



**ENN Energy Recorded Natural Gas Sales Volume Increased by 36.9% Significantly  
to 19.62 billion m<sup>3</sup>  
Profit Attributable to Shareholders of the Group Increased by 30.3% year-on-year  
to RMB2,802 million  
Continue to Build a Modern Energy System  
Endeavor to Become an Integrated Energy Service Provider**

(Hong Kong, 22 Mar 2018)—ENN Energy Holdings Limited (the “Company” and together with its subsidiaries, 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 2017 (“the year”). The Company, its subsidiaries, joint ventures and associates, capitalized on the strong business development and management support capability, recorded a total natural gas sales volume of 19.62 billion cubic metres, significantly increased by 36.9% year-on-year; Total revenue increased by 36.9% to RMB68,853 million, and profit amounted to RMB4,500 million, increased by 25.2% year-on-year.

Revenue of the Group amounted to RMB48,269 million, representing a significant increase of 41.5% year-on-year; Profit attributable to shareholders of the Group increased by 30.3% year-on-year to RMB2,802 million. During the year, basic earnings per share amounted to RMB2.59, increased by 30.2% year-on-year. As a token of gratitude to our shareholders’ support, the Board recommended a final dividend of HK\$1.08 per share, representing an increase of 30.1% year-on-year.

In 2017, the Chinese government launched various important policies, including: “The 13th Five-year Plan on Natural Gas Development”, “Opinions on Deepening the Structural Reform of the Oil and Natural Gas Industry”, “Opinions on Accelerating the Promotion of Natural Gas Utilisation”, “Beijing-Tianjin-Hebei Air Pollution Prevention and Control Work Plan for 2017”, and “Plan on Winter Heating Using Clean Energy in Northern China (2017-2021)”. Benefiting from the improving macro-economy and the government’s determination to control air pollution, the apparent natural gas consumption in China recorded a rapid growth of 15.3% in 2017, higher than that in the past two years.

Mr. Wang Yusuo, Chairman of ENN Energy, stated, “During the past year, ENN Energy actively embraced the opportunities brought by the changes in the energy industry and air pollution control. The Group capitalized on its exceptional execution capability, took advantage of opportunities brought by the favourable external environment, proactively developed more customers to increase natural gas sales volume. Despite the gas shortage in winter time, the Group was able to ensure steady gas supply to customers, thanks to its remarkable gas sources dispatching and allocating capabilities. During the year, natural gas sales volume recorded a significant year-on-year growth of 36.9% to 19.62 billion cubic metres, demonstrated a much



higher growth rate compared with the industry's average. The Group's expanding scale of natural gas sales, coupled with the early-entry into synergistic business segments including energy trading and integrated energy business, successfully created larger return for the Group and its shareholders.

### **City-gas Business Sustained a Rapid Growth**

During the year, the Group's revenue attributable to piped gas sales increased by 33.8% year-on-year to RMB23,948 million, mainly due to the significant rising of natural gas sales volume attributable to C/I customers by 37.3% to 10,931 million cubic metres. Following the implementation of tightened environmental policies carried out by the PRC government, which encouraged businesses to adopt cleaner energy to replace highly polluting fuels, including coal, heavy oil and low-quality diesel, the Group made great effort to conduct "coal-to-gas" conversion in order to develop more customers with large gas consumption in response to the above policies. During the year, the Group completed natural gas connection for 23,200 new C/I customers (installed gas appliances with designed daily capacity of 16,718,347 cubic metres), and the aggregate number of C/I customers connected to piped gas (including natural gas) reached 91,879 (installed gas appliances with designed daily capacity of 87,900,513 cubic metres). During the year, new connections to customers from "coal-to-gas" conversion reached 6.02 million cubic metres/day, accounting for 36% of newly connected C/I customers. The tertiary industry accounted for 51.6% of the gross domestic product in 2017, thereby becoming the new engine of China's economic development. In addition to expanding the scale of natural gas sales, the Group also focused on the development of high-quality commercial customers with higher affordability, so as to enrich and optimize its customer portfolio. During the year, new connections to commercial customers reached 6.47 million cubic metres/day, accounting for 38.7% of newly connected C/I customers. The Group's growing C/I customer base has laid a solid foundation for the growth of natural gas sales.

