



**ENN 新奥**

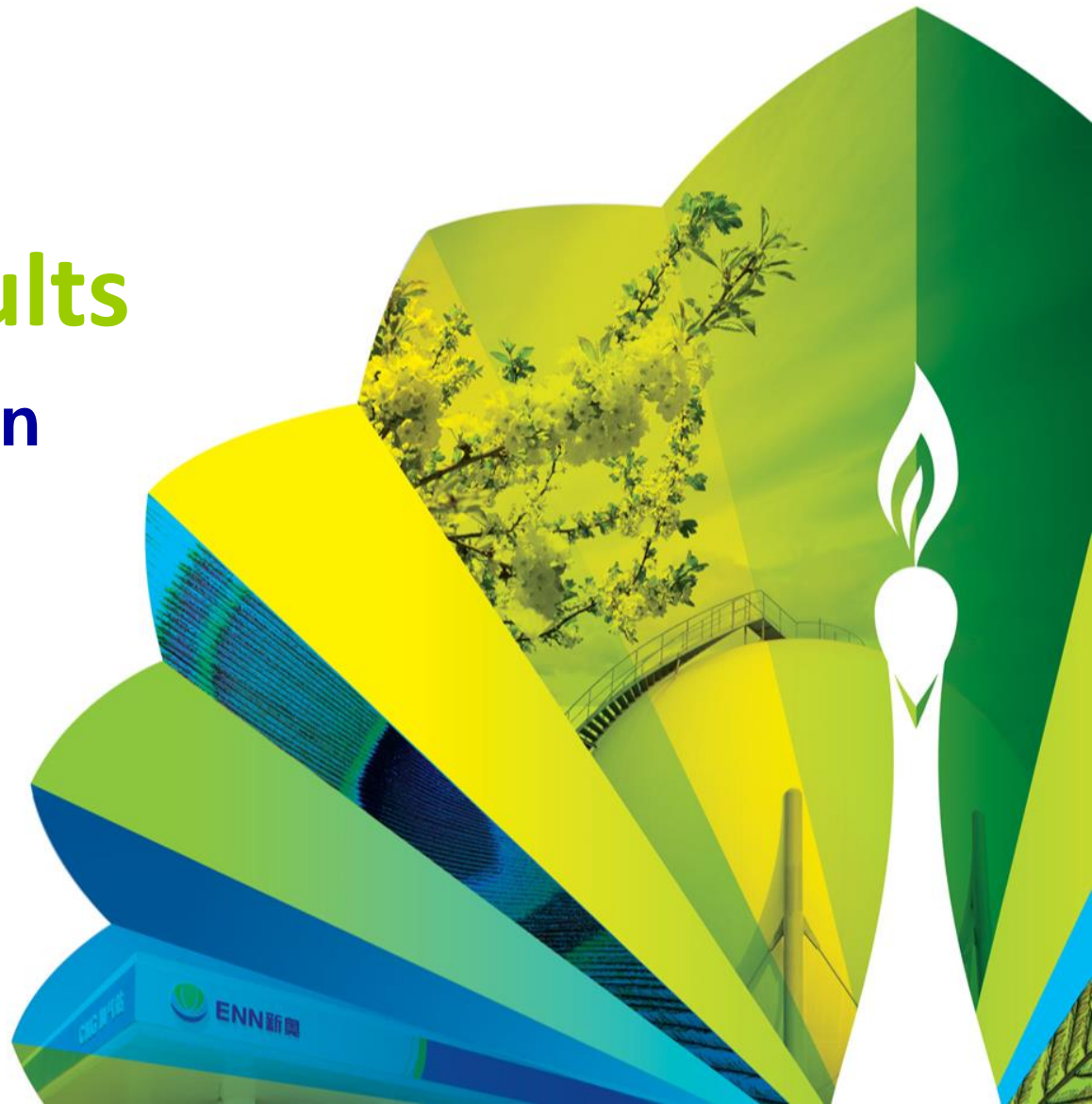
ENN Energy Holdings Limited

(Stock code: 2688)

# 2012 Annual Results

## Analyst Presentation

27<sup>th</sup> March 2013





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1. Financial Highlights
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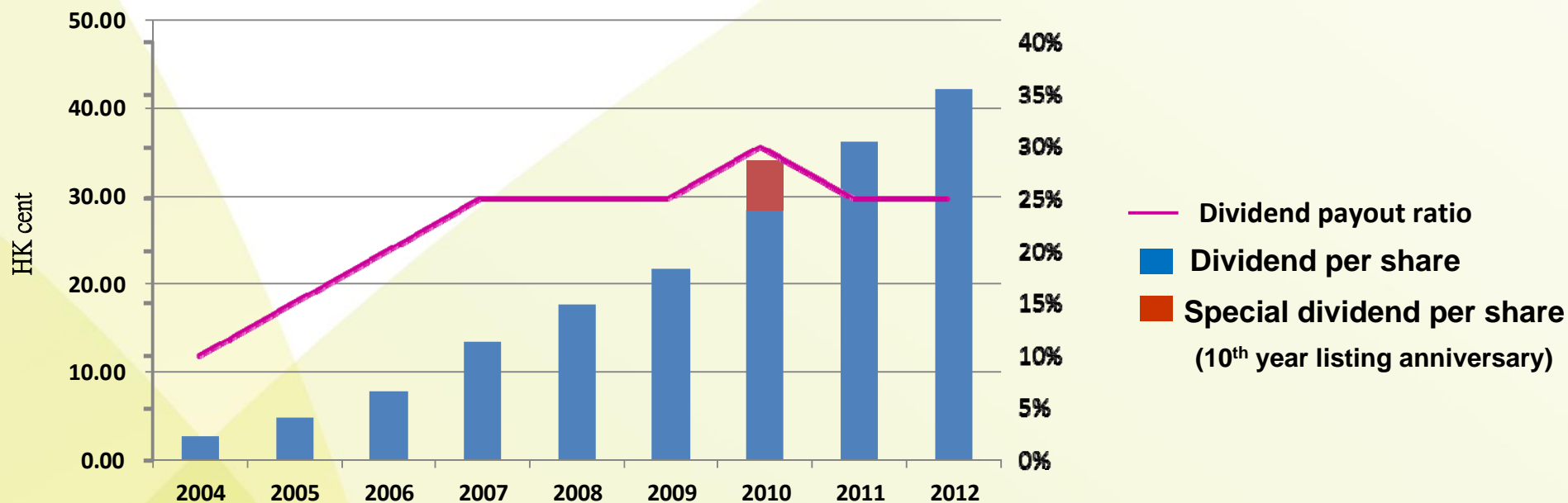


# Financial Highlights

(RMB million)	2012	2011	Change
Revenue	18,027	15,068	19.6%
Gross Profit	4,844	3,902	24.1%
EBITDA	3,706	2,987	24.1%
EBIT	3,065	2,452	25.0%
Profit attributable to owners of the Company	1,482	1,253	18.3%
EPS - Basic (RMB)	1.39	1.19	16.8%
EPS - Diluted (RMB)	1.38	1.18	16.9%

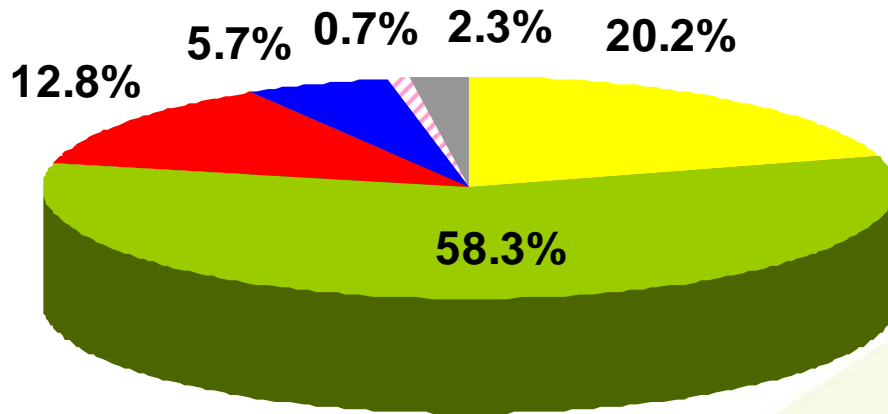
# Dividend Policy

- ◆ The Board of Directors has resolved to recommend payment of a final dividend of HKD42.20 cents (RMB34.22 cents) per share for FY2012.
- ◆ **Our dividend policy:**
  - More subsidiaries have stepped into the mature stage.
  - The Group will balance the development of business and financial position to decide the dividend payout ratio.

