Meeting. On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Shares which may be repurchased pursuant to the Buyback Mandate are limited to a maximum of 106,659,439 Shares representing 10% of the issued share capital of the Company as at the date of passing of the ordinary resolution approving the Buyback Mandate.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Buyback Mandate, is set out in Appendix I to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. WANG Yusuo, Mr. CHEUNG Yip Sang, Mr. ZHAO Jinfeng, Mr. YU Jianchao, Mr. CHENG Chak Ngok, Mr. ZHAO Shengli and Mr. WANG Dongzhi; and non-executive Directors were Ms. ZHAO Baoju and Mr. JIN Yongsheng; and the independent non-executive Directors were Mr. WANG Guangtian, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau.

In accordance with Article 116 of the Articles of Association, Mr. WANG Yusuo, Mr. ZHAO Jinfeng, Mr. YU Jianchao and Mr. WANG Guangtian shall retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-election at the Annual General Meeting.

Pursuant to Code Provision A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders, and the papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.

Mr. WANG Guangtian was appointed as an independent non-executive Director (“INED”) of the Company on 4 December 2000. He has served the Company for more than 11 years as of the Latest Practicable Date and will retire by rotation at the Annual General Meeting. The Board intends to further appoint Mr. WANG Guangtian as an INED. During his tenure of office over the past 11 years, Mr. WANG Guangtian has been able to fulfill all the requirements regarding independence of an INED and provide annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules. To the best knowledge of the Directors, as of the Latest Practicable Date, the Company is not aware of any foreseeable events that may occur and affect the independence of Mr. WANG Guangtian in the near future. Hence, the Board believes that Mr. WANG Guangtian is and will continue to be independent of the Company unless unexpected circumstances arise in the future. The Company will continue to review the independence of Mr. WANG Guangtian annually and take all appropriate measures to ensure compliance of relevant provisions regarding independence of INED in the Listing Rules.

On the other hand, during his tenure of office, Mr. WANG Guangtian had performed his duties as an INED to the satisfaction of the Board. Through exercising the scrutinising and monitoring function of an INED, he had contributed to an upright and efficient board of directors for the interest of Shareholders. In view of the above, the Board considers that the re-election of Mr. WANG Guangtian as an INED is beneficial to the Board, the Company and the Shareholders as a whole.

Pursuant to the requirement of the Listing Rules, a separate ordinary resolution will be proposed at the Annual General Meeting to approve the re-election of Mr. WANG Guangtian as an INED of the Company.

LETTER FROM THE BOARD

Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME

As the 2002 Share Option Scheme was adopted by the Company on 20 May 2002 and has expired on 20 May 2012, i.e. prior to the Annual General Meeting, the Board has taken this opportunity to review the 2002 Share Option Scheme and has proposed to adopt the New Share Option Scheme. Upon expiration of the 2002 Share Option Scheme, no further options will be granted thereunder; however, the rules of the 2002 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiration or otherwise as may be required in accordance with the rules of the 2002 Share Option Scheme. Therefore, the expiration of the 2002 Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the 2002 Share Option Scheme and the above outstanding options granted under the 2002 Share Option Scheme shall continue to be subject to the provisions of the 2002 Share Option Scheme.

Options granted prior to such expiration will continue to be valid and exercisable in accordance with the rules of the 2002 Share Option Scheme. As at the Latest Practicable Date, there were 17,045,000 options granted but not yet exercised under the 2002 Share Option Scheme. The Board confirms that it has not granted any further options under the 2002 Share Option Scheme prior to the expiration of the 2002 Share Option Scheme.

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting to approve and adopt the New Share Option Scheme and to authorise the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the New Share Option Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Operation of the New Share Option Scheme will commence after all conditions precedent as referred to above have been fulfilled. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III to this circular.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contribution to the Group.

Shares which may fall to be issued upon the exercise of all Options to be granted under the New Share Option Scheme at any time may not exceed 10% of the Shares in issue as at the date of adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

On the basis of 1,066,594,397 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting, the scheme limit for the New Share Option Scheme will be 106,659,439 Shares under Rule 17.03(3) of the Listing Rules, should the New Share Option Scheme be adopted.

