【For Immediate Release】

ENN Energy Natural Gas Sales Volume Up 27.0% to 14,329 million m³ in 2016

Recurring Profit Increased by 17.3% to RMB3,212 million

(Hong Kong, 21 Mar 2017)—ENN Energy Holdings Limited ("ENN Energy" or "the Group") (stock code: 2688.HK), one of the largest clean energy distributors in China, announced its annual results for the year ended 31 December 2016 ("the year"). During the year, the Group's revenue increased by 6.4% to RMB34,103 million. Total revenue and profit of the Group together with its joint ventures and associates amounted to RMB50,298 million and RMB4,165 million respectively. Stripping off the impact of the items in Other Gains and Losses and share option amortisation expenses, the Group's recurring profit grew by 17.3% to RMB3,212 million. In recognition of the shareholders' support to the Group, the Board recommended a final dividend of HK$0.83 (equivalent to approximately RMB0.74) per share.

In 2016, the Chinese government launched various policies to speed up the natural gas industry reform, including decreasing the number of intermediaries, standardising the collection of charges, setting administrative measures for the pricing of long distance pipeline transmission and speeding up the opening up of mid-stream facilities. It is worth noting that the recently published "Opinions on Accelerating the Promotion of Natural Gas Utilisation (for solicitation of opinions)" and "The 13th Five-year Plan on Natural Gas Development" reiterates the Government's target for the share of natural gas in primary energy consumption to reach 8-10% by 2020 and proposes a variety of measures to boost downstream demand and intensify industry reform. It served as the guiding framework for the orderly and steady development of the gas industry.

Natural gas became a more economical choice compared with alternative energy, thanks to the gas price cut in November 2015 and the rebound in global oil prices. On top of that, the Chinese government enacted more stringent environmental measures, leading to sustained improvements in the downstream gas demand. **Mr. Wang Yusuo, Chairman of ENN Energy**, stated, "In the face of an ever-changing operating environment, the Group stood by its customer-oriented philosophy. Supported by its excellent operation campaign and driven by reforms and innovation, the Group went all out to tap the potential of its traditional businesses. It fully leveraged the internet and technological means to vigorously develop new businesses. Thanks to the concerted effort of its employees, the Group achieved all the business goals made at the beginning of the year. The Group's natural gas sales volume for the year of 2016 grew by 27.0% to 14,329 million cubic metres as compared with last year."

City-gas Distribution Business Sustained a Healthy Growth

During the year, revenue attributable to piped gas sales amounted to RMB17,900 million, accounting for 52.5% of the total revenue. Benefited by the gas consumption ramp up of newly connected residential customers and the installation of more space heaters by residents during winter, residential natural gas sales volume recorded rapid growth of 22.1% to 1,816 million cubic metres. In addition, the Group took the initiative to establish a residential tier-pricing mechanism for its city-gas projects. As at the end of 2016, 111 projects of the Group had already set up a tier pricing mechanism, accounting for 92% of the total residential gas sales volume. The accelerated growth in the natural gas sales volume to C/I customers was mainly due to the contribution by the newly connected C/I customers. Moreover, the Group stepped up the implementation of the coal-to-gas conversion policy and helped customers reduce the overall energy consumption costs by providing energy-saving solutions. The Group's natural gas sales volume to C/I customers was 7,963 million cubic metres, representing a growth of 13.7% over last year.

The Group continued to develop new residential and C/I users and received connection fee of RMB5,611 million during the year. It completed piped natural gas connection for 1,820,837 residential households during the year. As at the end of 2016, the aggregate number of residential households connected to piped gas reached 14,146,873. The Group seized the opportunity arising from the coal-to-gas conversion and proactively reached out commercial customers. During the year, the Group connected 11,821 new C/I customers. As at the end of 2016, the aggregate number of C/I customers of the Group connected to piped gas reached 68,679.