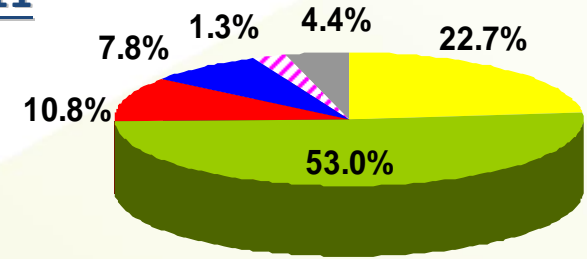


# Revenue Breakdown

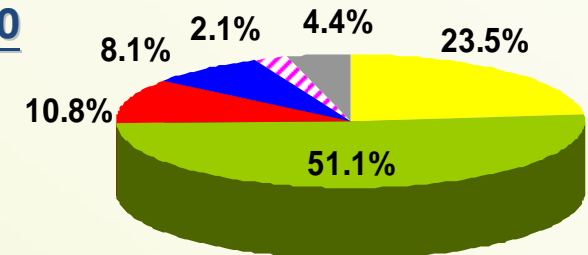
**2012**



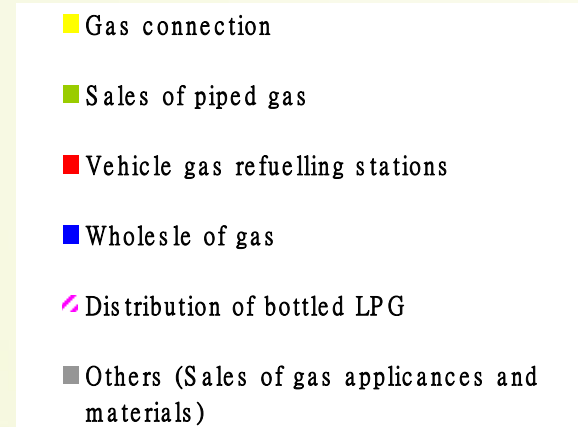
**2011**



**2010**



Core Operating Segments	2012 (RMB mil)	2011 (RMB mil)	Change %
Gas connection	3,633	3,415	6.4%
Sales of piped gas	10,516	7,980	31.8%
Vehicle gas refuelling stations	2,307	1,620	42.4%
Wholesale of gas	1,031	1,172	-12.0%



- ◆ Piped gas and vehicle gas sales are key growth drivers, contribution from these two segments will continue expanding, ensuring the Group long term and recurring revenue streams
- ◆ Contribution from connection fee income to the Group's total revenue will be reduced progressively

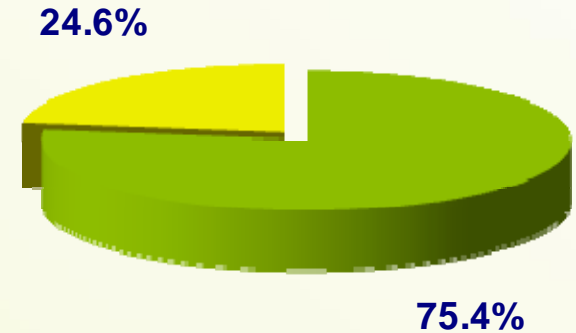
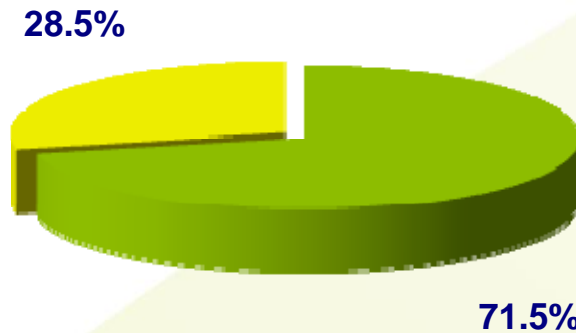
# A Balanced Portfolio of Customers (by revenue)

- Residential customers
- Commercial / Industrial "C/I" customers
- Gas refuelling stations
- Wholesale of gas

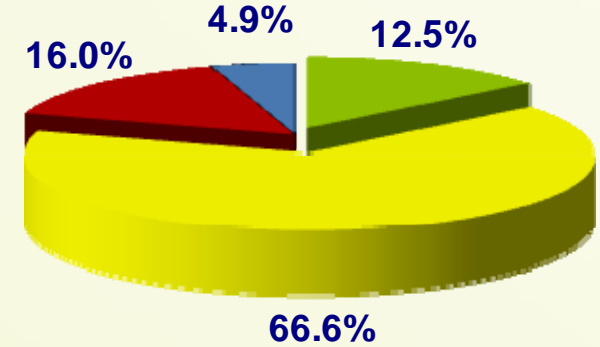
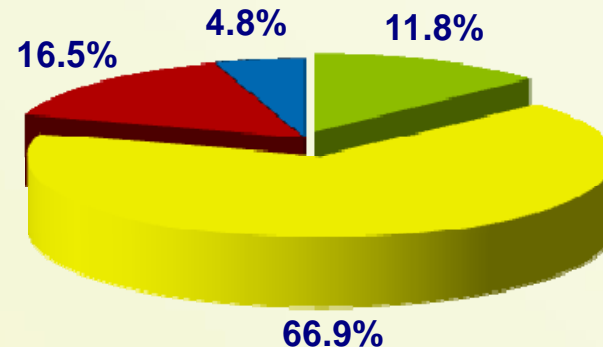
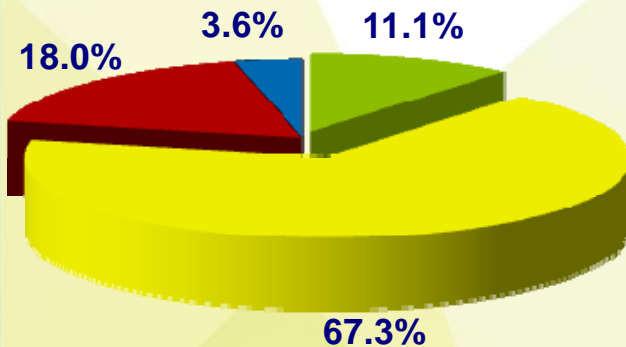
2012  
Gas Connection

2011

2010



Sales of piped gas, vehicle gas and wholesale gas



- ◆ During the year, the gross profit margin improved by 1.0ppt and net profit margin remained unchanged compared with the previous year

Gross profit margin	Net profit margin
<b>26.9%</b> (2011: 25.9%)	<b>11.1%</b> (2011: 11.1%)
Margins analysis	
<u>Gross profit margin:</u> <ol style="list-style-type: none"><li>1. New gas sources from the West-East Pipeline II and other pipelines commenced supply for some of the Group's projects since 2012, reduced the average gas purchasing cost;</li><li>2. Average LNG purchasing cost in 2012 was lower than that of 2011;</li><li>3. Revenues from vehicle gas and C/I gas sales grew faster than other gas sales</li></ol>	
<u>Net profit margin:</u> <ol style="list-style-type: none"><li>1. Non-cash exchange loss of RMB19 million in FY12 compared with a gain of RMB143 million in FY11, impacting net profit by RMB162 million;</li><li>2. Finance costs related from fund preparation for the proposed acquisition of China Gas Holdings Limited in FY12</li></ol>	