The Company does not at present intend to appoint a trustee to the New Share Option Scheme.

EXPLANATION OF THE TERMS OF THE NEW SHARE OPTION SCHEME

The Directors consider that in order to encourage the participants to perform and contribute their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions, it is important that the Group should continue to provide such participants with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long term success of the business of the Group. By offering Options to the Participants in such flexible terms under the New Share Option Scheme, in particular, the Subscription Price will be determined on a fair basis, such Participants may exercise their Options at anytime within the Option Period to acquire a monetary gain or ownership interest in the Company which may in turn provide a further incentive to the Participants to better serve the Company. Further, by allowing the Company to grant Options under the New Share Option Scheme imposing such minimum holding period and/or requiring the participant to achieve such performance target as may be stipulated in the Offer letter before his or her options can be exercised, the Company may be in a better position to retain such Participants to continue serving the Group whilst at the same time providing these Participants further incentive in achieving the goals of the Group.

VALUE OF THE OPTIONS

Since the New Share Option Scheme is yet to be approved by the Shareholders, the Board had not yet determined the time frame on the granting of the Options under the New Share Option Scheme and the number of Shares for which any Grantee may subscribe upon exercise of an Option. Accordingly, the Board considers that it is premature and inappropriate to state the value of the Option for the time being in this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Directors propose certain amendments to the Articles of Association to the effect that Shareholders holding an aggregate of not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company are entitled to nominate a person to be elected as a Director.

Details of the proposed amendments to the Articles of Association are set out in the notice convening the Annual General Meeting. A special resolution for the proposed amendments to the Articles of Association will be put forward to be considered and, if thought fit, approved by the Shareholders at the Annual General Meeting.

LETTER FROM THE BOARD

The legal advisers to the Company as to the laws of Hong Kong and the laws of the Cayman Islands have respectively confirmed that the proposed amendments comply with the requirements of the Listing Rules and the applicable laws of the Cayman Islands.

Shareholders are advised that the Articles of Association are available only in English and the Chinese translation of the amendments to the Articles of Association provided in the notice convening the Annual General Meeting is for reference only. In case of any inconsistency, the English version shall prevail.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 27 to 33 of this circular to consider the ordinary resolutions relating to the Issue Mandate, the Buyback Mandate, the extension of the Issue Mandate, the re-election of retiring Directors and the adoption of the New Share Option Scheme, and the special resolution relating to the proposed amendments to the Articles of Association.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you propose to attend the Annual General Meeting, you are requested to complete the accompanying proxy form and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting if you so desire.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at Rooms 3101-04, 31st Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong during normal business hours on any weekday up to and including the date of the AGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the granting of the Issue Mandate and the Buyback Mandate, the extension of the Issue Mandate, the re-election of retiring Directors, the adoption of the New Share Option Scheme and the proposed amendments to the Articles of Association are all in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant ordinary resolutions and the relevant special resolution to be proposed at the Annual General Meeting. So far as the Directors are aware, as at the Latest Practicable Date, no Shareholder is required to abstain from voting under the Listing Rules in respect of the resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
ENN ENERGY HOLDINGS LIMITED
WANG Yusuo
Chairman

As at the date of this circular, the Board comprises 12 Directors, of whom Wang Yusuo, Cheung Yip Sang, Zhao Jinfeng, Yu Jianchao, Cheng Chak Ngok, Zhao Shengli and Wang Dongzhi are Executive Directors, Zhao Baoju, Jin Yongsheng are Non-Executive Directors, Wang Guangtian, Yien Yu Yu, Catherine, Kong Chung Kau are Independent Non-Executive Directors.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with requisite information for your consideration of the Buyback Mandate.

