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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)

## CONTINUING CONNECTED TRANSACTIONS: (1) RENEWAL OF THE EXISTING MASTER AGREEMENTS; AND (2) NEW MASTER LOGISTIC SERVICES AGREEMENT

*Independent Financial Adviser*  
 SOMERLEY CAPITAL LIMITED

### THE NEW MASTER AGREEMENTS

Reference is made to the announcement of the Company dated 30 November 2018 in relation to, among other things, certain continuing connected transactions between the Group and the LCNG Group under the Existing Master Agreements.

The Existing Master Agreements will expire on 31 December 2021 and the Group expects to continue similar transactions. Therefore, on 17 November 2021, the Company (as service recipient) entered into each of the following master agreements with ENN-NG or LCNG to renew the Existing Master Agreements after the expiry thereof:

- (1) the Renewed Master Construction Services Agreement, details of which are set out in the section headed “**RENEWED MASTER CONSTRUCTION SERVICES AGREEMENT**” in this announcement;
- (2) the Renewed Master Equipment Purchasing and Modification Services Agreement, details of which are set out in the section headed “**RENEWED MASTER EQUIPMENT PURCHASING AND MODIFICATION SERVICES AGREEMENT**” in this announcement; and
- (3) the Renewed Master Information Technology Services Agreement, details of which are set out in the section headed “**RENEWED MASTER INFORMATION TECHNOLOGY SERVICES AGREEMENT**” in this announcement.

The Board wishes to further announce that on the same date, the Company (as service provider) also entered into the New Master Logistic Services Agreement with ENN-NG, details of which are set out in the section headed “**NEW MASTER LOGISTIC SERVICES AGREEMENT**” in this announcement.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Board has established the Independent Board Committee on 23 October 2020 on a voluntary basis, comprising all the independent non-executive Directors, to review and make recommendations to the Board on all connected transactions of the Company which are subject to the announcement requirements of the Listing Rules from time to time, including the Transactions. The Board has also engaged, on a voluntary basis, Somerley Capital Limited as the independent financial adviser of the Company to advise the Independent Board Committee and the Board on the Transactions.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, LCNG, through its subsidiaries, holds approximately 32.67% of the issued share capital of the Company, therefore LCNG is a controlling shareholder and a connected person of the Company. The subsidiaries (including ENN-NG) and associates of LCNG are also regarded as connected persons of the Company. Therefore, the Transactions as contemplated under each of the New Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under each of the New Master Agreements are more than 0.1% but all of them are less than 5% on an annual basis, each of them is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 30 November 2018 in relation to, among other things, the continuing connected transactions under the Existing Master Agreements of the Group entered into with LCNG Group.

In view of the fact that the Existing Master Agreements will expire on 31 December 2021 and it is expected that the Group will continue to enter into transactions similar to those as contemplated thereunder, the Company (as service recipient) now seeks to renew the Existing Master Agreements and enter into the Renewed Master Construction Services Agreement with ENN-NG, the Renewed Master Equipment Purchasing and Modification Services Agreement and the Renewed Master Information Technology Services Agreement with LCNG on 17 November 2021, details of which are summarised in section II (1) to (3) below.

On the same date, the Company (as service provider) also entered into the New Master Logistic Services Agreement with ENN-NG, details of which are summarised in section II (4) below.

The New Master Agreements entered into between the Company and LCNG or ENN-NG are non-exclusive in nature. The Group has the right to enter into similar agreements with independent third parties (if any) for related services or products of the same category, which is a common practice in the industry. Each of the proposed annual caps only represents the maximum transaction amount best estimated by the Company for the respective New Master Agreements after taking into account factors set out under the section headed "**Proposed**

**annual caps and basis of determination”** for each of the New Master Agreements. Therefore, the actual transaction amounts in respect of each of the New Master Agreements may or may not reach the respective proposed annual caps.