# Financial Resources and Liquidity

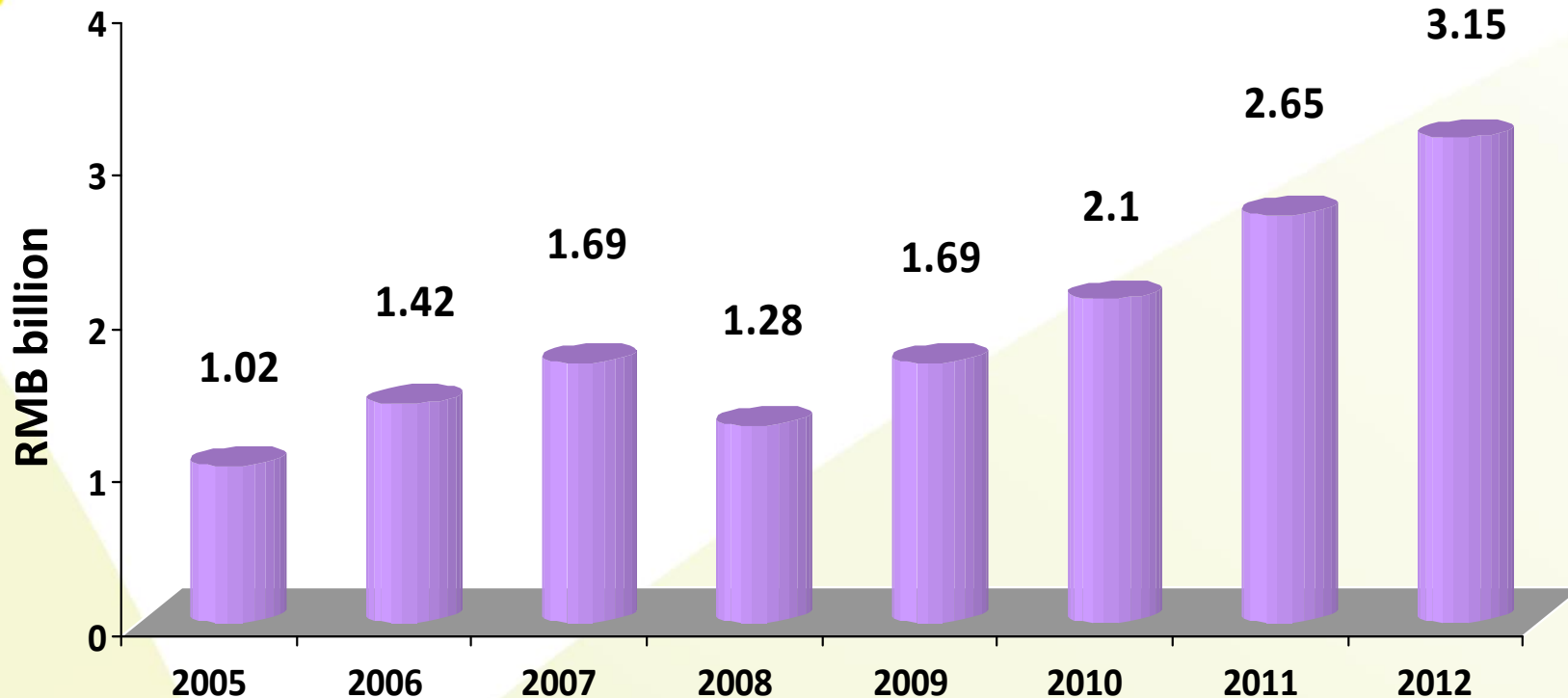
(RMB billion)	<u>At 31 Dec 2012</u>	<u>At 31 Dec 2011</u>	<u>Change</u>
<b>Cash on hand</b> (incl. restricted bank deposit)	<b>6.49</b>	<b>6.03</b>	<b>7.6%</b>
<b>A/R Days</b>	<b>17</b>	<b>16</b>	<b>1 day</b>
<b>Total Debts</b>	<b>11.24</b>	<b>10.67</b>	<b>5.3%</b>
- Short-term loans	<b>3.95</b>	<b>3.21</b>	<b>22.8%</b>
- Long-term loans	<b>2.67</b>	<b>2.82</b>	<b>-5.5%</b>
- 10-year bonds	<b>4.63</b>	<b>4.64</b>	<b>-0.1%</b>
<b>Net Gearing Ratio</b>	<b>47.7%</b>	<b>54.3%</b>	<b>-6.6%</b>
<b>ROE</b>	<b>17.1%</b>	<b>17.8%</b>	<b>-0.7%</b>

- ◆ Only 13 gas projects with project financing, and the remaining projects are clean, without loan, so the debt will not affect our dividend payment ability
- ◆ We keep acquiring numbers of new projects in China
- ◆ We do not have any swap and derivative contracts
- ◆ The income from gas sales attributable to the total revenue of the Group will further increase and such development will deliver long-term and stable cash flow to the Group.



# Refinancing Plan

As of 31 Dec 2012 (RMB billion)		Refinancing Plan
<b>Total Debt</b>	<b>11.24</b>	
<b>Short-term loans: Subsidiary level loans</b>	<b>2.64</b>	<ul style="list-style-type: none"> <li>• We have RMB6.49 billion cash on hand while our working capital demands RMB2.00-2.50 billion cash only, leading to a surplus cash of RMB4.66 billion</li> <li>• We have RMB4.15 billion committed undrawn banking facilities in local PRC banks</li> <li>• So we have RMB8.81 billion liquidity in total, which is enough to refinance the short-term loans</li> <li>• It is easy for utility company to roll-over short term loans in PRC banks because of stable cash flow and business model</li> </ul>
<b>Short-term debenture</b>	<b>1.21</b>	<ul style="list-style-type: none"> <li>• 1 year short-term debenture which is approved by National Association of Financial Market Institutional Investors (NAFMII) with an interest rate per annum of 4.7% and will be expired in 2H2013</li> </ul>
<b>Long-term loans</b>	<b>2.67</b>	<ul style="list-style-type: none"> <li>• 5-year medium term notes which will be expired in 2017 at 5.55% per annum</li> <li>• 7-year corporate bond which will be expired in 2018, at 6.45% per annum</li> <li>• 15-year loan from China National Development Bank which will be expired in 2020, at PBOC rate</li> </ul>
<b>10-year bonds</b>	<b>4.63</b>	<ul style="list-style-type: none"> <li>• Will be expired in 2021, with a fixed coupon of 6.0%</li> <li>• 1 of the only 2 Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds:               <ul style="list-style-type: none"> <li>- S&amp;P 'BBB-', Moody's 'Baa3' and Fitch 'BBB'</li> </ul> </li> </ul>



- ◆ CAPEX injected by the Group in 2012 amounted to RMB3.15 billion, extra CAPEX was incurred for the construction of more LNG refuelling stations and gas source related infrastructure
- ◆ The Group had positive free cash flow of RMB97 million in 2012
- ◆ More CAPEX may be required depending on the progress of developing LNG refuelling business
- ◆ The current source of capital mainly comes from operating cash flow, current assets, bank loans and issued bonds. We have sufficient capital and banking facilities to finance the future CAPEX and operational needs



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# Key Operational Data

	2012	2011	Change
<b>Coverage &amp; Gas Penetration Rates of PRC projects</b>			
Number of project cities	117	104	13
Connectable urban population coverage ('000)	55,521	53,142	4.5%
Connectable households coverage ('000)	18,507	17,714	4.5%
Natural gas penetration rate	41.7%	37.6%	4.1%
Piped gas (including natural gas) penetration rate (%)	42.1%	38.5%	3.6%
<b>Coverage of International project (Vietnam)</b>			
Connectable urban population coverage ('000)	9,009	8,920	1.0%
Connectable households coverage ('000)	3,003	2,973	1.0%
<b>Gas sales Volume</b>			
Piped natural gas ('000 m <sup>3</sup> )	5,052,065	4,066,304	24.2%
Vehicle natural gas ('000 m <sup>3</sup> )	924,452	683,785	35.2%
Wholesale natural gas ('000 m <sup>3</sup> )	248,536	260,928	-4.7%
<b>Total natural gas sales ('000 m<sup>3</sup>)</b>	<b>6,225,053</b>	<b>5,011,017</b>	<b>24.2%</b>
Other piped gas ('000 m <sup>3</sup> )	223,539	349,870	-36.1%
Other vehicle gas ('000 m <sup>3</sup> )	11,474	12,657	-9.3%
<b>Total sales of piped and vehicle gas ('000 m<sup>3</sup>)</b>	<b>6,460,066</b>	<b>5,373,544</b>	<b>20.2%</b>

# Key Operational Data

	2012	2011	Change
<b>Pipelines &amp; Stations</b>			
Length of intermediate & main pipelines (km)	21,312	18,854	13.0%
Natural gas processing stations	126	115	11
Combined daily capacity of natural gas processing stations	46,176,000	32,003,000	44.3%
Vehicle gas refuelling stations	330	238	92
<b>Accumulated Connection of Piped Gas</b>			
Residential (households)	7,785,098	6,815,165	14.2%
C/I customers (sites)	30,741	23,969	6,772
Installed designed daily capacity for C/I customers (m <sup>3</sup> )	33,422,696	25,767,276	29.7%
<b>Connection of Piped Natural Gas</b>			
Acc. connected / converted households	7,720,152	6,658,272	15.9%
<b>Increase in the Period (ex. acq &amp; conversion)</b>	<b>1,122,407</b>	<b>1,029,727</b>	<b>9.0%</b>
Acc. connected / converted C/I customers (sites)	30,597	23,501	7,096
<b>Increase in the Period (ex. acq &amp; conversion)</b>	<b>7,300</b>	<b>5,178</b>	<b>2,122</b>
Acc. connected / converted C/I customers (m <sup>3</sup> )	33,382,200	25,273,724	32.1%
<b>Increase in the Period (ex. acq &amp; conversion)</b>	<b>7,826,433</b>	<b>6,823,476</b>	<b>14.7%</b>

◆ To accommodate the anticipated fast-growing demand for natural gas, the Group has several ways to secure gas sources:

## 1. Take-or-pay contracts

◆ Signed 15-25 years take-or-pay contracts with various pipelines, secured supply of 5,760 million m<sup>3</sup> of natural gas for 2013

## 2. Other piped natural gas supply

◆ The Group also secured guaranteed gas supply contracts for other project cities, e.g. Shaanxi-Beijing Pipeline II, Tai-Qing-Wei Pipeline and offshore natural gas in China

## 3. Non-pipeline transmission system

◆ Able to dispatch a fleet of 526 LNG/CNG trucks with total maximum one-time transmission capacity of over 15.6 million m<sup>3</sup>, which help securing important gas projects without piped natural gas source in near term as well as serving as our piped gas backup source

Take-or-pay Contracts		
Pipelines	Contract Supply in 2013 ( mil m <sup>3</sup> )	Contract Supply in 2012 (mil m <sup>3</sup> )
West-East Pipelines I	1,111	800
West-East Pipelines II	2,643	1,576
Zhong-Wu Pipeline	583	583
Sichuan-East Pipeline	198	105
LNG Import Terminal (Guangdong)	421	476
LNG Import Terminal (Fujian)	700	700
CNOOC (Yantai & Laiyang)	104	104
<b>Total</b>	<b>5,760</b>	<b>4,344</b>

- ◆ China continues expanding its natural gas supplying infrastructure, more main pipelines and LNG receiving terminals are being constructed and will be put into operation in the coming years:

Pipeline Name	Capacity (mil m <sup>3</sup> /yr)	Commencement Date	Gas source	Operator
Shanxi - Beijing IV	23,000	2013	Changqing, Central Asia	PetroChina
China - Myanmar Pipeline	12,000	2013	Myanmar	PetroChina
West - East III	30,000	2015	Central Asia	PetroChina
Location of LNG Terminal	Capacity (mil m <sup>3</sup> /yr)	Commencement Date	Gas source	Operator
Shandong, Qingdao	4,140 (3 mil tons)	2013	Papua New Guinea	Sinopec
Hebei, Caofeidian	4,830 (3.5 mil tons)	2013	Australia, Qatar	PetroChina
Guangdong, Zhuhai	4,830 (3.5 mil tons)	2013	Middle East, Australia	CNOOC
Hainan	4,140 (3 mil tons)	2014	Australia, Qatar	CNOOC
Shenzhen, Diefu	5,520 (4 mil tons)	2015	Australia	CNOOC
Guangdong, Jieyang	2,760 (2 mil tons)	2015	Middle East, Australia	CNOOC

- ◆ More LNG receiving terminals and national natural gas pipeline projects will be completed and launched one by one, including West-East IV and V, Russia-China pipeline, etc.
- ◆ Sufficient gas sources ensure more gas projects of the Group will be able to enjoy stable supply of piped natural gas in the long run

- ◆ The Group has invested in various upstream projects to ensure secured gas sources in long run and to provide clean energy variety to ensure continuous business growth
  - Import and export rights of LNG and other kinds of energy
  - LNG plants
    - The group has 5 LNG plants in China, and 3 of them have been put into operation

LNG plants		
Location	Daily capacity (m <sup>3</sup> )	Status
Weizhou Island, Beihai, Guangxi	150,000	In operation (since Feb 2006)
Jincheng, Shanxi	300,000	In operation (since Dec 2008)
Yinchuan, Ningxia	600,000	In operation (since Aug 2009)
Pingdingshan, Henan	260,000	To be put into operation in 2013
Guye, Tangshan, Hebei	300,000	To be put into operation in 2013

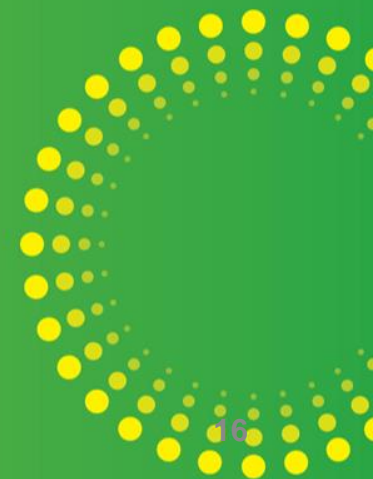
- The Group will continue seeking for other good upstream opportunities in an effort to realize synergy with our core business





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Continue expanding our core businesses riding on favorable government policies and promising growth potential of the industry



## Vehicle/Ship refuelling business

- ◆ **244 CNG** and **86 LNG** refuelling stations in operation
- ◆ Leverage on our first mover advantage and downstream operational experience to capture market growth



## Industrial parks

- ◆ We acquired numbers of industrial parks nearby existing projects
- ◆ Tremendous volume growth potential from **C/I users** with **limited CAPEX** requirement
- ◆ Capitalize on our expertise on **energy management** solutions and **distributed energy** generation to develop more functional parks customers



## City-gas projects

- ◆ **117** city-gas projects with over 55.5 million connectable urban population
- ◆ Average natural gas penetration rate of **42.1%**
- ◆ Continue organic growth through existing projects and acquire more new projects

# Our Strategies - Vehicle Refuelling Stations

## CNG refuelling stations

CNG refuelling stations since 2002	
Number of approval obtained (including 28 refuelling stations through acquisition)	459
Aggregated no. of CNG refuelling stations	244(+25)
Potential no. of CNG refuelling stations to be built	215

Example: Payback calculation of a CNG taxi	
Average gasoline price (RMB/litre)	7.8
Average CNG price (RMB/m <sup>3</sup> )	3.9
Gasoline consumption per km (litre)	0.05
CNG consumption per km (m <sup>3</sup> )	0.06
Cost saved per km (RMB)	0.156
Average driving distance (km/day)	400
Daily average savings (RMB)	62.4
Monthly average savings (RMB)	1,872
Conversion fee (RMB)	3,500
Monthly maintenance cost (RMB)	175
<b>Payback period (months)</b>	<b>2</b>

## LNG refuelling stations

LNG refuelling stations since 2011	
Number of approval obtained	127
Aggregated no. of LNG refuelling stations	86(+67)
Potential no. of LNG refuelling stations to be built	41

Example: Payback calculation of a New LNG truck	
Average diesel price (RMB/litre)	7.5
Average LNG price (RMB/m <sup>3</sup> )	4.6
Diesel consumption per km (litre)	0.4
LNG consumption per km (m <sup>3</sup> )	0.5
Cost saved per km (RMB)	0.7
Average driving distance (km/day)	400
Daily average savings (RMB)	280
Monthly average savings (RMB)	8,400
Price difference of LNG truck & diesel truck (RMB)	80,000
Monthly maintenance cost (RMB)	150
<b>Payback period (months)</b>	<b>10</b>

# Our Strategies – New Projects

◆ In FY2012, the Group has secured 16 new projects in China, spanning across Anhui, Guangdong, Hebei, Henan, Hunan, Liaoning, Shandong and Zhejiang providing an additional connectable population of 1,010,000, and numbers of industrial parks to be managed under our existing city-gas projects.

Total coverage increased to  
**64,530,200**  
connectable urban population

◆ We have one overseas project in Vietnam covering cities of Hanoi, Hochiminh and Danang, total connectable urban population amounts to 9,009,200

Province	City/County	Connectable Population
<u>Acquired in 1H2012</u>		
Hebei	Gaocheng (藁城)	180,000
	Shenze (深澤)	40,000
	Wenan Industrial Park (文安工業園區)	NA
Fujian	Longyan Development Zone (龍岩開發區)	170,000
Henan	Weihui City (Tangzhuang Town) Industrial Agglomeration Zone (衛輝市唐莊鎮產業集聚區)	30,000
Shandong	Qingdao Sino-German Ecopark (青島中德生態園)	NA
Zhejiang	Wenzhou Wanquan Light Industrial Base (溫州萬全輕工基地)	NA

Province	City/County	Connectable Population
<u>Acquired in 2H2012</u>		
Anhui	Jieshou Industrial Zone (界首工業園區)	NA
Guangdong	Jiangmen Hecheng Town Zone (江門鶴城鎮園區)	NA
Hebei	Xinji (辛集)	200,000
	Lingshou (靈壽)	90,000
	Wuji (無極)	80,000
	Xingtang Development Zone (行唐開發區)	NA
	Luquan Ludao Development Zone (鹿泉綠島開發區)	NA
Hunan	Liling (醴陵)	220,000
Liaoning	Panjing Chemical Enterprises Zone (盤錦化工產業園)	NA
<b>Additional Coverage :</b>		<b>1,010,000</b>

# Our Strategies – New Projects

Project	Gaocheng (藁城)	Shenze (深澤)	Wenan Industrial Park (文安工業園區)	Longyan Development Zone (龍岩開發區)
Province	Hebei	Hebei	Hebei	Fujian
Connectable Population	180,000	40,000	NA	170,000
Stakeholding	27.9%	55.8%	100%	70%
Operational Location	Administrative Region	Administrative Region	Industrial Park	Development Zone
Registered Capital	RMB46 mil	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.	RMB5 mil	RMB10 mil
<b><u>Estimated Connection Fees &amp; Gas Tariff</u></b>				
- Residential (RMB/household)	2,500	2,800	2,300	2,700
- C/I customer (RMB/m <sup>3</sup> /day)	TBC	200(I)/600(C)	50-300 (based on installed daily capacity)	NA
Gas sales price (RMB/m <sup>3</sup> )	2.80 (Res) / 2.85 (C/I)	2.40 (Res) / 2.80 (C/I)	2.35 (Res) / 2.98 (C/I)	4.80 (Res) / 4.80 (C/I)
Gas Source	Shaanxi-Beijing Pipeline II	Shaanxi-Beijing Pipeline II	Yong-Tang-Qin Pipeline	Fujian LNG Terminal

# Our Strategies – New Projects

Project	Weihui City (Tangzhuang Town) Industrial Agglomeration Zone (衛輝市唐莊鎮產業集聚區)	Qingdao Sino-German Ecopark (青島中德生態園)	Wenzhou Wanquan Light Industrial Base (溫州萬全輕工基地)
Province	Henan	Shandong	Zhejiang
Connectable Population	30,000	NA	NA
Stakeholding	100%	100%	100%
Operational Location	Industrial Zone	Ecopark area	Industrial Park
Registered Capital	RMB5 mil	USD50 mil	RMB30 mil
<b>Estimated Connection Fees &amp; Gas Tariff</b>			
- Residential (RMB/household)	2,500	TBC	NA
- C/I customer (RMB/m <sup>3</sup> /day)	NA	TBC	50
Gas sales price (RMB/m <sup>3</sup> )	2.20-2.86 (Res) / 2.87 (C/I)	TBC	4.50 (C/I)
Gas Source	West-East Pipeline I	Tai-Qing-Wei Pipeline	West-East Pipeline II

# Our Strategies – New Projects

Project	Jieshou Industrial Zone (界首工業園區)	Jiangmen Hecheng Town Zone (江門鶴城鎮園區)	Xinji (辛集)	Lingshou (靈壽)	Wuji (無極)
Province	Anhui	Guangdong	Hebei	Hebei	Hebei
Connectable Population	NA	NA	200,000	90,000	80,000
Stakeholding	51%	100%	55.8%	55.8%	55.8%
Operational Location	Industrial Park	Industrial Park	Administrative Region	Administrative Region	Administrative Region
Registered Capital	RMB20 mil	RMB10 mil	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.
<b>Estimated Connection Fees &amp; Gas Tariff</b>					
- Residential (RMB/household)	NA	2,200	2,900	1,750-4,000	2,700
- C/I customer (RMB/m <sup>3</sup> /day)	300	NA	200	350-400	NA
Gas sales price (RMB/m <sup>3</sup> )	4(C/I)	3.5(res)/4.6-5(C/I)	2.35(res)/2.95(C/I)	2.35(res)/2.95(C/I)	2.35(res)/2.95(C/I)
Gas Source	West-East Pipeline I	West-East Pipeline II	Shaanxi-Beijing Pipeline I	Shaanxi-Beijing Pipeline I	Shaanxi-Beijing Pipeline I

# Our Strategies – New Projects

Project	Xingtang Development Zone (行唐開發區)	Luquan Green Island Development Zone (鹿泉綠島開發區)	Liling (醴陵)	Panjing Chemical Enterprises Zone (盤錦化工產業園)
Province	Hebei	Hebei	Hunan	Liaoning
Connectable Population	NA	NA	220,000	NA
Stakeholding	55.8%	60%	70%	100%
Operational Location	Development Zone	Development Zone	Administrative Region	Industrial Park
Registered Capital	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.	RMB10 mil	RMB30 mil	USD1 mil
<b><u>Estimated Connection Fees &amp; Gas Tariff</u></b>				
- Residential (RMB/household)	NA	2,900	1,800	NA
- C/I customer (RMB/m <sup>3</sup> /day)	156	100-300	200-340	450
Gas sales price (RMB/m <sup>3</sup> )	2.95(C/I)	2.4(res)/2.95(C/I)	4(res)/4.3-4.5(C/I)	3.6-4(C/I)
Gas Source	Shaanxi-Beijing Pipeline I	Shaanxi-Beijing Pipeline I	Zhong-Wu Pipeline	Qin-Shen Pipeline



# Operational Locations



**Offshore gas project – Vietnam**

1. Honoi	2,129,700
2. Ho Chi Minh	6,449,700
3. Danang	429,800

➤ Additional connectable urban population from new projects:

**1,010,000**

➤ Total connectable urban population: (as at end of 2012)

**64,530,200**

**Existing piped gas projects**

- Projects acquired in 1H12
- Projects acquired in 2H12

# Operational Locations

## Anhui (10 projects)

12. Bengbu	926,000
19. Chuzhou	393,000
20. Luan	340,000
24. Bozhou	224,000
28. Chaohu	368,000
56. Fengyang	110,000
61. Laian	85,000
63. Quanjiao	114,000
66. Guzhen	91,000

● Jieshou  
Industrial Zone

## Beijing Municipality (1 project)

5. Pinggu	116,000
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## Fujian (10 projects)

54. Quanzhou	1,093,000
57. Nanan	379,000
58. Huian	139,000
59. Shishi	99,000
60. Jinjiang	400,000
65. Dehua	101,000
68. Quangang	316,000
74. Yongchun	154,000
90. Anxi	121,000

● Longyuan 170,000  
Dev Zone

## Guangdong (16 projects)

35. Dongguan	6,993,000
45. Zhanjiang	654,000
48. Shantou	1,478,000
52. Zhaoqing	71,000

Dev Zone

## Guangdong (cont'd)

67. Zhaoqing	514,000
73. Sihui	472,000
76. Huadu	669,000
79. Guangning	81,000
80. Huaiji	125,000
81. Luoding	293,000
82. Xinyi	254,000
83. Fengkai	81,000
84. Lianzhou	155,000
97. Panyu,	1,764,000

Guangzhou  
99. Yunan 75,000

● Jiangmen  
Hecheng Town Zone

## Guangxi (3 projects)

43. Guilin	851,000
49. Guigang	391,000
99. Guiping	-

Industrial Park

## Hebei (15 projects)

1. Langfang	642,000
27. Shijiazhuang	2,443,000
46. Luquan	91,000
71. Luanxian	82,000
89. Rongcheng	70,000
100. Zhengding	50,000
New Zone	
101. Jingxing	330,000

● Shenze 40,000

● Gaocheng 180,000

● Wenan -

Industrial Park

● Xinji 200,000

● Lingshou 90,000

● Wuji 80,000

## Hebei (cont'd)

● Xingtang -

Dev Zone

● Luquan Green -

Island Dev Zone

## Henan (7 projects)

22. Xinxiang	1,019,000
38. Kaifeng	856,000
47. Shangqiu	1,497,000
53. Luoyang	1,641,000
64. Xinan	103,000
70. Yichuan	100,000

● Weihui City 30,000

Industrial Zone

## Hunan (10 projects)

34. Xiangtan	891,000
37. Changsha	3,639,000
40. Zhuzhou	1,016,000
77. Huaihua	441,000
85. Changsha	299,000
County	
86. Zhuzhou	272,000
County	
88. Yongzhou	604,000
92. Ningxiang	310,000
93. Wangcheng	150,000

● Liling 220,000

## Jiangsu (10 projects)

11. Gaoyou	150,000
14. Taixing	240,000
16. Yancheng	899,000
17. Huaian	1,180,000
18. Haian	193,000
23. Xinghua	441,000
30. Wujin	980,000

## Jiangsu (cont'd)

36. Lianyungang	967,000
95. Hongze	380,000
95. Yancheng	-
Environmental Protection	
Industrial Park	

## Inner Mongolia (1 project)

42. Tongliao	768,000
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## Liaoning (4 projects)

3. Huludao	477,000
4. Xingcheng	134,000
94. Dayou Linhai	20,000
Econ. Zone,	
Linghai City	

● Panjing -  
Chemical Enterprise  
Zone

## Shandong (13 projects)

2. Liaocheng	572,000
6. Huangdao	528,000
7. Zhucheng	471,000
8. Chengyang	645,000
9. Yantai	-
Dev Zone	
10. Yantai	1,802,000
13. Zouping	194,000
15. Laiyang	255,000
21. Rizhao	392,000
39. Jiaozhou	408,000
41. Jiaonan	394,000
98. Changqing	644,000

Zone, Jinan City

● Qingdao -  
Sino-German Ecopark

## Yunnan (2 projects)

78. Wenshan	253,000
91. Kunming City	40,000
Hi-tech Zone	

## Zhejiang (15 projects)

25. Haining	227,000
26. Quzhou	269,000
29. Lanxi	130,000
31. Jinhua	139,000
32. Wenzhou	-
33. Longwan	339,000
44. Huzhou	224,000
50. Huangyan	602,000
51. Yongkang	228,000
55. Xiaoshan	683,000
62. Ningbo	483,000
(Yinzhou)	
69. Haiyan	101,000
72. Longyou	125,000
75. Nanxun	497,000

● Wenzhou -  
Wanquan Light  
Industrial Base

## Vietnam (3 projects)

● Hanoi	2,100,000
● Ho Chi Minh	6,420,000
● Danang	400,000

● Projects acquired in 1H12

● Projects acquired in 2H12

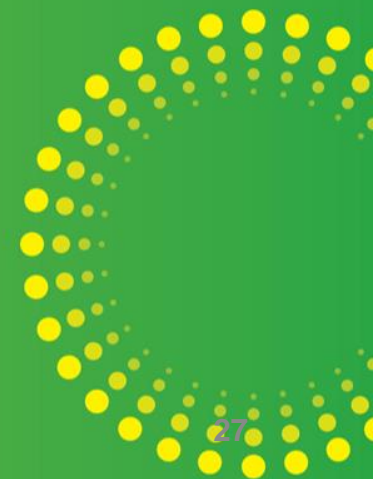


# Q&A Session



# Contents

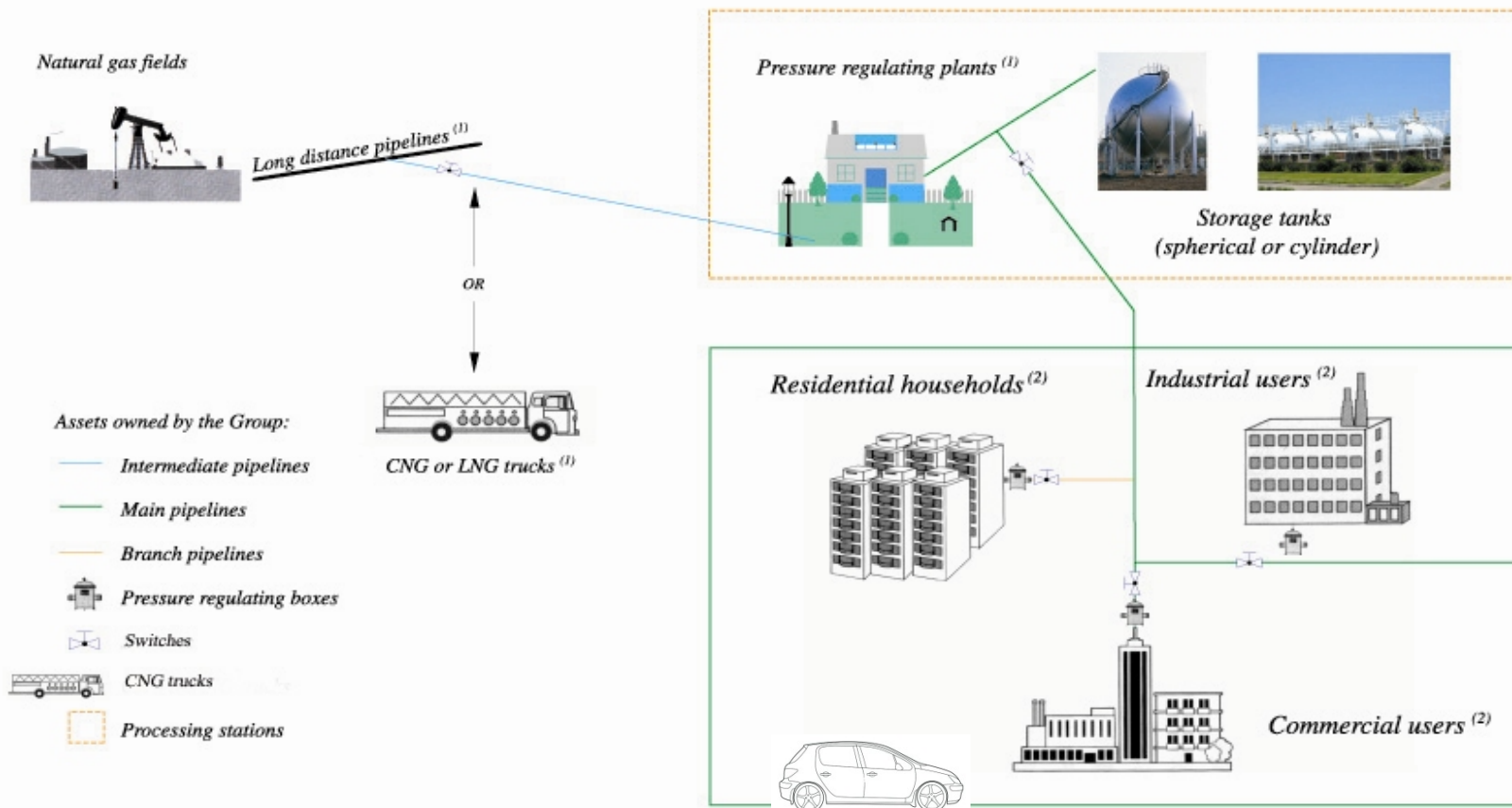
1. Financial Highlights
2. Business Review
3. Our Strategies
4. Appendix



# ENN Energy – A Leader in the Industry

- ◆ ENN Energy (formerly known as Xinao Gas) is one of the first privately-owned clean energy distributor in the PRC. It was founded by Mr. Wang Yusuo and Ms. Zhao Baoju in 1993.
- ◆ In 1998, the Chinese government promoted the use of natural gas and encouraged privately-owned enterprises to invest in city infrastructures.
- ◆ ENN Energy seized the opportunity and obtained the exclusive rights for operating piped gas in other cities.
- ◆ ENN Energy was listed on GEM in May 2001 and transferred to the main board (stock code: 2688) in June 2002.
- ◆ ENN Energy is a leading privately-owned gas operator in China
  - 4 cities when IPO launched in May 2001
  - 117 cities in 14 provinces, and 1 international project as of Dec 2012, covering a connectable urban population of approximately 64,530,200.
  - 1 of the only 2 Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds:
    - S&P 'BBB-', Moody's 'Baa3' and Fitch 'BBB'

