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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)

ANNOUNCEMENT

CONNECTED TRANSACTION

RELATING TO CAPITAL INJECTION INTO ENN FINANCE COMPANY LIMITED

THE CAPITAL INJECTION INTO ENN FINANCE

On 4 January 2013, ENN (China), Bengbu ENN Gas, ENN Energy Logistics, ENN Gas Engineering and ENN Energy Trading (all being subsidiaries of the Company) entered into the Capital Increase Agreement with EIH. Pursuant to the Capital Increase Agreement, ENN (China), ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH have agreed to subscribe for the increased registered capital of ENN Finance (a non-wholly owned subsidiary of the Company) in the aggregate amount of RMB500,000,000 in cash. The Capital Injection is not in proportion to the respective shareholding interest of the existing shareholders of ENN Finance. Following the completion of the Capital Injection, the equity interest in ENN Finance held by wholly owned or non-wholly owned subsidiaries of the Company will be diluted from 100% to 91% (and the Company's effective interest in ENN Finance will be diluted from 97% to 89.5%) and EIH's equity interest in ENN Finance will be increased from nil to 9%, and such dilution of the Company's interest in ENN Finance will be regarded as a deemed disposal by the Company of its interest in ENN Finance under Rule 14.29 of the Listing Rules. Upon completion of the Capital Injection, the total registered capital of ENN Finance will be increased from RMB500,000,000 to RMB1,000,000,000, and ENN Finance will remain an indirect non-wholly owned subsidiary of the Company.

EIH is beneficially wholly owned by Mr. Wang and Ms. Zhao, who together own the entire issued share capital in EGII, the controlling shareholder of the Company holding 30.11% of the issued share capital of the Company. Therefore, EIH is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the capital injection by EIH under the Capital Increase Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the capital injection by EIH under the Capital

Increase Agreement, as calculated under Rule 14.07 of the Listing Rules, are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 4 January 2013, ENN (China), Bengbu ENN Gas, ENN Energy Logistics, ENN Gas Engineering and ENN Energy Trading (all being subsidiaries of the Company) entered into the Capital Increase Agreement with EIH. Pursuant to the Capital Increase Agreement, ENN (China), ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH have agreed to subscribe for the increased registered capital of ENN Finance (a non-wholly owned subsidiary of the Company) in the aggregate amount of RMB500,000,000 in cash. The Capital Injection is not in proportion to the respective shareholding interest of the existing shareholders of ENN Finance. Following the completion of the Capital Injection, the equity interest in ENN Finance held by wholly owned or non-wholly owned subsidiaries of the Company will be diluted from 100% to 91% (and the Company's effective interest in ENN Finance will be diluted from 97% to 89.5%) and EIH's equity interest in ENN Finance will be increased from nil to 9%, and such dilution of the Company's interest in ENN Finance will be regarded as a deemed disposal by the Company of its interest in ENN Finance under Rule 14.29 of the Listing Rules. Upon completion of the Capital Injection, the total registered capital of ENN Finance will be increased from RMB500,000,000 to RMB1,000,000,000, and ENN Finance will remain an indirect non-wholly owned subsidiary of the Company.

THE CAPITAL INCREASE AGREEMENT

The Capital Increase Agreement

The principal terms of the Capital Increase Agreement are summarized below.