1. EXERCISE OF THE BUYBACK MANDATE

Exercise in full of the Buyback Mandate, on the basis of 1,066,594,397 Shares in issue at the Latest Practicable Date could result in up to 106,659,439 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Buyback Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a Share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2011 annual report of the Company) in the event that the Buyback Mandate is exercised in full. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates (as defined in the Listing Rules), have any present intention, if the Buyback Mandate is exercised, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. WANG Yusuo and Ms. ZHAO Baoju (the spouse of Mr. WANG Yusuo), directors of the Company, together with EGII (a company which is beneficially owned as to 50% by Mr. WANG Yusuo and 50% by Ms. ZHAO Baoju) were beneficially interested in an aggregate of 327,591,000 Shares, representing approximately 30.71% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Buyback Mandate, the shareholdings of Mr. WANG Yusuo and Ms. ZHAO Baoju together with EGII would be increased to approximately 34.13% of the issued share capital of the Company. Then, Mr. WANG Yusuo and Ms. ZHAO Baoju together with EGII could be required under Rule 26 of the Takeovers Code to make a mandatory offer in respect of all the issued shares of the Company by reason of such increase.

Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Buyback Mandate. The Directors will use their best endeavours to ensure that the Buyback Mandate will not be exercised to the extent that the number of Shares held by the public would be reduced to less than 25% of the issued share capital of the Company. The Directors have no intention to exercise the Buyback Mandate which may result in possible mandatory offer being made under the Takeovers Code.

5. SHARES PURCHASED BY THE COMPANY

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The table below is a summary of the monthly highest and lowest traded prices in each of the previous twelve months prior to the Latest Practicable Date and for the month of May 2012 up to the Latest Practicable Date:

	Highest Traded Price <i>HK\$</i>	Lowest Traded Price <i>HK\$</i>
2011		
April	28.30	23.90
May	29.40	26.45
June	28.45	24.75
July	28.70	25.90
August	29.60	24.25
September	29.40	21.60
October	29.00	22.95
November	28.95	24.40
December	29.70	22.15
2012		
January	25.10	21.95
February	27.20	23.60
March	29.30	25.60
April	28.25	25.65
May (up to Latest Practicable Date)	28.75	26.65

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting:

MR. WANG YUSUO

Mr. WANG Yusuo, aged 48, is a co-founder, the Chairman and an Executive Director of the Company and also the chairman of the Nomination Committee of the Company. He is responsible for overseeing the Group's overall strategic planning and providing leadership for and overseeing the functioning of the Board. Mr. WANG has over 25 years of experience in the investment in, and the management of, the gas business in the PRC. He holds a PhD qualification in management from the Tianjin University of Finance and Economics. Mr. Wang is currently a standing committee member of the Eleventh Chinese People's Political Consultative Conference. He has won various awards, including Outstanding Builder of Socialism with Chinese Characteristics, Outstanding Entrepreneurs in China and The China Charity Award.

Mr. WANG holds various directorships in 27 principal subsidiaries of the Group. He is also the Chairman of Hebei Veyong Bio-Chemical Co., Ltd., a company listed in the PRC. Save as disclosed above, Mr. WANG has not held any other positions with any other members of the Group and in the last three years, he had not held any other directorships in any other listed public companies.

Mr. WANG has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, and the service agreement shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. WANG is a director and a controlling Shareholder of EGII, which is a controlling Shareholder of the Company. Mr. WANG is the spouse of Ms. ZHAO Baoju and the brother-in-law of Mr. ZHAO Jinfeng. Mr. WANG and Ms. ZHAO Baoju jointly own various investment holding companies. Save as disclosed above, Mr. WANG does not have any other relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, save for the interest in 996,000 Shares, interest in share options granted by the Company to subscribe for 500,000 Shares (of which share options to subscribe for 100,000 Shares were granted to his spouse) and, together with spouse, the 100% interest in EGII, which holds 326,095,000 Shares, Mr. WANG did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to his responsibilities and duties with the Company, his performance, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Pursuant to the terms of the service agreement, Mr. WANG received a director's remuneration of HK\$3,120,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

MR. ZHAO JINFENG

Mr. ZHAO Jinfeng, aged 44, is an Executive Director of the Company responsible for coordinating the Group's investment in PRC projects. He holds various directorships in 3 principal subsidiaries of the Group. He graduated from the Township and Village Enterprise Cadre College of the Ministry of Agriculture and received an executive master's degree in business administration from the Sino-Europe International Business School in 2006. Prior to joining the Group in 1993, Mr. ZHAO worked at Langfang City Electrical Company responsible for resources management. Mr. ZHAO has over 19 years of experience in the PRC gas industry.