# Gas Delivery Process

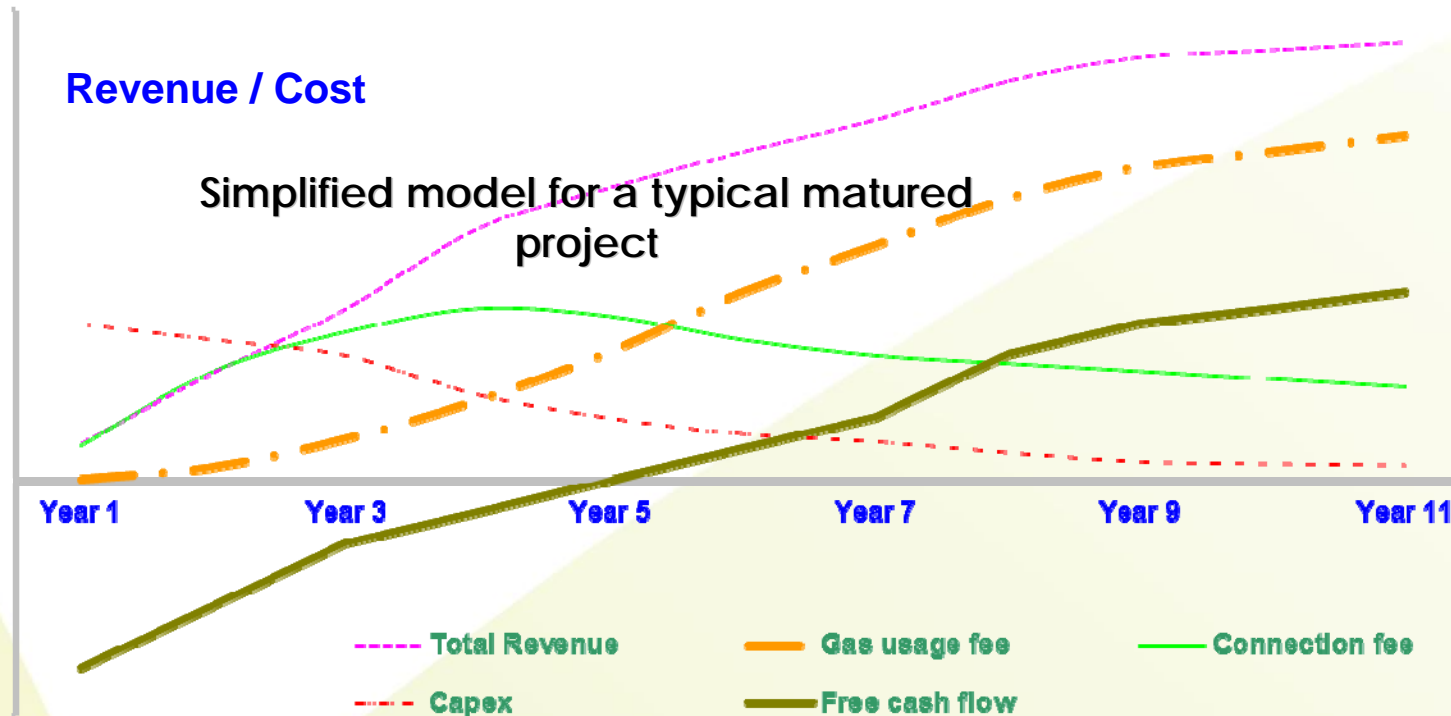


**Notes:**

(1) Gas delivery using either intermediate pipelines or CNG or LNG trucks.

(2) Customers' pipelines and metres which are not owned by the Group are within the customers' premises and are not highlighted in this diagram.

# Immediate Revenue Inflow upon Connection



- ◆ Connection fee dominates in early years when the project companies are signing up new customers
- ◆ Gas usage increases as projects mature, becoming the major source of recurrent income
- ◆ Prior to the completion of the whole pipeline network in cities, revenue will be generated as soon as gas supply becomes available in certain districts. Each connection contract normally takes 6-12 months to complete
- ◆ In general, gas projects would generate positive free cash flow after 5 years operation

# Connection Fee & Tariff Policy

## Connection Fee Amortisation:

◆As of 31 December 2012, 9 projects have adopted amortisation method:

Anhui Province - Fengyang

Jiangsu Province - Huaian, Lianyungang

Henan Province - Xinxiang

Hunan Province - Xiangtan, Changsha, Zhuzhou,  
Ningxiang

Shandong Province - Rizhao

◆Connection fee income will be amortised over the concession period instead of one-off recognition in the above projects. As for other projects, connection fee policy remain stable.

◆The average connection fees for residential households and C/I customers were RMB 2,810/household and RMB 156/day/m<sup>3</sup> respectively.

## Pricing Policies:

◆On 7 Dec 2012, Sichuan Development and Reform Commission announced to set the city gate price with a price ceiling of RMB1.98/m<sup>3</sup> for all users (except for residential, vehicle CNG and fertilizer users).

◆On 26 Dec 2011, a pilot reform on the pricing policy of natural gas was launched in Guangdong Province and Guangxi Autonomous Region, with unified ceiling city gate prices of RMB2.74/m<sup>3</sup> and RMB2.57/m<sup>3</sup>, respectively.

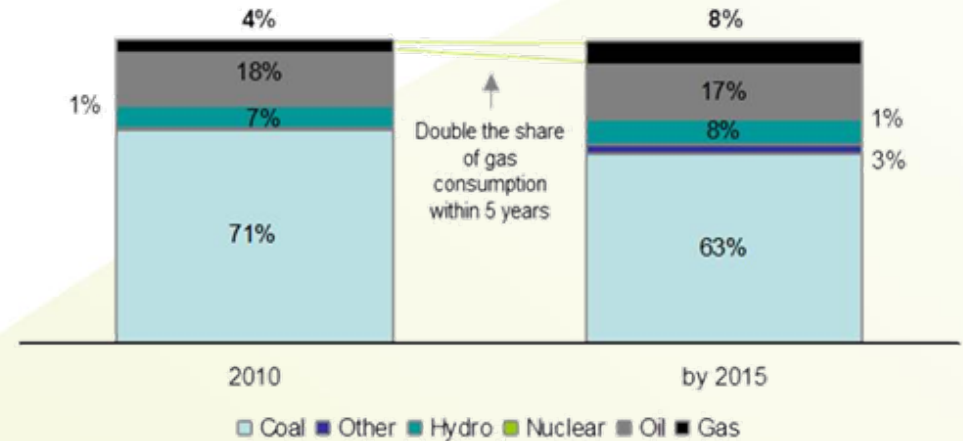
◆As of 31 Dec 2012, we have 26 projects with automatic pass through mechanism, ensuring the Group's ability to pass through upstream cost increase to most of the end users in a timely manner. We continue to set up automatic pass through mechanism in more projects.



# China Natural Gas Industry Overview

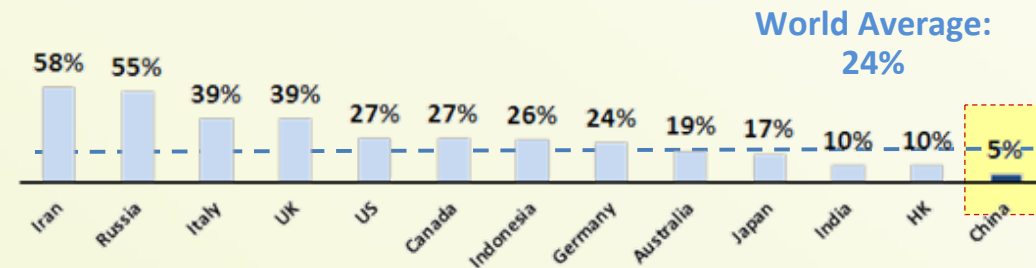
## PRC Government's Commitment to Developing Clean Energy

- ◆ China's plan to achieve 40–45% reduction in carbon dioxide emission per unit of GDP by 2020 is driving national energy consumption towards cleaner fuels such as natural gas
- ◆ In connection with the 12th Five-year Plan, the PRC government targets to increase the natural gas portion of total energy consumption from 3.7% (100 bcm) in 2010 to 7.5% (230 bcm) by 2015, with continuous expansion of natural gas infrastructure
- ◆ The PRC government has also been focused on the development of a nationwide gas distribution and delivery system and several cross-border pipelines to mitigate the geographical mismatch between gas demand and supply. As a result, domestic natural gas supply and consumption will increase significantly



## Low Natural Gas Penetration Rate <sup>(1)</sup> in China

- ◆ Currently, the natural gas consumption in total energy consumption of China is merely 5%, substantially lower than the world average penetration rate of 24%
- ◆ The low penetration rate provides sufficient room for China to increase its national gas consumption going forward, given the country's continuous shift in energy structure. This will further drive the need for piped natural gas infrastructure investment



Source: Company filings, BP Statistical Review of World Energy June 2010.

(1) Note: "Natural Gas Penetration Rate" is defined as natural gas consumption volume as a percentage of total energy consumption.

