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

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

(Stock Code: 2688)

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

## TOTAL RETURN SWAP

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and Listing Rule 13.09(2).

The Board announces that on 18 January 2017, the Company entered into the cash settled total return swap transaction (the “**TRS Transaction**”) with Nomura International plc (the “**TRS Counterparty**”). The maximum equity notional amount of the TRS Transaction is HK\$390,000,000 and the maximum number of Shares underlying the TRS Transaction is 11,200,000. The TRS Transaction will be for a term of 12 months after an Initial Hedge Execution Period. Upon the expiry of the 12-month term, the determination of the Final Price will commence and continue until the end of a Final Hedge Execution Period. Under the TRS Transaction, if the Final Price is higher than the Initial Price (each as defined below), the TRS Counterparty will be required to pay the Company an amount determined by reference to the difference between the Final Price and the Initial Price. If the Final Price is lower than the Initial Price, the Company will be required to pay the TRS Counterparty an amount determined by reference to that difference. In all circumstances the TRS Transaction will be cash-settled and no physical delivery of Shares will be made under the TRS Transaction. Under the TRS Transaction, the TRS Counterparty has no obligation to purchase any Shares and the Company has no right to direct the TRS Counterparty to purchase any Shares or enter into any hedge positions. Subject to certain conditions, the Company has the option to early terminate the TRS Transaction. The TRS Transaction is classified and accounted for as a financial instrument at fair value through profit and loss.

As none of the applicable percentages under Rule 14.07 of the Listing Rules in relation to the TRS Transaction is more than 5%, the TRS Transaction is not subject to any of the reporting, announcement or shareholders’ approval requirements under the Listing Rules.

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The Board announces that on 18 January 2017, the Company entered into the TRS Transaction with Nomura International plc. The maximum equity notional amount of the TRS Transaction is HK\$390,000,000 and the maximum number of Shares underlying the TRS Transaction is 11,200,000. The TRS Transaction will be for a term of 12 months after an Initial Hedge Execution Period. Upon the expiry of the 12-month term, the determination of the Final Price will commence and continue until the end of a Final Hedge Execution Period. Under the TRS Transaction, if the Final Price is higher than the Initial Price, the TRS Counterparty will be required to pay the Company an amount determined by reference to the difference between the Final Price and the Initial Price. If the Final Price is lower than the Initial Price, the Company will be required to pay the TRS Counterparty an

amount determined by reference to that difference. In all circumstances the TRS Transaction will be cash-settled and no physical delivery of Shares will be made under the TRS Transaction. Under the TRS Transaction, the TRS Counterparty has no obligation to purchase any Shares and the Company has no right to direct the TRS Counterparty to purchase any Shares or enter into any hedge positions. Subject to certain conditions, the Company has the option to early terminate the TRS Transaction. The TRS Transaction is classified and accounted for as a financial instrument at fair value through profit and loss.

The initial price (the “**Initial Price**”) will be determined by the TRS Counterparty based on the volume weighted average price at which a hypothetical broker dealer would be able to execute its hedge positions during an Initial Hedge Execution Period, with some adjustments as agreed under the terms of the TRS Transaction, including, without limitation, a limit on the price at which the hypothetical broker dealer would execute its hedge positions (being HK\$35 per Share). It is therefore possible that, depending on the movements of the price of the Shares during the Initial Hedge Execution Period, the number of Shares underlying and the Equity Notional Amount of the TRS Transaction might be significantly less than the maximum number of underlying Shares and the maximum equity notional amount, respectively. The final price (the “**Final Price**”) will be determined by the TRS Counterparty based on the volume weighted average price at which a hypothetical broker dealer would be able to unwind its hedge positions during a Final Hedge Execution Period.

The Company is required to make an initial payment of HK\$39,000,000 to the TRS Counterparty on or around the Effective Date, and (subject to the reduction referred to below) a further payment of the amount by which the Equity Notional Amount exceeds such initial payment on or around the date falling three months after the Effective Date. Prior to the date on which it is due to pay such excess amount, the Company is also required to provide cash collateral to the TRS Counterparty if the price of the Shares declines to pre-agreed thresholds. If the Company has provided any such cash collateral to the TRS Counterparty, then the Company’s obligation to pay the foregoing excess amount shall be reduced by an amount equal to the aggregate cash collateral provided to the TRS Counterparty.

## TERMS OF THE TRS TRANSACTION

Effective Date:	20 January 2017
Parties:	The Company and the TRS Counterparty
Initial Hedge Execution Period:	The period from the Effective Date to the date which is up to three months after the Effective Date.
Scheduled start date of the Final Hedge Execution Period:	The date falling 12 months after the end of the Initial Hedge Execution Period.
Equity Notional Amount:	The product of the Initial Price and the number of Shares underlying the TRS Transaction, subject to a maximum of HK\$390,000,000.
Equity Amount Payer:	The TRS Counterparty, being the party which will make a payment with respect to the price of the Shares to the Equity Amount Receiver if the Final Price is greater than the Initial Price.
Equity Amount Receiver:	The Company, being the party which will make a payment with respect to the price of the Shares to the Equity Amount Payer if the Initial Price is greater than the Final Price.
Settlement:	Payments will be made in Hong Kong Dollars. No physical delivery of Shares will be required under the TRS Transaction.
Payment:	The Company is required to make an initial payment of HK\$39,000,000 to the TRS Counterparty on or around the Effective

Date above, and (subject to the reduction referred to below) a further payment of the amount by which the Equity Notional Amount exceeds the initial payment on or around the date falling three months after the Effective Date. The Company is also required to provide cash collateral to the TRS Counterparty prior to the date on which it is due to pay such excess amount if the price of the Shares declines to pre-agreed thresholds. If the Company has provided any cash collateral to the TRS Counterparty, then the Company's obligation to pay the foregoing excess amount shall be reduced by an amount equal to the aggregate cash collateral provided to the TRS Counterparty.

In addition, certain costs and fees will be payable by the Company to the TRS Counterparty.

## **REASONS FOR AND BENEFITS OF THE TRS TRANSACTION**

The reason for the Company to enter into the TRS Transaction on these terms on the date of this announcement is to hedge exposure to future Share price appreciation. Such exposure arises in connection with the US\$500,000,000 Zero Coupon Convertible Bonds due 2018 issued by the Company (the "**Convertible Bonds**"). Subject to certain conditions, holders of the Convertible Bonds have the right to convert such Convertible Bonds into Shares. Such right of conversion is subject to the right of the Company to cash-settle the Convertible Bond in lieu of conversion into Shares. Amounts that would be receivable by the Company under the TRS Transaction may be used to offset amounts payable by the Company arising from the cash settlement of the Convertible Bonds.

The Directors are unanimously of the view that, having regard to all relevant factors and considerations (including the level of historical trading price of the Shares), the terms of the TRS Transaction are fair and reasonable and the entering into of the TRS Transaction on such terms is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As none of the applicable percentages under Rule 14.07 of the Listing Rules in relation to the TRS Transaction is more than 5%, the TRS Transaction is not subject to any of the reporting, announcement or shareholders' approval requirements under the Listing Rules.

## **INFORMATION RELATING TO THE GROUP**

The principal activity of the Company is investment holding. The Group is principally engaged in gas supply business in the PRC, including but not limited to the gas connection, sales of piped gas, construction of vehicles gas refuelling stations, wholesale of gas, sales of other energy, sales of gas appliances and sales of materials.

## **DEFINITIONS**

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

"Board"	the board of Directors;
"Company"	ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"Convertible Bonds"	has the meaning given in this announcement, details of which are summarised in the announcement of the Company dated 30 January 2013;

“Director(s)”	the director(s) of the Company;
“Effective Date”	has the meaning given in “Terms of the TRS Transaction” set out above;
“Equity Amount Payer”	has the meaning given in “Terms of the TRS Transaction” set out above;
“Equity Amount Receiver”	has the meaning given in “Terms of the TRS Transaction” set out above;
“Equity Notional Amount”	has the meaning given in “Terms of the TRS Transaction” set out above;
“Final Price”	has the meaning given in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Hedge Execution Period”	has the meaning given in “Terms of the TRS Transaction” set out above;
“Initial Price”	has the meaning given in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Taiwan, Hong Kong and the Macau Special Administrative Region;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the registered holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TRS Counterparty”	has the meaning given in this announcement;
“TRS Transaction”	has the meaning given in this announcement;
“%”	percentage

By Order of the Board  
**ENN Energy Holdings Limited**  
**WANG YUSUO**  
*Chairman*

Hong Kong, 18 January 2017

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

*Executive Directors:*

*Mr. Wang Yusuo (Chairman)*

*Mr. Cheung Yip Sang (Vice Chairman)*

*Mr. Han Jishen (President)*

*Mr. Wang Dongzhi (Chief Financial Officer)*

*Non-executive Directors:*

*Mr. Wang Zizheng*

*Mr. Jin Yongsheng*

*Independent Non-executive Directors:*

*Mr. Ma Zhixiang*

*Mr. Yuen Po Kwong*

*Mr. Law Yee Kwan, Quinn*