Save as disclosed above, Mr. ZHAO has not held any other positions with any other members of the Group and in the last three years, he had not held any directorships in any listed public companies.

Mr. ZHAO has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, and the service agreement shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. ZHAO is the brother of Ms. ZHAO Baoju, a non-executive Director and a controlling Shareholder of the Company, and the brother-in-law of Mr. WANG Yusuo, the spouse of Ms. ZHAO Baoju, the chairman, an executive Director and a controlling Shareholder of the Company. Save as disclosed above, Mr. ZHAO does not have any other relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, save for the interest in share options granted by the Company to subscribe for 1,180,000 Shares, Mr. ZHAO did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to his responsibilities and duties with the Company, his performance, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Pursuant to the terms of the service agreement, Mr. ZHAO received a director's remuneration of HK\$720,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. ZHAO has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

MR. YU JIANCHAO

Mr. YU Jianchao, aged 43, is an Executive Director and the Finance Director of the Company and has joined the Group since 1998. He holds various directorships in 6 principal subsidiaries of the Group. He graduated from the Hebei Economics and Finance College in 1993 and obtained an executive master's degree in business administration from the Sino-Europe International Business School in 2005. Prior to joining the Group, he worked as the chief accountant for a number of foreign enterprises, including GSK (Langfang) Co., Ltd. and Nissin Foods Co., Ltd. Mr. YU has over 23 years of experience in accounting and financial management.

Save as disclosed above, Mr. YU has not held any other positions with any other members of the Group and in the last three years, he had not held any directorships in any listed public companies.

Mr. YU has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, and the service agreement shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. YU is a director of EGII, which is a controlling Shareholder of the Company. Save as disclosed above, Mr. YU does not have any other relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, save for the interest in share options granted by the Company to subscribe for 1,800,000 Shares, Mr. YU did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to his responsibilities and duties with the Company, his performance, the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Pursuant to the terms of the service agreement, Mr. YU received a director's remuneration of HK\$720,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. YU has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

MR. WANG GUANGTIAN

Mr. WANG Guangtian, aged 48, is an Independent Non-Executive Director appointed by the Company in 2001. He is also members of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He holds a master's degree in world economics from the Hebei University and has over 29 years of experience in financial and administrative management. He is currently a vice president of Guofu Group and a director and the general manager of Guofu (Hong Kong) Holdings Limited.

Mr. WANG is currently an independent non-executive director of China Oil And Gas Group Limited, a Hong Kong listed company (stock code: 603). Save as disclosed above, Mr. WANG has not held any positions with any members of the Group and in the last three years, he had not held any other directorships in any other listed public companies.

Mr. WANG was re-appointed by the Company for a term of three years commencing 1 March 2010, and the appointment shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. WANG does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, save for the interest in share options granted by the Company to subscribe for 200,000 Shares, Mr. WANG did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of independent non-executive Directors are determined by reference to his responsibilities and duties with the Company, the remuneration benchmark in the industry and the prevailing market conditions. Pursuant to the terms of the appointment, Mr. WANG received a director's fee of HK\$240,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there is no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

The following is a summary of the principal terms of the rules of the New Share Option Scheme to be adopted at the Annual General Meeting. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the Annual General Meeting to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix:

(1) PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group. The New Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their effort and contributions.

(2) CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon (i) the approval of the Shareholders for the adoption of the New Share Option Scheme; and (ii) and the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options which may be granted under the New Share Option Scheme.

(3) BASIS OF ELIGIBILITY OF THE PARTICIPANTS

In determining the basis of eligibility of each Participant, the Board would mainly take into account of the experience of the Participant on the Group's business, the length of service of the Participant with the Group (if the Participant is an employee or a director of any member of the Group), the length of business relationship the Participant has established with the Group (if the Participant is an employee, a partner or a director of any business consultant, joint venture partner, financial adviser and legal adviser of and to any member of the Group), the amount of support, assistance, guidance, advice, efforts and contributions the Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Participant is likely to be able to give or make towards the success of the Group in the future.