# China Natural Gas Industry Overview (Cont'd)

## Natural Gas Consumption

- ◆ Natural gas consumption in China has grown from 2.4 bcf/d in 2000 to 10.6 bcf/d in 2010, representing a CAGR of 16.0%
- ◆ The main driver behind the growth in natural gas consumption is the growth in China's GDP since 2000
  - The continuing growth of China's GDP and increasing portion of natural gas in the total energy consumption will drive the increasing demand for natural gas in China in the future

## Natural Gas Production

- ◆ Natural gas production in China has increased from 2.6 bcf/d in 2000 to 9.1 bcf/d in 2010, representing a CAGR of 13.3%
- ◆ To meet the growing demand for natural gas, apart from increasing domestic gas production, China is aggressively importing long-distance piped gas from nearby gas-rich areas such as central Asia and Myanmar, as well as LNG from Qatar, Australia, and Malaysia

## China Natural Gas Supply and Demand



- ◆ According to the 12th Five-year Plan, natural gas consumption in China is expected to reach 22.2 bcf/d in 2015, representing a CAGR of 15.98% from 2010
- ◆ On the supply side, natural gas production is expected to reach 14.5 bcf/d in 2015, representing a CAGR of 9.1% from 2010
- ◆ The gap between supply and demand will be satisfied through imported natural gas
- ◆ The NDRC has taken efforts to bring domestic gas prices more in line with international prices by resorting to price increases

- ◆ China has invested substantially in developing a nationwide natural gas network to facilitate the bridging between consumption and production, with total installed pipeline capacity growing at a double-digit rate nearly each year since 2003
- ◆ Trunk line construction in China has also ramped up rapidly in recent years
- ◆ It is expected that pipeline construction in China will continue to be driven by natural gas going forward
  - More natural gas pipeline network projects are under construction (including the West-East Pipelines Project) or in the planning stage

Source: Company filings, BP Statistical Review of World Energy.

\* Note: "bcf/d" denotes billion cubic feet per day.




# Approximate conversion factors

Natural gas and LNG	To					
	billion cubic meters NG	billion cubic feet NG	million tonnes oil equivalent	million tonnes LNG	trillion British thermal units	million barrels oil equivalent
From	Multiply by					
1 billion cubic meters NG	1	35.30	0.90	0.73	36.00	6.29
1 billion cubic feet NG	0.028	1	0.026	0.021	1.03	0.18
1 million tonnes oil equivalent	1.111	39.20	1	0.805	40.40	7.33
1 million tonnes LNG	1.38	48.70	1.23	1	52.00	8.68
1 trillion British thermal units	0.028	0.98	0.025	0.02	1	0.17
1 million barrels oil equivalent	0.16	5.61	0.14	0.12	5.80	1

Source: BP Global Statistics

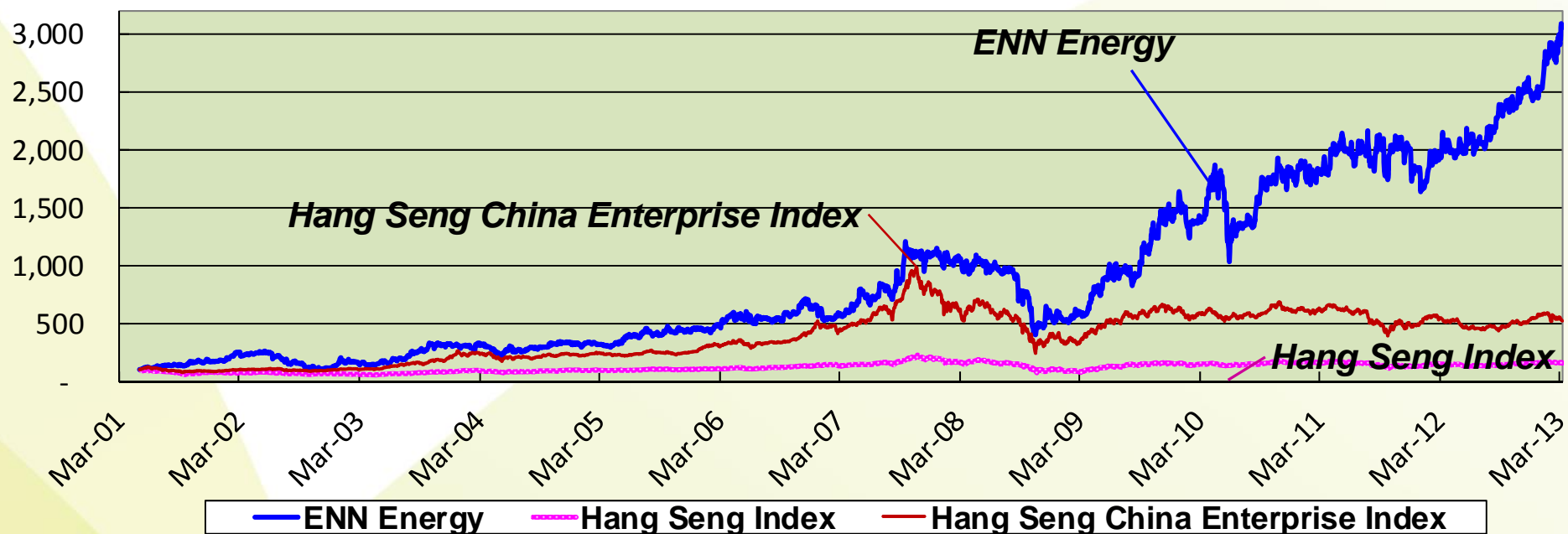
\*\*  $28 \text{ m}^3 = 1 \text{ mmbtu}$

# Awards & Honors

<p><b>Institutional Investor magazine</b></p> <p><b>2012 All-Asia Executive Team Ranking:</b>  <b>Best CEO, Rank no.1 (Power Sector)</b>  <b>Best CFO, Rank no.1 (Power Sector)</b>  <b>Best IR Company, Ranked no. 2 (Power Sector)</b></p> 	<p><b>Yazhou Zhoukan</b></p> <p><b>"1000 Global Chinese Enterprise" for 2007</b></p> <p><b>"Chinese Business 500" for 2001, 2002, 2003, 2004, 2005, 2006</b></p> <p><b>"Top 20 Chinese Enterprises of Assets Growth" for 2003, 2004, 2005</b></p> <p><b>"Top 20 Chinese Enterprises of Revenue Growth" for 2002, 2003</b></p> 
<p><b>Forbes</b></p> <p><b>2012 Asia's Fab 50</b></p>	<p><b>"China's Most Promising Companies 2009: The Power and Public Utilities sector"</b>  <b>"2012 China's Most Promising Companies – Hidden Dragon"</b></p> <p><b>"Honor, Cover Design, Oil and Gas Production Services" for 2011</b></p> <p><b>Annual International ARC Awards</b></p> <p><b>"Gold, Overall Annual Report: Gas Distribution, Transport &amp; Transmission" for 2008</b></p> <p><b>"Honor, Overall Annual Report: Gas Distribution, Transport &amp; Transmission" for 2004, 2006, 2007</b></p> <p><b>"Gold, Annual Reports: Energy" for 2009</b>  <b>"Silver, Annual Reports: Energy" for 2004, 2006, 2008</b></p>  
<p><b>HK Polytechnic University</b></p> <p><b>Bauhinia Cup Outstanding Entrepreneur Awards 2012</b></p>	<p><b>"Best Asian High Yield Bond Issue of 2005"</b></p> <p><b>Mercury Excellence Awards</b></p> <p><b>"Silver, Annual Report" for 2004</b></p>
<p><b>The Asset</b></p>	<p><b>"Gold, 2010 Vision Awards Annual Report, Energy: Oil, Gas &amp; Consumable Fuels"</b></p> <p><b>"Citation for Design, The Best Annual Reports Awards" for 2009"</b>  <b>Honourable Mention, The Best Annual Reports Awards " for 2006</b></p>
<p><b>EuroWeek</b></p>	<p><b>Annual International Galaxy Awards</b></p> <p><b>"Gold, Annual Reports: Energy" for 2009</b>  <b>"Silver, Annual Reports: Energy" for 2004, 2006, 2008</b></p> <p><b>The Hong Kong Management Association</b></p>
<p><b>FinanceAsia</b></p> <p><b>"The Best Small Cap in China" for 2005</b>  <b>"Best Financial Management" for 2002</b>  <b>"The Best Small Cap IPO" for 2001</b></p>	
<p><b>LACP</b></p>	
<p><b>China Affiliate of the Balanced Scorecard Institute</b></p> <p><b>"Star Organisation of Strategy Execution in China" for 2008</b></p>	

# ENN Energy – Share Price Performance

Market Capitalization (as at 22 Mar  
2013):  
**HK\$46.8 billion**



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