When deciding to choose between LCNG Group or the ENN-NG Group (as the case may be) and an independent third party as the service provider, the Group will conduct a screening process based on the type of transaction. The details of the screening procedures are set out in the section headed “**Pricing mechanism and other terms**” of this announcement regarding each of the Renewed Master Construction Services Agreement, the Renewed Master Equipment Purchasing and Modification Services Agreement and the Renewed Master Information Technology Services Agreement.

## **II. CONTINUING CONNECTED TRANSACTIONS**

### **1. RENEWED MASTER CONSTRUCTION SERVICES AGREEMENT**

#### **Transaction background**

Based on the business nature, the Group requires the construction of high-pressure and medium-pressure pipelines, pressure regulating stations and gas storage facilities from time to time. Such construction work requires the engagement of construction service providers qualified with state-recognised Grade A engineering license. The Company is not eligible to acquire such qualification due to the constraints of the PRC laws, rules, policies and practices as to the conditions and/or qualifications required to be met as an operator. ENN-NG is one of the nationwide construction service providers possessing the Grade A engineering license. The Group has been employing ENN-NG (as a member of the LCNG Group) to provide relevant services from time to time. The Existing Master Construction Services Agreement will expire on 31 December 2021. It is expected that the Group will continue to seek engineering design and construction services from ENN-NG Group in the ordinary course of business after the expiry of the Existing Master Construction Services Agreement. Therefore, the Company entered into the Renewed Master Construction Services Agreement with ENN-NG on 17 November 2021, principal terms of which are set out below:

<b>Date</b>	: 17 November 2021
<b>Parties</b>	: (i) the Company (as service recipient); and (ii) ENN-NG (as service provider)
<b>Duration</b>	: From 1 January 2022 to 31 December 2023
<b>Subject matter</b>	: If the ENN-NG Group is being awarded the tender in the tendering and bidding process conducted by the Group, it shall, upon request from the Group, provide engineering design and construction services, including but not limited to engineering design, construction of pipelines, pressure regulating stations and gas storage facilities, and engineering procurement construction services.

## Pricing mechanism and other terms

The fees payable by the Group to the ENN-NG Group will be on normal commercial terms determined by reference to market rates (being the pricing guidelines as published by local governments for the same type of services).

In accordance with the market practice, the Group will pay in advance part of the aforesaid fees to the ENN-NG Group before the commencement of the construction work. The remaining fees will be paid after the commencement of the construction work in accordance with the progress of the matter and after such progress is confirmed.

The Group will issue tenders in accordance with the actual conditions for each construction work. A construction service provider will be selected by the construction evaluation committee of the Group after considering and evaluating the pricing proposals, qualifications, relevant reputation, delivery capability and track record (if applicable), etc. of each construction service providers.

## Reasons and benefits of entering into the Renewed Master Construction Services Agreement

The Company considers that it is in the interests of the Group to allow the ENN-NG Group to participate in the tendering and bidding process, and to provide construction services after winning the bids, for the following reasons:

1. the Group and the ENN-NG Group have established a long-term and stable business relationship and the ENN-NG Group possesses relevant qualification and has more than 25 years of relevant construction experiences; and
2. the ENN-NG Group can provide assurance on the quality and safety of relevant construction works, which is of great importance to the Group for its stable and safe natural gas distribution to its downstream customers.

## Historical transaction amounts and analysis

The historical transaction amounts under the Existing Master Construction Services Agreement for the two years ended 31 December 2019 and 2020 and nine months ended 30 September 2021 were as follows:

	Actual amounts			Annual caps		
	Year ended 31 December		Nine months ended 30 September	Year ended / ending 31 December		
	2019	2020	2021	2019	2020	2021
RMB million	1,263	974	587	1,442	1,669	1,828
(approximately in HK\$ million)	1,537	1,185	714	1,754	2,031	2,224

The historical transaction amounts for each of the two years ended 31 December 2019 and 2020 as shown in the table above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2021 will not exceed the

annual cap of the year. The relative low utilisation rate in 2020 was attributable to the COVID-19 pandemic under which construction works were postponed.