An Option may be accepted by a participant within 28 days from the date of the Offer and HK\$1.00 is payable by the Participant to the Company on acceptance of the Offer.

(4) DURATION OF THE NEW SHARE OPTION SCHEME

Subject to paragraph 23 below, the New Share Option Scheme shall remain in force for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect and options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(5) GRANT OF OPTIONS

Subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the Subscription Price calculated in accordance with paragraph (7) below. Subject to the provisions of the New Share Option Scheme and the Listing Rules, the Board may, when making an Offer, impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

(6) RESTRICTION ON GRANT OF OPTION

No Offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in accordance with Rule 2.07C of the Listing Rules. In particular, no Option may be granted on any day on which the Company's financial results are published, and during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish an announcement of its results for any year or half year under the Listing Rules, and ending on the date of the results announcement. Further, no Offer may be granted to any Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (as set out in Appendix 10 of the Listing Rules) or any corresponding code or securities dealing restrictions adopted by the Company.

(7) SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to paragraph 20 below, the Subscription Price shall be a price determined by the Board and notified to each Participant and will be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a Business Day; (ii) the average

closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Grant Date; and (iii) the nominal value of a Share.

(8) EXERCISE OF OPTIONS

An Option is personal to the Grantee and may not be transferred or assigned. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period, subject to paragraphs (10) to (14) below.

(9) MINIMUM HOLDING PERIOD AND PERFORMANCE TARGET

Generally, there is no minimum period for which an Option must be held nor is there any performance target that must be achieved before an option can be exercised. However, the Directors may in the Offer letter to be given by the Board to any particular Participant under the New Share Option Scheme stipulate that the Options to be granted to this Participant would be subject to such minimum holding period and/or this Participant may have to achieve such performance target as may be stipulated in the Offer letter before his options can be exercised.

(10) RIGHTS ON CESSATION OF EMPLOYMENT, DIRECTORSHIP, OFFICE OR APPOINTMENT

In the event of the Grantee ceases to be a participant for any reason other than on his death or the termination of his employment, directorship, office or appointment on certain ground(s), the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within the period of six months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant member(s) of the Group whether salary is paid in lieu of notice or not or the last date of office or appointment as partner or director of any business consultant, joint venture partner, financial/legal adviser to the relevant member(s) of the Group, as the case may be, failing which the Option will lapse.

(11) RIGHTS ON DEATH

If a Grantee dies before exercising the Option in full and none of certain events which would be a ground for termination of his employment, directorship, office or appointment arises, the personal representative(s) of the Grantee may exercise the Option up to the entitlement of such Grantee at the date of his death (to the extent but not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death, failing which the Option will lapse.

(12) RIGHTS ON A GENERAL OFFER

If a general offer by way of take-over is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) with the terms of the offer having been approved in accordance with applicable laws and regulatory requirements becoming or are declared unconditional, the Grantee (or the personal representative(s) of the Grantee) may by notice in writing to the Company exercise the Option (to the extent which has become exercisable on the date of such notice and not already exercised) to its full extent or to the extent specified in such notice at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(13) RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or the personal representative(s) of the Grantee) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court exercise any of his options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may require the Grantee (or the personal representative(s) of the Grantee) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(14) RIGHTS ON VOLUNTARY WINDING UP OF THE COMPANY

If a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or the legal personal representative(s) of the Grantee) may by notice in writing to the Company (such notice shall be received by the Company not later than 2 Business Days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate subscription price for the Shares in respect

of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

(15) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, unless the Company obtains an approval from its Shareholders pursuant to sub-paragraph (ii) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating such 10% limit.
- (ii) The Company may seek approval by its Shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph (i) above under the New Share Option Scheme such that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the New Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the limit as refreshed.
- (iii) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of the limit are granted only to Participants specially identified by the Company before such approval is sought.

Notwithstanding the above, the limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share options scheme of the Company must not exceed 30% of the Shares in issue from time to time (or such higher percentage as may be allowed under the Listing Rules). No Options may be granted under the New Share Option Scheme and any other share option scheme of the Company if this will result in the limit being exceeded.