During the year, the Group's sales of natural gas to residential customers increased by 18.3% to 2,148 million cubic metres. The PRC government clearly stated that it would accelerate the increase in gas penetration rate for urban residents and promote clean heating in rural areas depending upon local conditions. The Group actively worked with the governments to speed up households connection in new and existing buildings, while making efforts to carry out "coal-to-gas" conversion projects in rural areas and eliminate scattered coal focusing on selective urban villages in more affordable areas including Hebei, Henan, Jiangsu and Shandong, as well as promote gas space heaters. Capitalising on its strong customer development, safety operation, and exceptional customer service capabilities, the Group completed natural gas connection for 2,074,270 residential households, with the aggregate number of residential households connected to piped gas (including natural gas) reached 16,221,143. As of the end of 2017, the average gas penetration rate of the Group's city-gas projects increased from 54.8% at the end of 2016 to 57.5%.

In addition to actively increasing the gas penetration rate of existing city-gas projects, the Group also focused on inorganic growth in order to expand the coverage of its natural gas distribution



business in China. During the year, the Group acquired 12 new projects and 22 new concessions around its existing projects, with an additional connectable population of 1,270,000. As at 31 December 2017, the Group had 172 projects in China, covering a connectable population of 84.69 million.

### **Developed Integrated Energy Business to Push Forward the Strategic Upgrades of the Group**

China insists on advancing the energy revolution as a national policy for energy development, achieving a fundamental shift in forms of energy production and consumption, strengthening the construction of a smart energy management system, enhancing demand-side responding capability, and realizing the smart interaction between energy production and consumption. The development of energy consumption will shift from merely volume expansion to the focus on enhancing quality and efficiency, completely changing the previous way of energy consumption which was extensive and inefficient. The implementation of the trading of energy usage quota, carbon emission quota, renewable energy for power generation quota, etc. will bring opportunities for the rapid development of clean energy. Embracing the changes of the energy system, the Group planned ahead strategically to satisfy the diverse energy needs of customer. It developed the new technological concept, namely integrated energy, which was modified on the foundation of natural gas distributed energy technology. By integrating various energy sources (such as natural gas, industrial waste heat and renewable energy including solar energy, geothermal energy, wind energy, photovoltaics) available locally, the Group can customise integrated energy solutions to satisfy customers' energy efficiency and reduce energy cost.

Leveraging on its vast experience in operating distributed energy projects in the past, and its key advantage of direct access to end users, the Group pushed forward the development of integrated energy business in key cities by targeting customers with multiple energy needs, such as industrial parks, urban complexes, public infrastructures, and industrial customers, expediting its integrated energy sales including gas, electricity, cooling, heating and steam. During the year, revenue from the sales of integrated energy and services recorded a significant increase of 92.2% to RMB294 million, and 19 integrated energy projects were put into operation, with an aggregated number of projects in operation reached 31, among which two projects were selected to be on the first listing of "Multi-energy Complementary Integration and Optimization Demonstrative Projects" of the National Energy Administration. The Group is committed to its transformation from a pure natural gas distributor to an industry-leading integrated energy service provider, driving the growth of its gas sales volumes while pushing ahead the development of integrated energy sales and services.

### **Further Expanded the Scale of Energy Trading Business**

During the year, benefiting from the tremendous natural gas demand from the downstream users, the Group leveraged on its growing resources allocation capabilities, intelligent dispatching and logistics system, and the extensive distribution network, achieved 5,141 million cubic metres of natural gas sales from energy trading business, representing a significant year-on-year increase of 69.3%. Revenue achieved a notable year-on-year growth of 93.0% to RMB11,878 million. The Group's market share further increased and became a leading LNG distributor in China. The Group continued to secure upstream resources through deepening the collaboration with upstream



suppliers including the three oil majors and LNG processing plants, investing in Shanghai Petroleum and Natural Gas Exchange as well as Chongqing Petroleum and Natural Gas Exchange, and securing long term gas supply contracts with overseas suppliers. It also actively established the logistics and gas storage systems, thereby building a highly efficient, cost-effective and safe integrated storage and transportation system to ensure stable gas supply in winters. The Group will reinforce the industry of downstream market development and further expand the scale of energy trading, so as to broaden its revenue sources, while strategically prepare for the full liberalisation of natural gas prices.