### **Proposed annual caps and basis of determination**

The proposed annual caps for the two years ending 31 December 2022 and 2023 respectively, and the basis of determination of the annual caps are set out as follows:

	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB million	1,650	1,650
(approximately in HK\$ million)	2,008	2,008

The annual caps for the Renewed Master Construction Services Agreement are determined with reference to the following:

1. the expected amount of construction work of the Group in the next two years (including the abovementioned construction work postponed due to COVID-19 pandemic);
2. the ratio of the amount of construction work of ENN-NG Group under the Existing Master Construction Services Agreement among the total amount of construction work of the Group in the previous years; and
3. the prevailing and expected local government pricing guidelines.

### **Opinions of the Board**

The Board (including the Independent Board Committee, after considering the opinion of the independent financial adviser) is of the view that the Transactions under the Renewed Master Construction Services Agreement will be conducted in the ordinary and usual course of business of the Group based on normal commercial terms or better, and that the relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **2. RENEWED MASTER EQUIPMENT PURCHASING AND MODIFICATION SERVICES AGREEMENT**

### **Transaction background**

The Group needs to purchase various types of equipment and conduct intelligent enhancement or modification on existing equipment during its ordinary course of business. To strive for operational excellence, reduction of operating costs, increase in operational efficiency and increase in service quality, the Group will acquire hi-tech equipment, which includes purchasing equipment and equipment modification and upgrade services from LCNG Group, according to its business needs to achieve such objectives and enhance customer satisfaction. The Existing Master Equipment Purchasing and Modification Services Agreement will expire on 31 December 2021. As the Group will continue to purchase equipment and request equipment modification services from the LCNG Group in the ordinary course of business after the expiry of the Existing Master Equipment Purchasing and Modification Services Agreement, the Company entered into the Renewed Master

Equipment Purchasing and Modification Services Agreement with LCNG on 17 November 2021, the principal terms of which are set out below:

- Date** : 17 November 2021
- Parties** : (i) the Company (as service recipient); and  
(ii) LCNG (as service provider)
- Duration** : From 1 January 2022 to 31 December 2023
- Subject matter** : Upon request from the Group, the LCNG Group will provide equipment and equipment modification and enhancement services, including but not limited to micro and small gas turbines, pressure monitoring terminals, bluetooth cards, smart flow meters, pressure gauge, data card readers and the modification and enhancement services of such equipment.

### **Pricing mechanism and other terms**

The fees payable by the Group to the LCNG Group will be on normal commercial terms determined by the following: (i) the tendering and bidding or quotation process conducted by the Group; or (ii) with reference to the market price charged for the same equipment and services provided by independent third party suppliers. The LCNG Group will provide the same equipment and equipment modification and enhancement services to the Group on terms and conditions no less favourable to the Group than those offered to independent third parties.

Payment for equipment procurement is payable by the Group within six months after the inspection of the relevant equipment, whereas payment for equipment modification and enhancement services is payable by the Group in accordance with the progress of the matter within six months after the quality of such matter is confirmed.

Prior to issuing any purchase order/contract or entering into any equipment modification and enhancement services contract with the LCNG Group, the Group will simultaneously invite the suppliers on its list of equipment suppliers (including the LCNG Group) who are qualified to bid or offer quotation on the provision of equipment and equipment modification and enhancement services. The equipment purchasing evaluation committee of the Group will select a supplier after considering and evaluating the pricing proposals, relevant reputation, experiences in the industry, delivery capability and track record (if applicable), etc. of each supplier through tendering and bidding or quotation procedures.

### **Reasons and benefits of entering into the Renewed Master Equipment Purchasing and Modification Services Agreement**

The Company considers that engaging in the equipment purchasing and modification service transactions with the LCNG Group is in the interests of the Group for the following reasons:

1. the LCNG Group has been engaged in the development and innovation of equipment and services related to the energy industry for a long period of time, and its products are of relatively higher quality, applicability and operational efficiency and it is able to offer more competitive prices and quality services as compared to third party suppliers;

2. the Group can coordinate with the LCNG Group more efficiently on after-sales services to further enhance operational efficiency and service quality; and
3. the Group does not need to incur additional research and development costs on related aspects.