(16) MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option scheme of the Company to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be subject to the issue of a circular to the Shareholders pursuant to Note 1 to Rule 17.03(4) of the Listing Rules and the separate approval of the Shareholders in general meeting with such Participant and his associates (as defined in the Listing Rules) abstaining from voting. The number of Shares subject to the Options to be granted and the terms of the Options to be granted to such Participant shall be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

(17) GRANT OF OPTIONS TO CONNECTED PERSONS OF THE COMPANY

- (i) Any grant of options to a participant who is a connected person (as defined in the Listing Rules), such as director, chief executive or substantial shareholder of the Company or their respective associates (as defined in the Listing Rules), must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Grantee).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director, or any of their respective associates (as defined in the Listing Rules), would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate more than 0.1% of the total number of Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000;

such proposed grant of Options must be approved by the Shareholders in general meeting with all connected persons of the Company abstaining from voting (except where any connected person may vote against the relevant resolution). In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. For the avoidance of doubt, any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(18) LAPSE OF AN OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (10), (11) or (12) above;
- (iii) subject to the scheme of arrangement for reconstruction or amalgamation becoming effective, the expiry of the period referred to in paragraph (13) above;
- (iv) the date on which the Grantee ceases to be a participant by reason of the termination of his employment, directorship, office or appointment on the ground that he has been guilty of misconduct;
- (v) the close of the 2 Business Days prior to the general meeting of the Company held for the purposes of approving the voluntary winding-up of the Company;
- (vi) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any Option (or enters into any agreement so to do) in breach of the New Share Option Scheme; or
- (vii) the date on which the Option is cancelled by the Board as provided in paragraph (21) below.

(19) RANKING OF SHARES

The Shares to be allotted and issued upon the exercise of an Option will be subject to the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.

Unless the context otherwise requires, references to “Shares” in the New Share Option Scheme and this Appendix include references to shares in the Company of any such nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

(20) REORGANISATION OF CAPITAL STRUCTURE OF THE COMPANY

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to:

- (i) the number of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the limits set out in paragraph 15(i) to (iii) above,

as the auditors of the Company shall at the request of the Board, certify in writing (other than any such adjustments made on a capitalisation issue), either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that such alterations shall give a Grantee the same proportion of the issued share capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers in relation to share option schemes) as that to which he or she is previously entitled, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors in this paragraph is that of experts and their certification shall be final and binding on the Company and the Grantees.

(21) CANCELLATION OF OPTIONS GRANTED

Subject to paragraphs (10) to (14), the Board may at any time at its absolute discretion cancel any Option granted but not exercised. Where the Company cancels options and makes an Offer of grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under the New Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the Shareholders pursuant to the New Share Option Scheme as detailed in paragraph 15 above.

(22) ALTERATION OF THE NEW SHARE OPTION SCHEME

The provisions of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the definitions of “Grantee”, “Option Period”, “Participant” in sub-paragraph 1.1 thereof, the provisions of sub-paragraphs 4.1 (please refer to paragraph 4 above), 5.1 (please refer to paragraph 5 above), 5.2 (please refer to paragraph 6 above), 5.3 (which sets out the required procedures in relation to the making by the Board of an Offer to a Participant), paragraphs 6 (please refer to paragraph 7 above), 7 (please refer to paragraph 8 above), 8 (please refer to paragraph 18 above), 9 (please refer to paragraph 15 above), 10 (please refer to paragraph 17 above), 11 (please refer to paragraph 20 above) and 14 (which details have been set out in this paragraph 22) thereof and all such other matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting.

Any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(23) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.



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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of ENN Energy Holdings Limited (the "Company") will be held at Tianshan and Lushan Rooms, Function Room, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Hong Kong on Tuesday, 26 June 2012 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements for the year ended 31 December 2011 together with the directors' and independent auditor's reports;
2. To declare a final dividend for the year ended 31 December 2011;
- 3A. To re-elect retiring directors (Mr. WANG Yusuo, Mr. ZHAO Jinfeng and Mr. YU Jianchao) and to authorise the board of directors to fix the directors' remuneration;
- 3B. To re-elect retiring director (Mr. WANG Guangtian) and to authorise the board of directors to fix his director's remuneration;
4. To re-appoint Deloitte Touche Tohmatsu as auditor and to authorise the board of directors to fix their remuneration; and