### **Sustained a Robust Financial Position**

The outlook of the clean energy industry in China remained positive. As one of the leaders in the industry, the Group continued to achieve all operational and financial guidance committed to the market, whose stable operational condition and financial performance were recognized by rating agencies. During the year, Moody's upgraded the Group's rating to Baa2 and issued a "Stable" outlook. Meanwhile, Standard & Poor's and Fitch both maintained their BBB investment ratings, with Standard & Poor's raised the outlook to "Positive" and Fitch maintained a "Stable" outlook.

### **Outlook**

Mr. Wang Yusuo concluded, "Looking ahead in 2018, China will continue the supply-side structural reform while promoting the construction of an eco-logical civilisation and implementing the green and low-carbon energy strategy. The natural gas industry is expected to maintain its pace of rapid developments, driven by the environmental policies carried out by local governments. The Group will continue to plan ahead to cope with changes in the industry and market conditions, so as to upgrade and transform from a pure natural gas distributor to an integrated energy service provider that leads the development of the industry. We are confident that, through innovation of its business model and enhancement of its outstanding operational capability, it will be able to continuously enhance its corporate value and create better returns for 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 construction, operation and management of gas pipeline infrastructure, vehicle/ship gas refuelling stations and Pan-energy stations, the sales and distribution of piped gas, LNG and multiple energy forms. The Group also conducts energy trading business and provides other services in connection with energy supply. As of 31 December 2017, the Group had 172 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 84.69 million. Meanwhile, the group develops integrated energy business in key regions of 25 provinces and municipalities, promoting the overall upgrade of urban energy use and leading the formation of a modern energy system.

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 2017 Annual Results**

<b>(As of 31 December)</b>	<b>2017</b>	<b>2016</b>	<b>+/-</b>
<b>Business Development</b>			
No. of project cities (China projects)	172	160	+12
Connectable urban population (China projects)	84,692,800	77,420,000	+9.4%
Gas penetration rate (China projects)	57.5%	54.8%	+2.7 ppt
Accumulated integrated energy projects that were put into operation	31	12	+19
<b>Revenue Analysis (RMB million)</b>			
Gas connection	5,954	5,611	+6.1%
Sales of piped gas	23,948	17,900	+33.8%
Vehicle gas refuelling stations	3,102	3,169	-2.1%
Wholesale of gas	11,878	6,153	+93.0%
Sales of integrated energy and services	294	153	+92.2%
Sales of gas appliances	320	238	+34.5%
Sales of material	2,773	879	+215.5%
<b>Percentage of Segment Revenue (%)</b>			
Gas connection	12.3	16.4	-4.1ppt
Sales of piped gas	49.6	52.5	-2.9ppt
Vehicle gas refuelling stations	6.4	9.3	-2.9ppt
Wholesale of gas	24.6	18.0	+6.6ppt
Sales of integrated energy and services	0.6	0.4	+0.2ppt
Sales of gas appliances	0.7	0.7	No change
Sales of material	5.7	2.6	+3.1ppt
<b>Gas Infrastructure</b>			
Total length of pipeline (km)	39,146	32,921	+18.9%
Gas processing stations	173	166	+7
-Daily capacity (m <sup>3</sup> )	104,370,000	84,910,000	+22.9%
Vehicle gas refuelling stations	606	597	+9
<b>New Connection of Piped Natural Gas</b>			
Residential households (households)	2,074,270	1,820,837	+13.9%
Commercial/Industrial customers ("C/I") (sites)	23,200	11,821	+11,379
Installed designed daily capacity for C/I (m <sup>3</sup> )	16,718,347	12,574,005	+33.0%
<b>Accumulated Connection of Piped Gas (Incl. Natural Gas)</b>			
Residential households (Households)	16,221,143	14,146,873	+14.7%
C/I (Sites)	91,879	68,679	+23,200
Installed designed daily capacity for C/I (m <sup>3</sup> )	87,900,513	71,182,166	+23.5%
<b>Sales of Gas (million m<sup>3</sup>)</b>			
Total gas sales (including natural gas)	19,676	14,386	+36.8%
Sales of natural gas	19,617	14,329	+36.9%
-Residential	2,148	1,816	+18.3%
-C/I	10,931	7,963	+37.3%
-Wholesale of gas	5,141	3,037	+69.3%
-Vehicle gas refuelling stations	1,396	1,514	-7.8%