



**ENN Energy's Recorded Natural Gas Sales Volume Up 19.4% to 13,204 million m<sup>3</sup>  
Profit Attributable to Shareholders Up 88.7% to RMB3,362million**

**Seizing the Golden Opportunity Arising from Industry Reform  
Double Growth Drivers to Power Up the Transformation to an Integrated Energy Service Provider**

(Hong Kong, 22 Aug 2019)—ENN Energy Holdings Limited (the “Company”, together with its subsidiaries, 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 2019 (“the Period”). Even though the uncertainties of global political and economic situation and the China-U.S. trade dispute continue to affect global economy, the determination of the Chinese government to improve environmental pollution remains firm. During the period, leveraging on its innovative business model and strong execution competency, total natural gas sales volume of the Group surged 19.4% to 13,204 million cubic meters. The integrated energy business developed rapidly, with the sales of energy including steam, cooling, heating and electricity increased significantly by 92.1% to 1,952million kWh, driving the revenue up 33.2% to RMB35,344 million. Profit attributable to shareholders of the Company increased by 88.7% to RMB3,362million. Thanks to the growing core businesses, operating cash flow grew strongly by 124.9% to RMB4,294 million, continued to generate free cash flow.

The Group was included as a constituent stock in the Hang Seng China Enterprises Index in June this year. The Group's share price has increased by 14.90% year-to-date, which outperformed the 0.79% growth of the Hang Seng Index and the -0.02% growth of the Hang Seng China Enterprises Index respectively, showing the Group's strategic transformation was highly recognized by the capital market. The Group continues to be favored by investors as it provides stable cash flow and is less susceptible to economic cycles under the volatile market conditions.

**Industry Supervision Becomes More Transparent and Increasing Infrastructure Guarantees Adequate Gas Supply**

During the period, retail natural gas sold to commercial and industrial customers, residential customers and gas refueling stations increased by 15.1% to 9,769 million cubic meters, driving the revenue up 24.7% to RMB20,332 million. The National Development and Reform Commission (“NDRC”) published a number of market-oriented reform policies in the first half of the year, including “Guiding Opinion on the Regulation of Installation Fees for Gas Facilities in Cities and Towns”, “Special Administrative Measures for Foreign Investment Access in Pilot Free Trade Zones (Negative List)” (2019 Edition). The increasingly transparent regulatory environment will facilitate the Group expand its energy distribution business. With the opportunity arising from industry consolidation in this period, the Group acquired the exclusive operating rights of 14 city-gas projects, together with 3 new concessions around its existing projects, bringing the total number of city-gas projects to 201 in China, including 320 industrial parks with large gas consumption.

It is expected that the construction of the China-Russia East-route Natural Gas Pipeline, Liquefied Natural Gas (LNG) terminals, gas storage facilities and other infrastructure will bring significant enhancement to China's natural gas supply, with more diversified gas source and optimized resources allocation. The Group has a total of 76 city-gas projects in

Heilongjiang, Liaoning, Inner Mongolia, Hebei, Shandong and Jiangsu, where the China-Russia Pipeline will cover. Sufficient natural gas resources will alleviate the gas shortage issue in northeastern China and Beijing-Tianjin-Hebei area. In addition, the Zhoushan LNG receiving terminal owned by the Company's controlling shareholder has been approved to use the Ningbo-Zhoushan cross-sea bridge to transport LNG by trucks starting from the end of July this year, which will greatly increase the send-out capacity of the terminal. Also, the construction of the pipeline connecting Zhejiang provincial pipeline is expected to be completed by the end of this year, thus, the Group can take advantages of more diversified and ample gas supply to accelerate its business expansion.

### **Integrated Energy Business Well-positioned for Growth**

The energy consumption per unit of Gross Domestic Production (GDP) fell by 2.7% year-on-year in the first half of the year, indicating China's policy on developing a clean, low-carbon and highly efficient energy system is gradually delivering results. The integrated energy business actively developed by the Group is in line with China's energy reform strategy. During the period, 20 new projects were put in operation, driving the aggregate number of operational integrated energy projects to 82, with a potential energy demand of 7,897 million kWh per year and a total installed capacity of 1,561 MW. The above projects successfully helped customers reduce energy consumption of more than 100,000 tons of standard coal equivalent and reduce carbon dioxide emissions of 460,000 tons. Leveraging the industry-leading technology and business model, the Group's integrated energy solutions were highly recognized by customers and government. As a result, the Group signed 106 new projects during the period, with a potential annual integrated energy demand of 63 billion kWh. Benefitting from the improved utilization of projects over the past two years, and the new projects put into operation during the period, the sales of integrated energy, including cooling, heating, electricity and steam amounted to 1,952 million kWh, generating revenue of RMB1,019 million, representing a significant increase of 176.2% year-on-year.