The Group managed to acquire 8 new projects during the year, namely Dingzhou, Hebei, Changle County, Shandong, Rizhao Haiyou Economic Development Zone, Shangdong, Gongyi Private Technology and Innovation Park, Henan, Shenzhen Bao'an (Longchuan) Industrial Transfer Park, Liaoning Yingkou Industrial Park, Wuchuan City, Guangdong and Yanling County, Hunan. The additional connectable urban population of the new projects reached 980,000. In addition, the Group acquired 12 new concessions nearby existing project. It expanded the scope of business and laid a solid foundation for the development of the city-gas business. As at 31 December 2016, the Group had 160 projects in China, covering a connectable population of77.42 million.

Accelerated Development of Energy Trading Business

In 2016, there was sufficient supply of LNG and the demand from end-users remained strong. This offered the Group favorable distribution conditions to build up customers vigorously. Therefore, gas sales volume of the energy trading business increased 146.6% year-on-year to 3,037 million cubic metres. The Group efficiently used its advanced dispatching system, logistics fleet and upstream resources. By participating in various gas trading platforms in China, the Group continued to expand the scale of energy trading, built a strong distribution network and enhanced its influence in the industry. The Group also entered into long-term LNG Sale and Purchase Agreements with Total, Chevron Corporation and Origin Energy Limited, pursuant to which it will import a total of 1.43 million tons of LNG per year starting from 2018 or 2019, strategically securing certain LNG to provide long-term and stable support to its core downstream business development.

Network Optimisation of Vehicle Refuelling Business

During the year, revenue attributable to vehicle refuelling business amounted to RMB3,169 million, accounting for 9.3% of the total revenue. Facing the challenge brought by low oil price, car-hailing and electric vehicles, the Group has cooperated with car-hailing service companies, increased efforts to expand new customer base including light duty trucks, urban public services and private cars. On the other hand, the Group rolled out other promotional measures, such as rechargeable and cash return services, the offering of gifts using bonus points, to attract more new customers and enhance the loyalty of existing customers. Different from the CNG refuelling stations business, thanks to the aggressive efforts of local governments to promote the oil-to-gas conversion for buses, coach buses and government's vehicle fleet, together with the Group's efforts to keep improving the network distribution of gas refuelling stations, there is a continuous rapid growth in gas sales volume at LNG refuelling stations. To improve the operational efficiency and profitability of the refuelling business, the Group also implemented the accountability system. The National Energy Administration proposed that the utilisation of natural gas in vehicles and vessels should amount to 50-60 billion cubic metres by 2020. The oil-to-gas conversion for transportation is an inevitable trend. For this reason, the Group believes that the refuelling business will usher in a new round of development and will continue to make a good profit contribution.

Distributed Energy Projects in Full Swing

In the "Opinions on Accelerating the Promotion of Natural Gas Utilisation", the National Energy Administration particularly points out that during the period of the "13th Five-year Plan", the development needs to be accelerated of natural gas distributed energy in large commercial areas and new industrial areas of large- and medium-sized cities. Riding on favorable policies and taking the reform of the national electricity industry as an opportunity, the Group actively developed distributed energy business and integrated energy sales business. During the year, the Group signed up 10 distributed energy projects. As at the end of the year, 12 projects has commenced operation, including Changsha Huanghua International Airport, Yancheng Tinghu Hospital, Zhuzhou Vocational Education City, Zhuzhou Shennong City, Zhaoqing New District, Qingdao Sino-German Ecological Park, Shijiazhuang Junlebao, Shijiazhuang Railway Station, Chuzhou Anxing Color Polyester, Qingdao Wanda Yacht Industrial Park, Jingbin Industrial Park and Langfang Cloud Storage. The Group will fully utilise its existing customer resources from its city-gas business and provide customers with integrated energy consumption packages of various energy products.

Sustained a Sound Financial Position

As at 31 December 2016, the Group's bank balances and cash amounted to RMB7,163 million, while the Group's net gearing ratio was 53.9%. To mitigate the impact of Renminbi depreciation, the Group repaid US$114 million IFC loans ahead of schedule in April 2016 and hedged US$500 million with maturity date in February 2018. In addition, the Group also repurchased US$349 million out of the US$715 million 6% senior notes due 2021. The credit rating agency Moody's has maintained a Baa3 investment-grade rating and a "positive" outlook on the Group. Meanwhile, Standard & Poor's and Fitch both maintained their BBB investment-grade ratings and "stable" outlook.

Outlook

Mr. Wang Yusuo concluded, "China will continue to step up its supply-side structural reform in 2017 while promoting the green, low-carbon energy strategy. This will bring flourishing opportunities to the natural gas industry. The Group will continue to enhance its innovative business model and operational capability. Through exploring the potential of existing core business and actively developing new synergistic business opportunities, we will strive to realize the transition from a gas distributor to an integrated energy supplier. The Group will not cease to enhance its corporate value in order to create better 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, sales and distribution of piped gas, LNG and other energy, and the provision of other services in connection with gas supply. As of 31 December 2016, the Group has 160 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 77.42 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 8.92 million. The Group's total coverage of connectable urban population in China and overseas reaches over 86.34 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/.

IR Enquiry：
ENN Energy Holdings Limited
Hedy Shen / Grace Wei
Tel：(852) 2528 5666 / (86) 316 2599928
Fax：(852) 2865 7204
Email：yihui.shen@ennenergy.com / weiliping@enn.cn

Media Enquiry：
Hill+Knowlton Strategies Asia
Ada Leung / Maggie Hui
Tel：(852) 2894 6225 / (852) 2894 6264
Email：ENN.Energy@hkstrategies.com

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Financial and Operational Data for 2016 Annual Results

(As of 31 December)	2016	2015	+/-
Business Development			
No. of project cities (China projects)	160	152	8
Connectable urban population (China projects)	77,420,000	71,536,000	8.2%
Gas penetration rate (China projects)	54.8%	51.7%	3.1%
Revenue Analysis (RMB million)			
Gas connection	5,611	5,508	1.9%
Sales of piped gas	17,900	18,680	(4.2%)
Vehicle gas refuelling stations	3,169	3,931	(19.4%)
Energy trading	6,153	3,429	79.4%
Sales of other energy	153	83	84.3%
Sales of gas appliances	238	138	72.5%
Sales of material	879	294	199.0%
Percentage of Segment Income by Revenue (%)			
Gas connection	16.5%	17.2%	(0.7%)
Sales of piped gas	52.5%	58.2%	(5.7%)
Vehicle gas refuelling stations	9.3%	12.3%	(3.0%)
Energy trading	18.0%	10.7%	7.3%
Sales of other energy	0.4%	0.3%	0.1%
Sales of gas appliances	0.7%	0.4%	0.3%
Sales of material	2.6%	0.9%	1.7%
Gas Infrastructure			
Total length of pipeline (km)	32,921	29,936	10.0%
Gas processing stations	166	157	9
-Daily capacity (m^3)	84,910,000	80,198,000	5.9%
Vehicle gas refuelling stations	597	576	21
New Connection of Piped Natural Gas			
Residential households (Households)	1,820,837	1,707,020	6.7%
Commercial/Industrial customers ("C/I") (Sites)	11,821	9,054	2,767
Installed designed daily capacity for C/I (m^3)	12,574,005	8,160,660	54.1%
Accumulated Connection of Piped Gas (Incl. Natural Gas)			
Residential households (Households)	14,146,873	12,326,036	14.8%
C/I (Sites)	68,679	56,858	11,821
Installed designed daily capacity for C/I (m^3)	71,182,166	58,608,161	21.5%
Sales of Gas (million m^3)			
Total gas sales (including natural gas)	14,386	11,312	27.2%
Sales of natural gas	14,329	11,286	27.0%
-Residential	1,816	1,487	22.1%
-C/I	7,963	7,001	13.7%
-Wholesale of gas	3,037	1,232	146.6%
-Vehicle gas refuelling stations	1,514	1,566	(3.4%)