Date

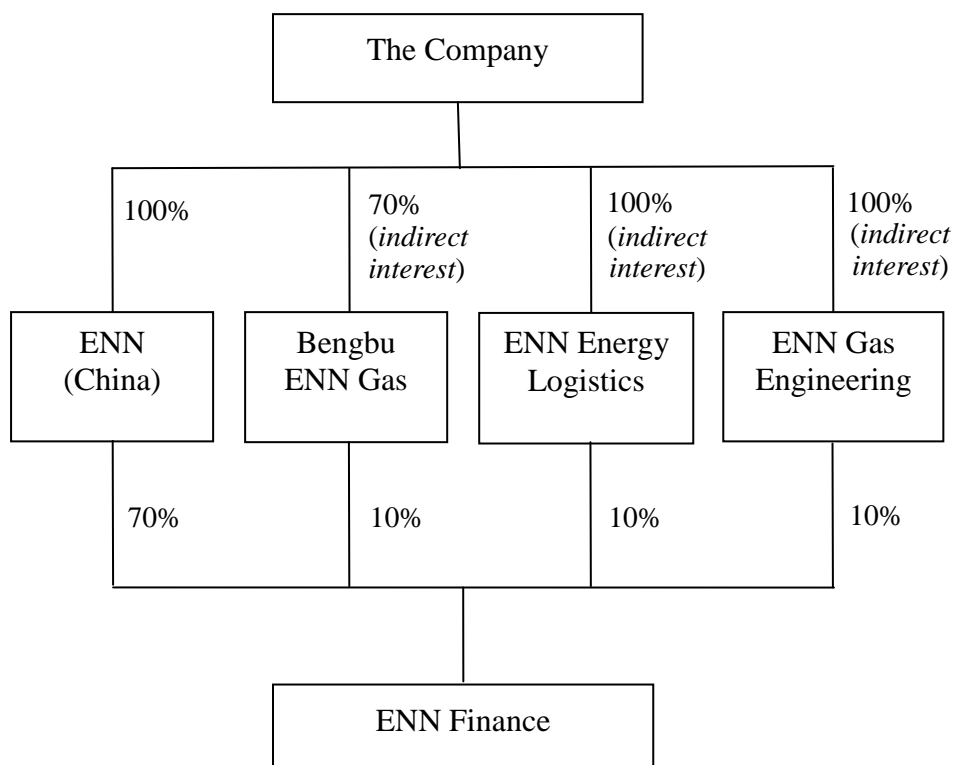
4 January 2013

Parties

- (1) ENN (China)
- (2) Bengbu ENN Gas
- (3) ENN Energy Logistics
- (4) ENN Gas Engineering
- (5) ENN Energy Trading
- (6) EIH

The Capital Injection

As at the date of this announcement, ENN Finance has four shareholders, namely ENN (China), Bengbu ENN Gas, ENN Energy Logistics and ENN Gas Engineering (all being subsidiaries of the Company), holding 70%, 10%, 10% and 10% of the registered capital of ENN Finance respectively. The following corporate chart illustrates the existing shareholding structure of ENN Finance before the Capital Injection:-



The Capital Injection is not in proportion to the respective shareholding interest of the existing shareholders of ENN Finance. Among the four existing shareholders, ENN (China), ENN Energy Logistics and ENN Gas Engineering have agreed to subscribe for additional registered capital of RMB100,000,000 (by paying USD equivalent of such RMB amount), RMB140,000,000 and RMB40,000,000, respectively, in ENN Finance, whereas Bengbu ENN Gas has waived its rights pursuant to the articles of association of ENN Finance to participate in the capital injection and therefore will not subscribe for any additional registered capital in ENN Finance. Further, ENN Energy Trading (an indirect wholly owned subsidiary of the Company) has agreed to subscribe for ENN Finance's increased registered capital of RMB130,000,000.

EIH has agreed to subscribe for ENN Finance's increased registered capital of RMB90,000,000.

The following table illustrates the changes in the registered capital and shareholding interest in ENN Finance immediately before and after completion of the Capital Injection, and the amounts of the capital injection to be contributed under the Capital Injection:

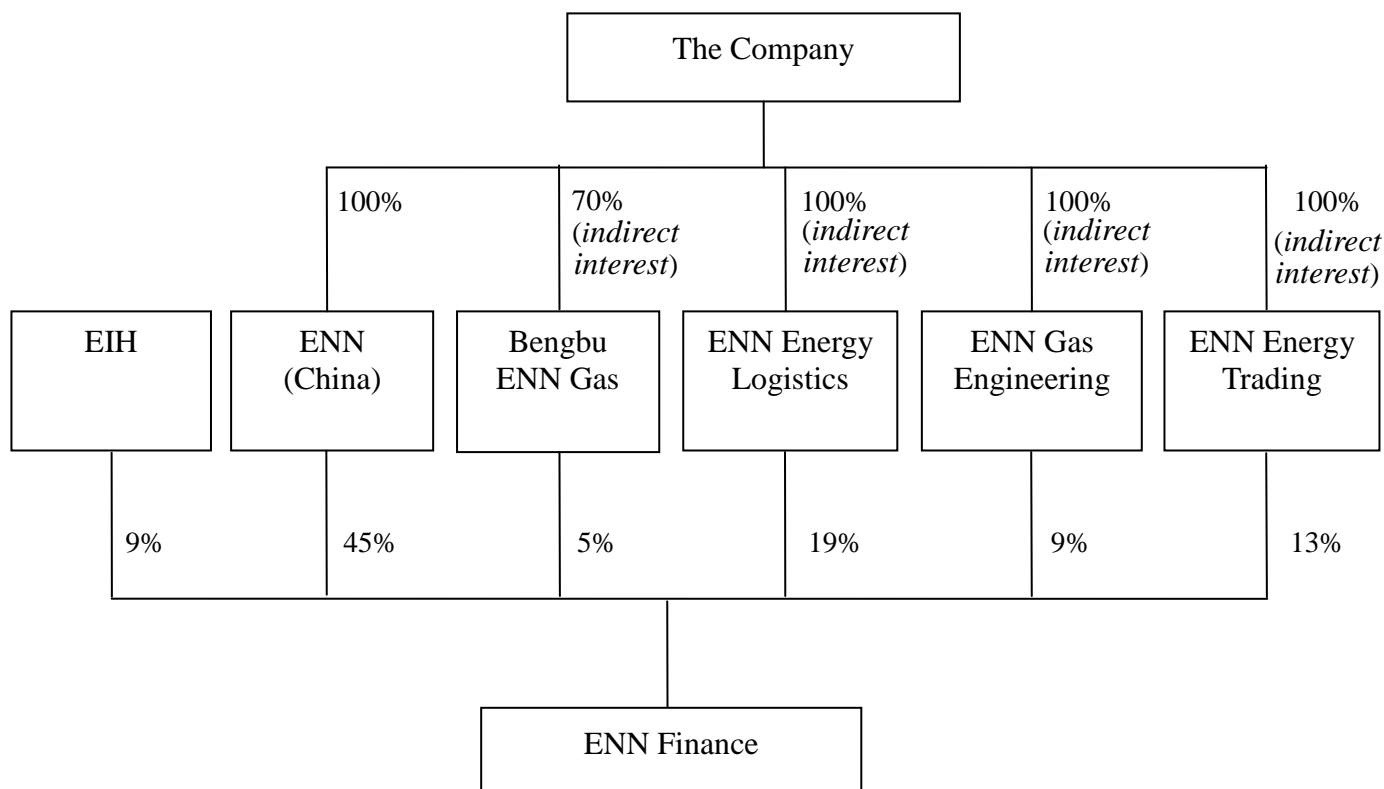
Shareholder	<i>Before the Capital Injection</i>		Amount of capital injection (RMB) <i>(Note 1)</i>	<i>After the Capital Injection</i>	
	Registered capital (RMB)	Percentage interest (%)		Registered capital (RMB)	Percentage interest (%)
ENN (China)	350,000,000	70	100,000,000 <i>(Note 1)</i>	450,000,000 <i>(Note 2)</i>	45
Bengbu ENN Gas	50,000,000	10	0	50,000,000	5
ENN Energy Logistics	50,000,000	10	140,000,000	190,000,000	19
ENN Gas Engineering	50,000,000	10	40,000,000	90,000,000	9
ENN Energy Trading	0	0	130,000,000	130,000,000	13
EIH	0	0	90,000,000	90,000,000	9
Total:	500,000,000	100	500,000,000	1,000,000,000	100

Notes: (1) The capital injection to be contributed by ENN (China) under the Capital Injection will be paid in USD and will be equal to the USD equivalent of RMB100,000,000.

(2) Among the total RMB450,000,000 registered capital of ENN Finance contributed by ENN (China) upon completion of the Capital Injection, RMB100,000,000 is to be contributed in USD and the rest of RMB350,000,000 has been paid in RMB.

Upon completion of the Capital Injection, the total registered capital of ENN Finance will be increased from RMB500,000,000 to RMB1,000,000,000, and ENN Finance will remain an indirect non-wholly owned subsidiary of the Company. Following the completion of the Capital Injection, the registered capital of ENN Finance will be held as to, 45%, 5%, 19%, 9%, 13% and 9% by ENN (China), Bengbu ENN Gas, ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH respectively.

The following chart illustrates the shareholding structure of ENN Finance immediately after completion of the Capital Injection.



The amount to be contributed by ENN (China), ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH respectively was arrived at after arm's length negotiation and was determined taking into account the capital requirement of ENN Finance, the relevant PRC regulatory requirements, the growth and development of ENN Finance's business, the financial resources of the parties and the profit sharing arrangement mentioned below.

The contributions to be made by ENN (China), ENN Energy Logistics, ENN Gas Engineering and ENN Energy Trading (all being subsidiaries of the Company) will be financed by their own internal resources.

Payment

The Capital Injection shall be contributed in RMB cash by ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH; and in USD cash by ENN (China), and shall be paid within 90 business days after the signing of the Capital Increase Agreement.

Conditions of Completion of the Capital Injection

The completion of the Capital Injection is conditional upon, among others, (i) the approval of the Capital Injection by a resolution of shareholders of ENN Finance; (ii) the parties to the Capital Increase Agreement having obtained their respective internal approval of the transactions under the Capital Increase Agreement; (iii) the approval or registration of the Capital Injection by the relevant PRC authorities (including without limitation, CBRC and the relevant authority for business registration management) and the completion of the required procedures for the Capital Injection in

accordance with the applicable laws; and (iv) the compliance with the relevant requirements under the Listing Rules, including the announcement requirement.