The national plan of "Guangdong-Hong Kong-Macao Greater Bay Area" which was released in February this year, brings huge potential to the Group's integrated energy and gas distribution businesses. The Group has a leading market share in the Greater Bay Area, with a total of 25 city-gas concession areas and 11 integrated energy projects, supplying energy to high-quality C/I customers such as airports, pharmaceutical plants and industrial parks, etc. Looking forward, The Group will take advantage of the resource advantages in both upstream and downstream of the Greater Bay Area, and actively expand its clean energy business in the area with innovative business models and technologies to help the country build a world-class Bay Area and urban agglomeration with a beautiful ecological environment.

### **Value-added Services and Intelligent Operation to Drive Business Growth**

The Group managed to explore various business opportunities since the Group announced its "customer-centric" business philosophy. In addition to stimulating the sales volume of gas-related products, the Group also provided member companies with energy experts to provide C/I customers with energy-saving technologies and retrofitting services, so as to maintain customers' market competitiveness through enhancing their energy use and production efficiency, thereby driving the continued growth of their energy needs.

Meanwhile, the Group implemented intelligent management to improve operating efficiency, including energy consumption data collection to gain insight into customers' energy consumption pattern, and big data analysis to provide accurate information for decision-making and resources allocation. During the period, the proportion of sales and

administrative expenses in total revenue decreased 0.8 percentage points to 5.1%. The growing core businesses, coupled with increasing operating efficiency and better working capital management, the Group's operating cash flow increased strongly by 124.9% to RMB4,294 million, and continued to generate free cash flow, strengthening the Group's capability to withstand potential economic instability and deteriorating market environment, as well as enhancing its dividend payout ability in the future. During the period, three international rating agencies maintained superior investment-grade credit ratings for the Group, ensuring the accessibility of sufficient financial resources for the long-term development of the Group.

**Mr. Wang Zizheng, Executive Chairman of ENN Energy**, stated, "China stated in the 13th Five-Year Plan for Energy Development that coal consumption, atmospheric pollutants and greenhouse gas emissions will be strictly controlled in key regions. Our natural gas sales business will continue to benefit from these opportunities. Besides, the reform of China's natural gas industry will lead the industry to achieve sustainable and healthy growth, as well as provide continuous momentum for natural gas consumption growth. Looking forward to the second half of the year, we will make every effort, including attracting more customers to expand business scale, ensuring diversified resources, conducting intelligent matching of supply and demand to meet customers' needs, customer gas consumption management and strategic passthrough of incremental costs, to achieve our annual performance targets."

(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 construction, operation and management of gas pipeline infrastructure, vehicle and ship refuelling stations and integrated energy projects, the sales and distribution of piped gas, LNG and other multi-energy products. The Group also conducts energy trading business and provides other services in relation to energy supply in the PRC. As of 30 June 2019, the Group had 201 project cities in China in 19 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Heilongjiang, Gansu, Jiangsu, Jiangxi, Liaoning, Sichuan, Shandong, Yunnan, Zhejiang and Shanxi, covering a connectable urban population of 99.95 million. The Group also developed integrated energy projects in key regions spanning across 26 provinces and municipalities, with the accumulative number of projects in operation amounting to 82.

ENN Energy is a constituent of the Hang Seng Composite Large Cap Index, the Hang Seng China Enterprises 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 2019 Interim Results

(As of 30 June)	1H2019	1H2018	+/-
<b>Business Development</b>			
No. of city-gas projects in China	201	178	23
Urban population coverage (thousand)	99,950	88,609	12.8%
Piped gas penetration rate	59.4%	58.6%	0.8ppt
Accumulated number of integrated energy projects in operation	82	46	36
<b>Revenue Analysis (RMB million)</b>			
Retail gas sales business	20,332	16,301	24.7%
Sales of integrated energy and services	1,019	369	176.2%
Wholesale of gas	9,330	6,595	41.5%
Construction and Installation	3,626	2,805	29.3%
Value added services and sales of products	1,037	460	125.4%
<b>Percentage of Segment Revenue (%)</b>			
Retail gas sales business	57.5	61.4	-3.9ppt
Sales of integrated energy and services	2.9	1.4	1.5ppt
Wholesale of gas	26.4	24.9	1.5ppt
Construction and Installation	10.3	10.6	-0.3ppt
Value added services and sales of products	2.9	1.7	1.2ppt
<b>New Natural Gas Customer Development during the period</b>			
Residential households (thousand)	1,287	1,078	19.4%
C/I customers (sites)	12,110	10,764	1,346
Installed designed daily capacity for C/I customers (thousand m <sup>3</sup> )	8,638	8,228	5.0%
<b>Sales of Gas (million m<sup>3</sup>)</b>			
Total natural gas sales	13,204	11,062	19.4%
-Residential customers	1,887	1,614	16.9%
-C/I customers	7,289	6,264	16.4%
-Wholesale of gas	3,435	2,571	33.6%
-Vehicle gas refuelling stations	593	613	(3.3%)
<b>Sales of Integrated Energy</b>			
Sales volume of integrated energy (million kWh)	1,952	1,016	92.1%