As special business, to consider and, if thought fit, pass with or without modifications, the following resolutions, of which Resolutions Nos. 5, 6, 7 and 8 will be proposed as Ordinary Resolutions; and Resolution No. 9 will be proposed as Special Resolution:

ORDINARY RESOLUTIONS

5. "THAT:
 - (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options

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(including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of shares upon the exercise of options which may be granted under any option scheme or similar arrangement for the time being adopted or to adopt for the grant or issue to any officers, employees and/or directors of the Company and/or any of its subsidiaries and/or any other participants of such scheme or arrangement of shares or rights to acquire shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

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- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of shareholders of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of shares in the capital of the Company repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of this Resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution.”

7. “**THAT** conditional upon Resolutions numbered 5 and 6 set out in the notice of this meeting being passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued shares pursuant to Resolution numbered 5 set out in the notice of this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 6 set out in the notice of this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of the said Resolution.”

8. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, the shares of the Company which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to the Meeting and for the purpose of identification signed by the Chairman of the Meeting, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or

NOTICE OF ANNUAL GENERAL MEETING

expedient in order to give full effect to the New Share Option Scheme including but without limitation:

- (A) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares in the Company;
- (B) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (C) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
- (D) to make application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares of the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
- (E) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme."

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

9. “**THAT** the articles of association of the Company be and are hereby amended as follows:-

By deleting the existing Article 120 and its marginal note in their entirety and substituting therefor the following new Article and new marginal note:

“Notice to be given when person proposed for election

120. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director is given by member or members holding together, at the date of such notice, not less than one-tenth of the paid up capital of the Company which carries the right to vote at general meetings of the Company, and notice in writing by that person of his willingness to be elected shall have been given to the Company, provided that the minimum length of the period, during which such notices are given, shall be at least 7 days. Such notices shall be lodged within the seven-day period commencing on the day after the despatch of the notice of the general meeting appointed for such election (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such general meeting and ending no later than 7 days prior to the date appointed for such general meeting, as may be determined by the Directors from time to time).”

By Order of the Board
ENN ENERGY HOLDINGS LIMITED
CHENG Chak Ngok
*Executive Director and
Company Secretary*

Hong Kong, 28 May 2012

Principal place of business in Hong Kong:
Rooms 3101-04, 31st Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Every shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting at the Meeting if the shareholder of the Company so desires.
4. Where there are joint registered holders of any share in the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.
5. For the purpose of determining the identity of shareholders of the Company who are entitled to attend and vote at the Meeting, the register of members of the Company 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 Meeting, all transfers of shares in the Company 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 21 June 2012.
6. For the purpose of determining the entitlements to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 3 July 2012 to Thursday, 5 July 2012, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers of shares in the Company 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 29 June 2012.
7. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
8. With regard to resolution no. 3A and resolution no. 3B of this notice, the board of directors of the Company proposes that the retiring directors of the Company, namely Mr. WANG Yusuo, Mr. ZHAO Jinfeng, Mr. YU Jianchao and Mr. WANG Guangtian be re-elected as directors of the Company. Particulars of the said retiring directors are set out in Appendix II to the circular to the shareholders of the Company dated 28 May 2012.
9. With regard to the resolutions referred to in items 5, 6 and 7 of this notice, the board of directors of the Company proposes to seek its shareholders' approval of the general mandates to issue shares in the Company and to repurchase shares in the Company and a circular in connection with such proposals will be despatched to the shareholders of the Company.
10. As at the date of this notice, the board of directors of the Company comprises seven executive directors, namely Mr. WANG Yusuo (Chairman), Mr. CHEUNG Yip Sang (Chief Executive Officer), Mr. ZHAO Jinfeng, Mr. YU Jianchao, Mr. CHENG Chak Ngok (Chief Financial Officer), Mr. ZHAO Shengli and Mr. WANG Dongzhi; two non-executive directors, namely Ms. ZHAO Baoju and Mr. JIN Yongsheng; and three independent non-executive directors, namely Mr. WANG Guangtian, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau.