



ENN Energy Natural Gas Sales Up 17.2% to 6.48 billion m³ in the First Half of 2016

Profit Attributable to Shareholders Up 29.3% to RMB1.59 billion

(Hong Kong, 23 Aug 2016)—ENN Energy Holdings Limited (“ENN Energy” or “the Group”) (stock code: 2688.HK), one of the largest clean energy distributors in China, announced its interim results for the period ended 30 June 2016 (“the Period”). During the Period, the Group’s total natural gas sales volume was 6.48 billion m³, up 17.2% year-on-year, of which residential and C/I gas sales volume increased by 23.0% and 7.4% respectively. Revenue amounted to RMB15.64 billion, decreased by 1.6% mainly due to the natural gas price downward adjustment. Profit attributable to shareholders increased significantly by 29.3% to RMB1.59 billion.

Mr. Wang Yusuo, Chairman of ENN Energy, stated, “The economic benefit of natural gas over substitute energy has been restored after the gas price cut in November and the gradual recovery of international oil prices. Leveraging on improving market condition and favourable government policies to promote the usage of natural gas, the Group carried out innovative measures and further explored market potential to continue the development of new residential users, and at the same time proactively expanded C/I customer portfolio. The Group implemented active C/I customer development and management policies to enhance customer relationship and communication, and developed new customer segments such as hospitals, airports and urban complexes, utilizing distributed energy technology. As a result, all principal business grew rapidly and achieved such remarkable results.”

Development of New Businesses

During the Period, increasing supply of LNG and robust downstream demand provided the Group with more sufficient gas sources and a favourable distribution environment to vigorously extend its reach to users, driving a significant year-on-year wholesale of gas volume growth of 95.9% to 1.02 billion m³. By adopting an asset-light strategy, the Group continued to utilise its scalable logistics fleet, natural gas trading platform, and the capabilities of procuring upstream resources to develop its energy trading business. The Group continued to supply natural gas to customers yet to be covered by the natural gas pipeline network and offered LNG distribution service to Sinopec and CNOOC from their LNG terminals.

In terms of electricity sales and distributed energy businesses, the Group grasped opportunities brought by favourable policies and accelerated electricity reform in China, capitalized on its distributed energy technology to provide customers with tailor-made integrated energy usage solutions, the Group thereby, signed 6 new distributed energy projects during the Period. As of the first half of the year, the Group operated 7 distributed energy projects, part of these projects had been connected to the power grid. In addition, the Group tapped into electricity sales business in Kunming High Tech Zone in Yunnan and Zhaoqing New Zone in Guangdong as pilot projects. It will fully utilise its existing customer resources from city-gas business to create synergy and realise the combined sales of gas and electricity. In the future, the Group will facilitate the co-operation with high-tech zones, economic and technology development zones,

industrial parks, logistics parks to facilitate the development of new customers so as to create new revenue streams.

City-gas Distribution Business

During the Period, revenue attributable to piped gas sales reached RMB8.67 billion, accounting for 55.5% of the total revenue. The Group aligned with local government's coal-to-gas initiative to actively develop coal-to-gas users. During the Period, the proportion of coal-to-gas users increased to 44% out of its new C/I connections. The Group believes that with the steady promotion of coal-to-gas conversion in all province, this would become one of the growth drivers for natural gas sales in the future. At the same time, the Group took full advantage of the transformation of national economic structure and the opportunities arising from the development of tertiary industries, redoubled its efforts in developing commercial users with higher affordability and stable gas demand to further optimize its customer base. During the Period, the Group completed new connections to 4,830 C/I customers (with total installed designed daily capacity of 6.06 million m³), bringing the accumulated number of connected C/I customers to 61,688 (with total installed designed daily capacity of 64.67 million m³). In terms of residential connection, by grasping the opportunities raised by the recovery of the real estate market, the Group edged up its efforts in developing new buildings connection, while also sparing more efforts on exploring unconnected old buildings markets. During the Period, the Group conducted new connections to 907,000 households, bringing the total number of connected households to 13.23 million. The Group's connection revenue thereby increased 13.4% year-on-year to RMB2.90 billion. The Group also took the initiative to establish residential tier-pricing mechanism for its city-gas projects. As of the end of June this year, the Group had established residential tier-pricing mechanism for 104 projects out of 158 projects. It is expected that residential gas sales dollar margin will gradually reach reasonable levels when more projects execute residential tier-pricing mechanism.

New Projects

The Group managed to acquire 6 new projects during the Period on the back of its outstanding management system, solid track record and ability to secure gas supply. These new projects included Dingzhou in Hebei, Changle County in Shandong, Gongyi City Private Technology and Innovation Park in Henan, Shenzhen Baoan (Longchuan) Industrial Park in Guangdong, , Yingkou Industrial Park in Liaoning and Rizhao Haiyou Economic Development Zone in Shandong. The Group also secured 5 new concessions near existing projects to further expand its geographic coverage. These new projects are expected to provide volume growth to the Group in future. As of 30 June 2016, the city-gas projects operated by the Group covered a total connectable population of 72.14 million in China with overall gas penetration rate of 55.0%.

Vehicle/Ship Refuelling Business

During the Period, the Group's revenue attributable to vehicle gas sales amounted to RMB 1.62 billion, accounting for 10.4% of the total revenue. Vehicular natural gas sales volume in China recorded 760 million m³, of which LNG gas sales remained strong increase of 30.9% to 320 million m³. The Group constructed and put into operation 11 CNG and LNG refueling stations during the Period, bringing the total number of stations in operation to 587. Leveraging its sound brand image and operational experience, the Group further raised its influence in the industry and market share through the cooperation with PetroChina and Sinopec in the construction of stations and other alliances. The Group also reinforced its profit-based incentive mechanism to enhance the operational efficiency and profitability of existing refuelling stations.

Industry Prospect

Mr. Wang Yusuo concluded, “The year of 2016 marks the beginning of the 13th Five-year Plan. Chinese government, while more focused on the balanced development of ecology, environment, society and economy, will further implement environmental protection policies and provide great support for the utilization of clean energy including natural gas. The Group, upholding its customer-oriented philosophy, supported by excellent operation and driven by reform and innovation, will develop its core businesses and proactively expand new synergistic businesses with an aim to become a reputable integrated energy supplier, continue to increase corporate value and create higher returns for its shareholders. ”

(The End)

About ENN Energy Holdings Limited

ENN Energy is one of the largest clean energy distributors in China. The principal business of the Group is the investment in, and the operation and management of gas pipeline infrastructure, vehicle/ship gas refuelling stations, wholesale of gas, the sales and distribution of piped gas, LNG and other energy, and the provision of other services in connection with gas supply. The Group also operates vehicle/ship refuelling business in Europe and North America. As of 30 June 2016, the Group has 158 project cities in China in 17 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hainan, Hebei, Henan, Hunan, Inner Mongolia, Jiangsu, Jiangxi, Liaoning, Sichuan, Shandong, Yunnan and Zhejiang, covering a connectable urban population of over 72.14 million. The Group has an offshore gas project in Vietnam located in Ho Chi Minh, Hanoi and Danang, covering a connectable urban population of over 9 million. The Group’s total coverage of connectable urban population in China and overseas reaches over 81.14 million.

ENN Energy is a constituent of the Hang Seng Composite LargeCap Index and the MSCI China Mid Cap Index. For more information, please visit the Group’s website at <http://ir.ennenergy.com/>.

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Financial and Operational Data for 2016 Interim Results

(As of 30 June)	2016	2015	+/-
Business Development			
No. of project cities (China projects)	158	146	12
Connectable urban population (China projects)	72,136,000	65,625,000	9.9%
Gas penetration rate (China projects)	55.0%	52.1%	2.9ppt
Revenue Analysis (RMB million)			
Gas connection	2,900	2,557	13.4%
Sales of piped gas	8,672	9,625	-9.9%
Vehicle gas refuelling stations	1,621	1,959	-17.3%
Wholesale of gas	2,138	1,553	37.7%
Sales of other energy	70	37	89.2%
Sales of gas appliances and material	238	156	52.6%
Percentage of Segment Income by Revenue (%)			
Gas connection	18.5	16.1	2.4ppt
Sales of piped gas	55.5	60.6	-5.1 ppt
Vehicle gas refuelling stations	10.4	12.3	-1.9 ppt
Wholesale of gas	13.7	9.8	3.9 ppt
Sales of other energy	0.4	0.2	0.2 ppt
Sales of gas appliances and material	1.5	1.0	0.5 ppt
Gas Infrastructure			
Total length of pipeline (km)	31,204	29,637	5.3%
Gas processing stations	161	155	6
-Daily capacity (m ³)	84,878,000	80,004,800	6.1%
Vehicle gas refuelling stations	587	543	44
New Connection of Piped Natural Gas			
Residential households (Households)	907,168	791,822	14.6%
Commercial/Industrial customers ("C/I") (Sites)	4,830	4,621	209
Installed designed daily capacity for C/I (m ³)	6,059,148	4,225,616	43.4%
Accumulated Connection of Piped Gas (Incl. Natural)			
Residential households (Households)	13,233,204	11,396,420	16.1%
C/I (Sites)	61,688	52,310	9,378
Installed designed daily capacity for C/I (m ³)	64,667,309	54,468,771	18.7%
Sales of Gas (million m³)			
Total gas sales (including natural gas)	6,493	5,551	17.0%
Sales of natural gas	6,479	5,527	17.2%
-Residential	954	776	22.9%
-C/I	3,744	3,486	7.4%
-Wholesale of gas	1,022	522	95.8%
-Vehicle gas refuelling stations	759	743	2.2%