### Historical transaction amounts and analysis

For the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021, the historical transaction amounts under the Existing Master Equipment Purchasing and Modification Services Agreement were as follows:

	Actual amounts			Annual caps		
	Year ended 31 December		Nine months ended 30 September	Year ended / ending 31 December		
	2019	2020	2021	2019	2020	2021
RMB million	52	128	62	180	216	259
(approximately in HK\$ million)	63	156	75	219	263	315

The historical transaction amounts for each of the two years ended 31 December 2019 and 2020 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2021 will not exceed the annual cap of the year. The relatively low level of actual historical amounts as compared to the annual caps of the respective periods was mainly due to the postponement of the Group's equipment procurement plan.

### Proposed annual caps and basis of determination

The proposed annual caps for the two years ending 31 December 2022 and 2023 respectively, and the basis of determination of the annual caps are set out as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB million	200	250
(approximately in HK\$ million)	243	304

The annual caps for the Renewed Master Equipment Purchasing and Modification Services Agreement are determined with reference to the following:

1. the Group's business plan and the needs for management upgrades;
2. the estimated quantity of equipment purchase and the scale of modification and enhancement services required by the Group (such as security equipment and energy usage data monitoring equipment); and
3. the estimated market prices charged for the corresponding equipment and services.

## **Opinions of the Board**

The Board (including the Independent Board Committee, after considering the opinion of the independent financial adviser) is of the view that the Transactions under the Renewed Master Equipment Purchasing and Modification Services Agreement will be conducted in the ordinary and usual course of business of the Group based on normal commercial terms or better, and that the relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **3. RENEWED MASTER INFORMATION TECHNOLOGY SERVICES AGREEMENT**

#### **Transaction background**

The Group focuses on natural gas and integrated energy sales, hence information technology is not an area that the Group intends to invest and develop. In order to reduce costs and adapt to the increasingly informationalised business environment in a more flexible way to construct a smart enterprise, the Group has been requesting the LCNG Group to provide information technology services from time to time and the Existing Master Information Technology Services Agreement will expire on 31 December 2021. It is expected that the Group will continue to request information technology services from the LCNG Group in the ordinary course of business after the expiry of the Existing Master Information Technology Services Agreement. Therefore, the Company entered into the Renewed Master Information Technology Services Agreement with LCNG on 17 November 2021, principal terms of which are set out below:

<b>Date</b>	:	17 November 2021
<b>Parties</b>	:	(i) the Company (as service recipient); and (ii) LCNG (as service provider)
<b>Duration</b>	:	From 1 January 2022 to 31 December 2023
<b>Subject matter</b>	:	The LCNG Group will, upon request from the Group, provide the Group with information technology services, including but not limited to information technology infrastructure construction, operation and maintenance, as well as consultation, design, development, operation and maintenance services for information technology applications such as software and platforms.

#### **Pricing mechanism and other terms**

The fees payable by the Group to the LCNG Group will be on normal commercial terms determined by the following: (i) the tendering and bidding or quotation process conducted by the Group; or (ii) with reference to the market rate of the same services provided by independent third parties. The LCNG Group will provide the same information technology support services to the Group on terms and conditions no less favourable to the Group than those offered to independent third parties.

For each new standalone information technology application of the Group, the selection process of information technology services provider (including the LCNG Group) will be

based on tendering and bidding. An information technology service provider will be selected by the information technology evaluation committee of the Group after considering and evaluating the pricing proposals, overall strength, relevant reputation, delivery capability and track record (if applicable), etc., of each information technology service provider. Considering the continuity of the existing information technology applications, the Group will obtain quotations from at least three information technology service providers (which may include the LCNG Group) for upgrading and iterating the existing information technology applications, to ensure the fairness of the price offered by the service providers of such applications. If there is no tendering and bidding procedure, the Group will obtain quotations from at least three information technology service providers (which may include the LCNG Group) in its selection process.

For services provided under the Renewed Master Information Technology Services Agreement, the Group will also enter into a service level agreement with the LCNG Group to guarantee the quality of its services on infrastructure and operation and maintenance. The operation and maintenance service fees will be payable by the Group to the LCNG Group on a quarterly basis after such services are confirmed by both parties, while the service fees for the consultation, design and development of new information technology applications, such as software and platforms, will be payable in accordance with the progress of the provision of such services and after the progress and quality of such services provided are confirmed.

### **Reasons and benefits of entering into the Renewed Master Information Technology Services Agreement**

The Company considers that using the information technology services provided by the LCNG Group is in the interests of the Group for the following reasons:

1. the Group can streamline its organisational structure and focus its internal resources on business strategic matters and core business development;
2. the LCNG Group is a professional services provider with a strong capability in the realm of information technology and will put the Group's data security on top priority; and
3. the LCNG Group has a deep understanding on the Group's strategy as well as business needs, hence it can respond to the Group's needs promptly and provide the Group with comprehensive services and develop necessary applications for operation and maintenance.

### **Historical transaction amounts and analysis**

For the two years ended 31 December 2019 and 2020 and nine months ended 30 September 2021, the historical transaction amounts under the Existing Master Information Technology Services Agreement were as follows:

	Actual amount			Annual caps		
	Year ended 31 December		Nine months ended 30 September	Year ended / ending 31 December		
	2019	2020	2021	2019	2020	2021
RMB million	139	195	114	304	318	357
(approximately in HK\$ million)	169	237	139	370	387	434

The historical transaction amounts for each of the two years ended 31 December 2019 and 2020 above did not exceed the annual caps for the corresponding years. It is also expected that the full year aggregate transaction amount of 2021 will not exceed the annual cap of the year. During such periods, the utilisation rate of the annual caps was relatively low mainly due to the transformation progress of digital intelligence of the Group and the postponement in connection with COVID-19 pandemic.

### **Proposed annual caps and basis of determination**

The proposed annual caps for the two years ending 31 December 2022 and 2023 respectively, and the basis of determination of the annual caps are set out as follows:

	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB million	400	420
(approximately in HK\$ million)	487	511

The annual caps for the Renewed Master Information Technology Services Agreement are determined with reference to the following:

1. the anticipated needs of the Group in construction, operation and maintenance services on information technology infrastructure, and consultation, design, development, operation and maintenance services for software and platform applications; and
2. estimated market price charged for such services.

### **Opinions of the Board**

The Board (including the Independent Board Committee, after considering the opinion of the independent financial adviser) is of the view that the Transactions under the Renewed Master Information Technology Services Agreement will be conducted in the ordinary and usual course of business of the Group based on normal commercial terms or better, and that the relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **4. NEW MASTER LOGISTIC SERVICES AGREEMENT**

### **Transaction background**

The Group has developed sound logistic capabilities which ensure stable gas supply for its downstream gas distribution over the years. By virtue of its priority access right to Zhoushan LNG receiving terminal, the Group has rearranged its logistic resources from the receiving terminals in neighbouring areas to Zhoushan, and has built a logistic network (thoroughfares for the passage of LNG trucks), while leasing spare logistic capacity to other terminal users (including ENN-NG). As at 31 October 2021, the amount payable by ENN-NG to the Group for the aforesaid logistic services was approximately RMB68 million. As the Group expects that the ENN-NG Group will continue to request for logistic services in Zhoushan or other services areas from the Group in the ordinary course of business, the Company entered into New Master Logistic Services Agreement with ENN-NG on 17 November 2021, principal terms of which are set out below:

- Date** : 17 November 2021
- Parties** : (i) ENN-NG (as service recipient); and  
(ii) The Company (as service provider)
- Duration** : From 17 November 2021 to 31 December 2023
- Subject matter** : The Group will, upon request from the ENN-NG Group, provide the ENN-NG Group with logistic services, including but not limited to the provision of cargo transportation services, and the provision of thoroughfare usage supporting services required by the transportation.

### **Pricing mechanism and other terms**

The charges payable by ENN-NG Group to the Group for the logistic services will be determined according to the following principles:

- (i) the charges for the thoroughfare usage supporting services are determined with reference to the costs of the Group for providing the relevant services (taking into account, among others, construction cost of facilities, labour costs, maintenance costs and other related costs) plus not more than 10% profit margin. The Group applies a fixed flat rate for all users (including ENN-NG Group); and
- (ii) the charges for the cargo transportation services are determined by the parties with reference to the weight of the cargo, mileages, the market price for logistic services in the same category quoted from widely recognised websites in the PRC natural gas industry and prices offered by independent third party in the service areas (if any) to ensure that the price offered by the Group to ENN-NG Group for the provision of logistic services will be no less favourable to the market price and the terms offered by the Group to ENN-NG Group will be no less favourable to those offered by the Group to independent third parties.

Payment of service charges will be made according to the payment terms of the individual agreement for each transaction between the parties, which will be determined by arm's length negotiations between the parties with reference to, among others, the amount of service charges payable. The services charges will be settled by the ENN-NG Group on a monthly basis.

### **Reasons and benefits of entering into the New Master Logistic Services Agreement**

The Company considers that the provision of the logistic services by the Group to ENN-NG Group is in the interests of the Group for the following reasons:

1. the Group can have returns on investments, especially the investment in the logistic facilities on the neighbouring islands of Zhoushan LNG terminal;
2. as ENN-NG is a controlling shareholder of the Company, ENN-NG Group will be a customer of the Group with a steady growth for such services if the capability of ENN-NG Group in obtaining LNG resources increases steadily; and

- the charges and terms of such logistics services, which are no less favourable than those provided by the Group to independent third parties for the provision of same services, can broaden the revenue base of the Group and are in the interests of the Group as a whole.

### **Proposed annual caps and basis of determination**

The proposed annual caps for the period from 17 November 2021 to 31 December 2021, and for the two years ending 31 December 2022 and 2023 respectively, and the basis of determination of the annual caps are set out as follows:

	<b>For the period from 17 November 2021 to 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
RMB million	62	289	310
(approximately in HK\$ million)	75	352	377

The annual caps for the New Master Logistic Services Agreement are determined with reference to the following:

- the anticipated demand of the ENN-NG Group for logistic services after communication with the ENN-NG Group;
- the estimated transportation capabilities available for external parties; and
- estimated market price charged for such services.

### **Opinions of the Board**

The Board (including the Independent Board Committee, after considering the opinion of the independent financial adviser) is of the view that the Transactions under the New Master Logistic Services Agreement will be conducted in the ordinary and usual course of business of the Group based on normal commercial terms or better, and that the relevant terms and related annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **III. GENERAL**

The Company is an investment holding company. 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, integrated energy stations and vehicle and ship refueling stations, the sales and distribution of piped gas, LNG and other multi-energy products, and energy trading business and provision of other services in relation to energy supply in the PRC.

ENN-NG (a controlling shareholder of the Company) is a limited company established under the laws of the PRC. The business segments of the ENN-NG Group include obtaining upstream natural gas resources, natural gas downstream distribution, energy engineering, and energy chemical business. As at the date of this announcement, ENN-NG is a subsidiary indirectly held by LCNG.

LCNG (a controlling shareholder of the Company) is a limited liability company established under the laws of the PRC. The businesses of LCNG cover the energy sector, including energy and chemical engineering, LNG terminals, natural gas procurement and sales; the lifestyle sector, including real estate, tourism, cultural and healthcare industry; the high-tech sector, including smart city operations, industrial network operation, cloud computing and artificial intelligence. As at the date of this announcement, Mr. Wang and Ms. Zhao Baojun (the spouse of Mr. Wang) collectively own the entire issued share capital of LCNG.

#### **IV. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee on 23 October 2020, comprising all the independent non-executive Directors on a voluntary basis. The Independent Board Committee is responsible for reviewing all connected transactions of the Company which are subject to the announcement requirements of the Listing Rules from time to time and assessing whether they are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, and making recommendations to the Board. The Board has also engaged, on a voluntary basis, Somerley Capital Limited as the independent financial adviser of the Company to advise the Independent Board Committee and the Board on the Transactions.

#### **V. LISTING RULES IMPLICATIONS**

As at the date of this announcement, LCNG, through its subsidiaries, holds approximately 32.67% of the issued share capital of the Company, therefore LCNG is a controlling shareholder and a connected person of the Company. The subsidiaries (including ENN-NG) and associates of LCNG are also regarded as connected persons of the Company. Therefore, the transactions as contemplated under each of the New Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the continuing connected transactions contemplated under each of the New Master Agreements are more than 0.1% but all of them are less than 5% on an annual basis, each of them is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Given that (i) Mr. Wang is a shareholder of LCNG; (ii) Mr. Wang Zizheng (a non-executive Director of the Company) is the son of Mr. Wang; (iii) Mr. Wang, Mr. Wang Zizheng, Mr. Zheng Hongtao (an executive Director of the Company), Mr. Jin Yongsheng (a non-executive Director of the Company) and Mr. Wang Dongzhi (an executive Director of the Company) are directors and/or hold senior management positions of LCNG, ENN-NG and/or other members of the LCNG Group, they are deemed to have significant interests in the Transactions and have abstained from voting on relevant board resolutions. Save as disclosed above, no other Director has a material interest in the Transactions.

#### **VI. CORPORATE GOVERNANCE MEASURES AND INTERNAL CONTROL PROCEDURES**

In order to protect the interests of the Company and the Shareholders as a whole, the Company has been conducting work for the reporting and disclosure of connected transactions and continuing connected transactions as required by the Listing Rules. In order to further ensure that the continuing connected transactions entered into between the Group and connected persons are conducted on normal commercial terms or better as disclosed and based on the aforesaid pricing mechanisms, the Company continues to adopt the following corporate governance measures and internal control procedures:

1. All specific contracts to be signed under all master agreements must be pre-approved by the Company's operational department, finance department, legal department and other relevant management personnel according to the internal system to ensure that the continuing connected transactions contemplated are carried out in strict compliance with the terms and conditions contained in the relevant master agreements. If amendments to the terms and conditions contained in such master agreements are required due to change of actual conditions, the relevant approval procedures have to be re-complied with, including but not limited to obtaining approvals from the Board and compliance with the relevant requirements under the Listing Rules;
2. The finance department of the Company is responsible for the continuous monitoring and review of the pricing terms, payment arrangements and actual transaction amounts of the continuing connected transactions to be entered and ensures that the relevant transactions are carried out in accordance with the terms of the relevant master agreements and will not exceed the respective annual caps;
3. The internal control department and the risk management department of the Company will review the continuing connected transactions under each master agreement regularly, to (i) consider whether the pricing policies and the payment method, early warning system on balances of annual caps are implemented effectively; (ii) consider whether the executed contracts are entered into on normal commercial terms or better, and whether the terms are fair and reasonable; and (iii) make recommendations to the management from time to time to ensure that the internal control procedures in respect of the continuing connected transactions remain complete and effective;
4. The independent auditor of the Company will conduct annual review and opine on the implementation and whether the continuing connected transaction amounts are within the annual caps in accordance with the requirements of the Listing Rules every year; and
5. The Board and the audit committee of the Company will review the continuing connected transactions implementation report every year. The independent non-executive Directors will express their views on the continuing connected transactions during the reporting period in the annual report, including but not limited to whether the continuing connected transactions are fair and reasonable, whether they are conducted on normal commercial terms or better and whether they are in the interests of the Company and the Shareholders as a whole.

**The Board considers that the above corporate governance measures and internal control procedures adopted by the Company concerning all continuing connected transactions are appropriate and sufficient, and that the procedures and measures give sufficient assurance to the Shareholders that the continuing connected transactions will be appropriately monitored by the Company.**

Save as mentioned above, in respect to the Transactions, the Company has also established the Independent Board Committee and appointed Somerley Capital Limited as the independent financial adviser to opine and advise the Independent Board Committee and the Board on the Transactions as to whether the Transactions are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole. The relevant cost in relation to the appointment of the independent financial adviser was borne by the Company.