Profit sharing

Pursuant to the Capital Increase Agreement, the profits of ENN Finance accumulated before the completion of the Capital Injection shall be shared among the original shareholders of ENN Finance prior to the Capital Injection based on their shareholding percentage (that is to be shared among ENN (China), Bengbu ENN Gas, ENN Energy Logistics and ENN Gas Engineering in the proportion of 70%, 10%, 10% and 10%). The profits of ENN Finance accumulated after completion of the Capital Injection shall be shared among the shareholders of ENN Finance based on their new shareholding percentage after the Capital Injection.

Information of ENN Finance

The current principal business of ENN Finance is the provision of financial services to the members of the Group but not to other parties, including the following:

- (1) financial advisory services, certification of financial position and other advisory and agency services;
- (2) receipt and payment of the transaction proceeds;
- (3) approved insurance agency services;
- (4) arranging entrustment loans;
- (5) commercial notes acceptance and discounting services;
- (6) internal transfer and settlement, and design of settlement plans;
- (7) deposit services; and
- (8) loans and finance lease.

ENN Finance is a non-bank financial institution with limited liability established under the PRC law on 14 April 2011 with the approval of and is subject to the supervision of the CBRC. The business activities of ENN Finance are regulated and supervised by CBRC.

As at 30 November 2012, ENN Finance had a total unaudited net asset value of approximately RMB554 million based on its unaudited financial statements prepared in accordance with the generally accepted accounting principles in the PRC.

Based on the audited financial statements of ENN Finance prepared in accordance with accounting principles generally accepted in the PRC, the audited net profits before taxation and extraordinary items and the audited net profits after taxation and extraordinary items for the period from 14 April 2011 (the date of its establishment) to 31 December 2011 are RMB28,534,563.17 and RMB21,400,922.3 respectively. The unaudited net profits before taxation and extraordinary items and the unaudited net profits after taxation and extraordinary items for the period from 1 January 2012 to 30 November 2012 are RMB43,880,775.87 and RMB32,847,967.43 respectively, based on its unaudited financial statements prepared in accordance with the generally accepted accounting principles in the PRC. Pursuant to the Capital Increase Agreement, the profits of ENN Finance accumulated before the completion of the Capital Injection (which are expected to be approximately RMB54 million based on the above audited and unaudited financial statements) shall be shared among ENN (China), Bengbu ENN Gas, ENN Energy Logistics and ENN Gas Engineering in the proportion of 70%, 10%, 10% and 10%, and therefore, EIH shall not be entitled to share such portion of profits of ENN Finance.

Implications under the Listing Rules

EIH is beneficially wholly owned by Mr. Wang and Ms. Zhao, who together own the entire issued share capital in EGII, the controlling shareholder of the Company holding 30.11% of the issued share capital of the Company. Therefore, EIH is a connected person of the Company within the meaning of the Listing Rules. Following the completion of the Capital Injection, the equity interest in ENN Finance held by wholly owned or non-wholly owned subsidiaries of the Company will be diluted from 100% to 91% (and the Company's effective interest in ENN will be diluted from 97% to 89.5%) and EIH's equity interest in ENN Finance will be increased from nil to 9%, and such dilution of the Company's interest in ENN Finance will be regarded as a deemed disposal by the Company of its interest in ENN Finance under Rule 14.29 of the Listing Rules. Accordingly, the capital injection by EIH under the Capital Increase Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the capital injection by EIH under the Capital Increase Agreement, as calculated under Rule 14.07 of the Listing Rules, are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE AGREEMENT

Pursuant to the applicable PRC laws and requirements and the articles of association of ENN Finance, currently ENN Finance could only provide financial services to members of the Group. After the completion of the Capital Injection, EIH will become a member of ENN Finance and ENN Finance could extend certain financial services to the EIH Members. On 4 January 2013, EIH and ENN Finance entered into a conditional financial services agreement pursuant to which ENN Finance shall provide to EIH Members certain financial services (including financial advisory and agency services, certification of financial position and other advisory and agency services; settlement services and design of settlement plans; insurance agency services; arranging for entrustment loans and deposit services.) required by the EIH Members on normal commercial terms, after the completion of the capital injection by EIH under the Capital Increase Agreement. Transactions under such financial services agreement are exempt continuing connected transactions pursuant to Rule 14A.33(2) of the Listing Rules.

The Capital Injection together with the provision of financial services by ENN Finance to the EIH Members will be expected to strengthen the capital base of ENN Finance, broaden the client base of ENN Finance and enable the growth of ENN Finance's business, enhance its bargaining power when transacting with other financial institutions, lower the costs for financing and provision of other financial services from the economies of scale, and ultimately increase the profitability of ENN Finance. The Capital Injection will further improve ENN Finance's capital strength and risk resistance capacity.

OPINION OF THE BOARD

The terms of the Capital Increase Agreement have been determined after arm's length negotiation. Taking into account the terms of Capital Increase Agreement and the internal control and risk management system of ENN Finance, the Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Capital Increase Agreement are on normal commercial terms, and the terms thereof are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP

The Group is one of the largest distributors of clean energy in the PRC. The principal activities of the Group include gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, distribution of bottled liquefied petroleum gas and sales of gas appliances in the PRC.

INFORMATION OF EIH

The EIH Members are principally engaged in the businesses of energy chemicals, culture & travel and intelligent energy. The main objective of EIH Members' energy chemicals business is to use China's ubiquitous coal reserves to produce fuels that burn far more cleanly and emit far less pollution than traditional uses of coal. EIH Members' culture & travel business limb has positioned itself as a major developer of cultural creations, tourist centers and energy-wise properties that promote a healthy lifestyle and leave a low-carbon footprint. EIH Members' intelligent energy business focuses on energy conservation and environmental protection by providing clients with intelligent, low-carbon and integrated clean energy solution services.

GENERAL

As EIH is beneficially wholly owned by Mr. Wang (the chairman and an executive Director of the Company) and Ms. Zhao (a non-executive Director of the Company and the spouse of Mr. Wang) together, Mr. Wang and Ms. Zhao have a material interest in the transactions contemplated under the Capital Increase Agreement, and they have abstained from voting in the relevant Board resolutions approving the Capital Increase Agreement. Save as above, none of the other Directors have a material interest in the transactions contemplated under the Capital Increase Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Bengbu ENN Gas”	蚌埠新奧燃氣有限公司 (Bengbu ENN Gas Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“Capital Injection”	the capital injection by ENN (China), ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH in the aggregate amount of RMB500,000,000 to the registered capital of ENN Finance
“Capital Increase Agreement”	the Capital Increase Agreement dated 4 January 2013 entered into between ENN (China), Bengbu ENN Gas, ENN Energy Logistics, ENN Gas Engineering, ENN Energy Trading and EIH in relation to the Capital Injection, details of which are summarized in this announcement above

“CBRC”	中國銀行業監督管理委員會 (China Banking Regulatory Commission)
“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGII”	ENN Group International Investment Limited, the controlling shareholder of the Company holding 30.11% of the issued share capital of the Company
“EIH”	新奧控股投資有限公司 (ENN Investment Holdings Co., Ltd.), a company established in the PRC with limited liability
“EIH Member(s)”	EIH and its subsidiaries
“ENN (China)”	新奧(中國)燃氣投資有限公司 (ENN (China) Gas Investment Company Limited), a company established in the PRC with limited liability and a direct wholly owned subsidiary of the Company
“ENN Energy Logistics”	新奧能源物流有限公司 (ENN Energy Logistics Company Limited), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“ENN Energy Trading”	新奧能源貿易有限公司 (ENN Energy Trading Company Limited), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“ENN Finance”	新奧財務有限責任公司 (ENN Finance Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“ENN Gas Engineering”	新奧燃氣工程有限公司 (ENN Gas Engineering Company Limited), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Yusuo, the chairman and an executive Director of the Company who together with his spouse Ms. Zhao own the entire issued share capital of EGII
“Ms. Zhao”	Ms. Zhao Baoju, a non-executive Director of the Company, who together with her spouse Mr. Wang own the entire issued share capital of EGII
“PBOC”	中國人民銀行 (the People’s Bank of China)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“USD”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
ENN Energy Holdings Limited
Mr. WANG Dongzhi
Chief Financial Officer

Hong Kong, 4 January 2013

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

Executive Directors:

Mr. Wang Yusuo (Chairman)
Mr. Cheung Yip Sang (Chief Executive Officer)
Mr. Zhao Jinfeng
Mr. Yu Jianchao
Mr. Zhao Shengli
Mr. Wang Dongzhi (Chief Financial Officer)

Non-executive Directors:

Ms. Zhao Baoju
Mr. Jin Yongsheng

Independent Non-executive Directors:

Mr. Wang Guangtian

Ms. Yien Yu Yu, Catherine

Mr. Kong Chung Kau

Mr. Zhang Gang