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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)

## ADOPTION OF SHARE AWARD SCHEME AND TOTAL RETURN SWAP

This announcement is made by the Board on a voluntary basis.

### ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 30 November 2018 it adopted the Scheme. The purpose of the Scheme is to recognise the contributions by certain Employees and to incentivise them to remain with and excel in their performance for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

### TOTAL RETURN SWAP

On 30 November 2018, the Company entered into the TRS Transaction with the TRS Counterparty in order to hedge its exposure to future Share price appreciation in connection with the Scheme.

The maximum equity notional amount of the TRS Transaction is HK\$525 million and the maximum number of Shares underlying the TRS Transaction is 7,000,000 Shares, representing approximately 0.623% of the Company's issued share capital as of the date of this announcement. The TRS Transaction will be for a term of around ten months after the Effective Date. Subject to certain conditions, the Company has the option to early terminate the TRS Transaction. Upon the expiry of such term or at an early termination of the TRS Transaction by the Company, the determination of the Final Price will commence and continue until the end of the relevant Final Hedge Execution Period, after which the TRS Counterparty will be required to pay the Company an amount in cash determined by reference to the Final Price. No physical delivery of Shares will be made to the Company under the TRS Transaction. Further, 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.

In connection with the termination of the TRS Transaction (whether upon the expiry of the around ten-month term or an early termination of the TRS Transaction by the Company), any Shares acquired by the TRS Counterparty may be sold to the Trust.

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.

This announcement is made by the Board on a voluntary basis.

## **ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that on 30 November 2018 it adopted the Scheme. A summary of the principal terms of the Scheme is set out below:

### **Purpose**

The purpose of the Scheme is to recognise the contributions by certain Employees and to incentivise them to remain with and excel in their performance for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

### **Duration**

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date.

### **Administration**

The Scheme shall be administered by the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding. The Trustee will hold the Trust Fund in accordance with the terms of the Trust Deed.

### **Operation of the Scheme**

#### ***Contribution of funds to the Trust***

The Board may from time to time cause to be paid an amount to the Trust by way of settlement or otherwise contributed by the Company or any subsidiary of the Company as directed by the Board.

The Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or in off-market transactions specifying the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased.

#### ***Eligible persons for the Scheme and grant of Awarded Shares***

The Board may from time to time at its absolute discretion, select any Employees (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee and grant to such Selected Employee the Awarded Shares at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

The Board may decide in the grant notice that upon vesting whether to:

- (i) transfer the Awarded Shares to the relevant Selected Employee;
- (ii) instruct the Trustee to sell the Awarded Shares on market and transfer the Average Sale Proceeds in relation to the vested Awarded Shares to the relevant Selected Employee;
- (iii) instruct the Trustee to sell the Awarded Shares on market and transfer the Gain (if any) in relation to the vested Awarded Shares to the relevant Selected Employee; or
- (iv) instruct the Trustee to determine the fair value of the Awarded Shares on a particular date and transfer the Notional Gain (if any) in relation to the vested Awarded Shares to the relevant Selected Employee.

#### ***Vesting of the Awarded Shares***

The Board is entitled to impose any conditions as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee.

Upon the vesting of the Awarded Shares, subject to confirmation by the Company and on the terms and conditions specified by the Company, the Company and/or the Trustee shall take such actions including the transfer of Awarded Shares to the relevant Selected Employee, or to effect the sale of such Awarded Shares at the prevailing market price on the Stock Exchange or to determine the fair value of such Awarded Shares on a particular date, and transfer an amount (if any) in relation to the vested Awarded Shares to the relevant Selected Employee as stipulated in the grant notice.

#### ***Rights attached to the Awarded Shares***

Any Selected Employee shall not have any interest or rights (including the right to vote at general meetings of the Company or the right to receive dividends) in the Awarded Shares prior to the Vesting Date.

#### ***Non-transferrable***

Prior to the Vesting Date, any award of the Awarded Shares made pursuant to the terms of the Scheme shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such award.

#### ***Death or retirement of the Selected Employee***

In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the Selected

Employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

### ***Lapse of the Awarded Shares***

In the event that a Selected Employee is found to be an Excluded Employee, or is deemed to cease to be an Employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund.

### ***Voting rights of the Trustee***

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

### ***Restrictions***

No award shall be made by the Board, no instructions to acquire any Shares shall be given to the Trustee and no acquisition of any Shares by the Trustee shall be made under the Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to and including the publication date of the results;
- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant interim period up to and including the publication date of the results;  
or
- (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

### ***Subsequent adjustment to the Award Price and/or the number of the Awarded Shares***

The Board has the discretion to adjust the Award Price and/or the number of Awarded Shares in the event that the Company takes certain corporate actions, such as share consolidation and subdivision, or other corporate actions that might have a similar effect.

### ***Scheme limit***

The Board shall not make any further award of the Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme exceeding 5% of the issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

### **Alteration of the Scheme**

The Scheme may be altered in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee.

### **Termination**

The Scheme shall terminate on the earlier of the 10<sup>th</sup> anniversary date of the Adoption Date; and such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

### **Listing Rules implications**

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No shareholders' approval is required to adopt the Scheme.

### **TOTAL RETURN SWAP**

On 30 November 2018, the Company entered into the TRS Transaction with the TRS Counterparty. The maximum equity notional amount of the TRS Transaction is HK\$525 million and the maximum number of Shares underlying the TRS Transaction is 7,000,000 Shares, representing approximately 0.623% of the Company's issued share capital as of the date of this announcement. The TRS Transaction will be for a term of around ten months after the Effective Date. Subject to certain conditions, the Company has the option to early terminate the TRS Transaction. Upon the expiry of such term or at an early termination of the TRS Transaction by the Company, the determination of the Final Price will commence and continue until the end of the relevant Final Hedge Execution Period, after which the TRS Counterparty will be required to pay the Company an amount in cash determined by reference to the Final Price. No physical delivery of Shares will be made to the Company under the TRS Transaction. Further, 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. The TRS Transaction is classified and accounted for as a financial instrument at fair value through profit or loss.

The Initial Price will be determined by the TRS Counterparty based on the volume weighted average price at which a broker dealer subject to the same securities law and rules and regulations as the TRS Counterparty, acting reasonably, would be able to execute hedge positions during the Initial Hedge Execution Period, having regard to a limit on the price at which such broker dealer would execute its hedge positions (being HK\$75 per Share) and a target as to the number of hedge positions which such broker dealer would execute each day during such period (being a function of the then exchange-trade price of the Shares and market liquidity). It is possible that, depending on the movements of the price of the Shares and market liquidity during the Initial Hedge Execution Period, the

number of Shares underlying and the Equity Notional Amount of the TRS Transaction might be less than the maximum number of underlying Shares and the maximum equity notional amount, respectively. The Final Price will be determined by the TRS Counterparty based on the volume weighted average price at which a broker dealer subject to the same securities law and rules and regulations as the TRS Counterparty, acting reasonably, 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\$125 million to the TRS Counterparty on or around the Effective Date and two further payments of HK\$200 million each to the TRS Counterparty on or around one month and two months after the Effective Date, respectively. After the Initial Hedge Execution Period, if the Equity Notional Amount is less than the maximum equity notional amount, the TRS Counterparty will make a payment to the Company equal to such difference.

### **Terms of the TRS Transaction**

Effective Date:	30 November 2018
Parties:	The Company and the TRS Counterparty
Initial Hedge Execution Period:	The period of up to four months from on or around the Effective Date.
Scheduled start date of the Final Hedge Execution Period:	The date falling around ten months after the Effective Date.
Equity Notional Amount:	The product of the Initial Price and the number of Shares underlying the TRS Transaction, subject to a maximum of HK\$525 million.
Equity Amount Payer:	The TRS Counterparty, being the party which will make a payment at settlement.
Equity Amount Receiver:	The Company, being the party which will receive a payment at settlement.
Settlement:	<p>The TRS Counterparty will pay to the Company an amount equal to the product of the Final Price and the number of shares underlying the TRS Transaction.</p> <p>All payments will be made in Hong Kong dollars.</p> <p>No physical delivery of Shares will be made under the TRS Transaction to the Company.</p>
Payment:	The Company is required to make an initial payment of HK\$125 million to the TRS Counterparty on or around the Effective Date and two further payments of HK\$200 million each to the TRS Counterparty on or around one month and two months after the Effective Date, respectively.

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 is to hedge exposure to future Share price appreciation. Such exposure arises in connection with the costs to be incurred and free cash flow to be expended by the Company relating to its injection of cash into the Trust to fund the future acquisition of Shares by the Trustee for the purpose of the Scheme, which can only be carried out after the Trust is set up, which is currently expected to take at least two months from the date of this announcement. In view of the current volatile market conditions and trading prices of the Shares, the Directors are of the view that the entering into the TRS Transaction on such terms could effectively hedge the Company's exposure to future price appreciation of the Shares to be acquired pursuant to the Scheme and to reduce the Company's costs to be incurred and free cash flow expended for such purposes accordingly.

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

In connection with the termination of the TRS Transaction (whether upon the expiry of the around ten-month term or an early termination of the TRS Transaction by the Company), any Shares acquired by the TRS Counterparty may be sold to the Trust.

### **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 one of the largest clean energy distributors in the PRC and is principally engaged in the investment and construction, as well as operation and management of gas pipeline infrastructures, vehicle and ship refueling stations and integrated energy projects, the sales and distribution of piped gas, LNG and other multi-energy products, and wholesale of gas business and provision of other services in relation to energy supply in the PRC.

### **DEFINITIONS**

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

“Adoption Date”	30 November 2018, being the date on which the Scheme is adopted by the Company;
“Average Sale Proceeds”	the amount representing the Net Sale Proceeds divided by

	the number of relevant Awarded Shares sold by the Trustee on the Stock Exchange;
“Awarded Share(s)”	in respect of a Selected Employee, such number of Shares awarded by the Board;
“Award Price”	the price of an Awarded Share granted by the Board to a Selected Employee as specified in the notice of grant of awards;
“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 (stock code: 2688.HK);
“Director(s)”	the director(s) of the Company;
“Effective Date”	30 November 2018;
“Employee(s)”	any employee (including without limitation any directors) of any member of the Group;
“Equity Amount Payer”	the TRS Counterparty, being the party which will make a payment at settlement under the TRS Transaction;
“Equity Amount Receiver”	the Company, being the party which will receive a payment at settlement under the TRS Transaction;
“Equity Notional Amount”	the product of the Initial Price and the number of Shares underlying the TRS Transaction, subject to a maximum of HK\$525 million;
“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee;
“Final Hedge Execution Period”	in connection with a termination of TRS Transaction (whether in whole or in part), the period of up to three months from on or around the date of such termination;
“Final Price”	the final price as determined under the terms of the TRS Transaction, as more particularly disclosed in this announcement;
“Gain”	any positive amount resulting from the Average Sale



	Proceeds less the Award Price;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Initial Hedge Execution Period”	the period of up to four months from on or around the Effective Date;
“Initial Price”	the initial price as determined under the terms of the TRS Transaction, as more particularly disclosed in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Net Sale Proceeds”	the total proceeds obtained from sale of the Awarded Shares by the Trustee during any period as instructed by the Company pursuant to the Scheme less the Total Sale Cost in relation to the relevant Awarded Shares;
“Notional Gain”	any positive amount resulting from the fair value of each Awarded Share as determined by the Trustee on a particular date as specified by the Board less the Award Price;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Scheme”	the share award scheme constituted by the rules set out in the scheme document and adopted by the Company on the Adoption Date;
“Selected Employee(s)”	Employees selected by the Board pursuant to the terms of the Scheme for participation in the Scheme;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholder(s)”	the registered holder(s) of the share(s) of the Company;
“Shares”	ordinary shares 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;

“Total Sale Cost”	all related expenses and such other necessary expenses required for the completion of the sale of the relevant Awarded Shares by the Trustee on the Stock Exchange;
“TRS Counterparty”	Nomura International plc;
“TRS Transaction”	the total return swap transaction entered into by the Company with the TRS Counterparty on 30 November 2018;
“Trust”	the trust to be constituted by the Trust Deed;
“Trust Deed”	a trust deed in respect of the scheme to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	the trustee which will enter into the Trust Deed with the Company which is currently expected to be an independent third party, and any additional or replacement trustee(s), being the trustee(s) for the time being of the trusts declared in the Trust Deed;
“Trust Fund”	the funds and properties (including Shares acquired by the Trustee for the purpose of the Trust) held under the Trust and managed by the Trustee for the benefit of the Employees (other than the Excluded Employees);
“Vesting Date”	in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee pursuant to the terms of the Scheme; and
“%”	percentage.

By order of the Board  
**ENN Energy Holdings Limited**  
**LIANG Hongyu**  
*Company Secretary*

Hong Kong, 30 November 2018

*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. Wang Zizheng (Executive Chairman)*  
*Mr. Han Jishen (Chief Executive Officer)*  
*Mr. Liu Min (President)*  
*Mr. Wang Dongzhi*

*Independent Non-executive Directors:*

*Mr. Ma Zhixiang*

*Mr. Yuen Po Kwong*

*Mr. Law Yee Kwan, Quinn*