## VII. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“ENN-NG”	ENN Natural Gas Co., Ltd., a joint stock limited company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600803.SH), a controlling shareholder of the Company;
“ENN-NG Group”	ENN-NG and its subsidiaries and associates (as the case may be);
“Existing Master Agreements”	the Existing Master Construction Services Agreement, the Existing Master Equipment Purchasing and Modification Services Agreement and the Existing Master Information Technology Services Agreement;
“Existing Master Construction Services Agreement”	the master construction services agreement dated 30 November 2018 entered into between the Company and LCNG for the term commencing from 1 January 2019 and expiring on 31 December 2021, details of which are summarised in the announcement of the Company dated 30 November 2018;

“Existing Master Equipment Purchasing and Modification Services Agreement”	the master equipment purchasing and modification services agreement dated 30 November 2018 entered into between the Company and LCNG for the term commencing from 1 January 2019 and expiring on 31 December 2021, details of which are summarised in the announcement of the Company dated 30 November 2018;
“Existing Master Information Technology Services Agreement”	the master information technology services agreement dated 30 November 2018 entered into between the Company and LCNG for the term commencing from 1 January 2019 and expiring on 31 December 2021, details of which are summarised in the announcement of the Company dated 30 November 2018;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the Independent Board Committee comprising all the independent non-executive Directors;
“LCNG”	Langfang City Natural Gas Company Limited, a limited liability company incorporated in the PRC, which is wholly-owned by Mr. Wang and Ms. Zhao Baojun (the spouse of Mr. Wang) as at the date of this announcement;
“LCNG Group”	LCNG and its subsidiaries and associates (as the case may be);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LNG”	liquefied natural gas;
“Mr. Wang”	Mr. Wang Yusuo, the chairman, an executive Director and a controlling shareholder of the Company as at the date of this announcement;
“New Master Agreements”	the Renewed Master Construction Services Agreement, the Renewed Master Equipment Purchasing and Modification Services Agreement, the Renewed Master Information Technology Services Agreement and the New Master Logistic Services Agreement;
“New Master Logistic Services Agreement”	the master logistic service agreement dated 17 November 2021 entered into between the Company and ENN-NG for the period from 17 November 2021 to 31 December 2023;
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, other than the profits ratio and equity capital ratio;

“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Renewed Master Construction Services Agreement”	the master construction services agreement dated 17 November 2021 entered into between the Company and ENN-NG for a term commencing from 1 January 2022 and expiring on 31 December 2023;
“Renewed Master Equipment Purchasing and Modification Services Agreement”	the master equipment purchasing and modification services agreement dated 17 November 2021 entered into between the Company and LCNG for a term commencing from 1 January 2022 and expiring on 31 December 2023;
“Renewed Master Information Technology Services Agreement”	the master information technology services agreement dated 17 November 2021 entered into between the Company and LCNG for a term commencing from 1 January 2022 and expiring on 31 December 2023;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the registered holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Renewed Master Construction Services Agreement, the Renewed Master Equipment Purchasing and Modification Services Agreement, the Renewed Master Information Technology Services Agreement and the New Master Logistic Services Agreement;
“%”	percentage.

*Note: For information purposes only, the translation of RMB to HK\$ in this announcement is based at the rate of RMB1.00 to HK\$1.2167.*

By order of the Board  
**ENN Energy Holdings Limited**  
**WANG Yusuo**  
*Chairman*

Hong Kong, 17 November 2021

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

*Executive Directors:*

*Mr. Wang Yusuo (Chairman)*  
*Mr. Zheng Hongtao (Vice Chairman)*  
*Mr. Zhang Yuying (President)*  
*Mr. Wang Dongzhi*

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*

*Ms. Yien Yu Yu, Catherine*