



**ENN Energy Natural Gas Sales Volume Significantly Increased by 41.8%  
to 9,187 million m<sup>3</sup> in 1H2017**

**Recurring Profit Increased by 15.4% to RMB1,907 million**

(Hong Kong, 24 Aug 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 interim results for the period ended 30 June 2017 (“the Period”). During the Period, the Group’s natural gas sales volume reached 9,187 million m<sup>3</sup>, representing a significant year-on-year increase of 41.8%. Natural gas sales volume of the city-gas business, which comprises residential customers, commercial/industrial (“C/I”) customers and vehicle gas refuelling stations, recorded a significant year-on-year increase of 26.8% to 6,920 million m<sup>3</sup>, with a growth rate outperforming the 15% year-on-year growth of national apparent consumption of natural gas in the first half of 2017. During the Period, the Group’s revenue increased by 37.0% year-on-year to RMB21,424 million. Profit attributable to shareholders amounted to RMB1,649 million, representing an increase of 3.9% year-on-year. Stripping out the impact from the items in other gains and losses and amortisation of share option expenses, recurring profit grew by 15.4% to RMB1,907 million.

In the first half of 2017, China pressed on with its supply-side structural reform and the overall economy remained a gradual upward trend. The manufacturing sector continued to develop steadily while the economic structure further optimized. Spurred by the economic recovery and local initiatives encouraging natural gas through “coal-to-gas” conversion and the designation and expansion of prohibited coal-burning areas, China’s consumption of natural gas as a clean energy recorded a significant growth. Mr. Wang Yusuo, Chairman of ENN Energy, stated, “In the face of an ever-changing operating environment, the Group has embraced the opportunities brought by favorable policies. With the steady exploration of new residential customers and active development of C/I customers, the Group realized a rapid growth of core business. At the same time, the Group actively developed its integrated energy sales business, expanded the business scales of wholesale of gas, thereby facilitating rapid development of new synergistic businesses.”

**Core City-gas Business Recorded a Rapid Growth**

During the Period, the Group’s revenue from piped gas sales reached RMB11,300 million, representing an increase of 30.3% year-on-year and accounting for 52.7% of its total revenue. Natural gas sales volume to residential customers was 1,188 million m<sup>3</sup>, up 24.6% over the corresponding period last year, which was driven by gas consumption ramp up of newly connected residential customers and the promotion of gas space heaters. The Group connected 100,000 space heaters during the Period. As at the end of June, the Group had an aggregate of 570,000 residential households using gas space heaters. The Group actively supported the local governments in the introduction and implementation of the “coal-to-gas” conversion initiatives. It also promoted natural gas consumption to C/I customers leveraging a flexible pricing mechanism and the application of distributed energy business model. In addition, due to the



stable economy in the first half of 2017, the operations of a few cyclical industries including metal manufacture, chemicals, glass, ceramic improved, resulting in the gas usage recovery of some existing customers. As a result, natural gas sales volume of C/I customers increased by 34.5% to 5,038 million m<sup>3</sup>.

In the first half of 2017, the Group's connection fee revenue was RMB2,897 million. During the Period, the Group completed piped natural gas connection for 951,180 residential households. As at the end of June, the aggregate number of residential households connected to piped gas (including natural gas) reached 15,098,053, increasing the average gas penetration rate from 54.8% in the end of 2016 to 58.0%. During the Period, the Group connected 9,650 C/I customers (installed gas appliances with designed daily capacity of 6,957,575 m<sup>3</sup>). This laid a solid foundation for the growth of C/I gas consumption in the future. As at the end of June, the aggregate number of C/I customers connected to piped gas (including natural gas) reached 78,329 (installed gas appliances with designed daily capacity of 78,137,551 m<sup>3</sup>).

During the Period, the Group successfully acquired 5 new projects, namely Bozhou Wuhu Modern Industrial Park, Anhui, Heyuan Lianping County, Guangdong, Chengde Weichang Economic Development Zone, Hebei, Zhuzhou Nanzhou New District, Hunan and Xuanwei City, Yunnan with an additional connectable population of 670,000. Meanwhile, the Group acquired 14 new concessions nearby its existing projects. As at 30 June 2017, the Group had 165 projects in China, covering a connectable population of 78.09 million.

#### **Accelerated Development of Integrated Energy Sales Business**

The Group remains committed to its transition from a natural gas distributor to an integrated energy supplier. During the Period, with end-user access as its key advantage and effective market exploration, the Group's revenue from sales of other energy recorded a significant year-on-year increase of 40.0% to RMB98 million.

Leveraging favorable government policies which encourage the use of natural gas in the field of distributed energy, the Group focused its business development on customers with multiple energy demands such as industrial customers, large-scale public infrastructure, and urban areas/industrial parks. During the Period, 10 distributed energy projects were put into operation, including Langfang New Chaoyang Distributed Energy Micro-grid, Ruzhou Julong Biological Engineering, Dongguan Zhongsheng Pharmaceutical, Distributed Energy Station of Qingdao Haier Industrial Park, Kaifeng Huiyuan Juice Group, ASE Group (Shanghai), Longyou Chengnan Industrial Park, Wenzhou Jinhai Park, Zhuzhou Tianyi Independent Industrial and Technology Park and Luoyang Yibin District Distributed Energy Micro-grid. As at the end of 30 June 2017, the Group had a total of 22 distributed energy projects in operation. The Group also leveraged the government's favorable policies to promote clean energy heating, and developed distributed heating business for commercial and residential users in Hebei, Henan and Shandong. It also rolled out steam sales business in the city-gas projects in Shandong, Anhui, Henan and Guangdong etc.

#### **Expanded the Scale of Wholesale of Gas Business**

During the first half of 2017, LNG supply remained abundant in China and the state has accelerated the promotion of natural gas, which resulted in the rapid growth of LNG demand. Supported by advanced dispatch system and extensive distribution network, the Group's wholesale of gas volume reached 2,267 million m<sup>3</sup>, representing a significant year-on-year



increase of 121.9% while revenue from wholesale of gas business surged to RMB4,631 million, up 116.6% year-on-year. The Group aims to expand the scale of wholesale of gas business, enlarge customer base, create additional sources of income, and establish strategic plans for the full liberalisation of natural gas pricing through numerous measures including investing in Shanghai Petroleum and Natural Gas Exchange as well as Chongqing Petroleum and Natural Gas Exchange and forming strategic cooperation with Sinopec Marketing Co., Ltd.

### **Sustained a Steady Financial Position**

As at the end of June, the Group had sufficient sources of funds and unutilised banking facilities of approximately RMB7,000 million to meet its future capital expenditure and working capital requirements, while the ratio of net debt to equity was 54.2%. The Company has entered into structured foreign currency forward contracts with certain financial institutions to manage its foreign exchange risk. It will continue to monitor the trend on the exchange rate closely and take appropriate actions when necessary. During the Period, the Group sustained a steady financial position. The credit rating agency Moody's upgraded the investment-grade rating to Baa2 and granted a "Stable" outlook on the Group. Meanwhile, Standard & Poor's and Fitch both maintained their BBB investment-grade ratings, of which Standard & Poor's raised the outlook to "Positive" while Fitch maintained a 'Stable' outlook.

### **Outlook**

Mr. Wang Yusuo concluded, "In the second half of 2017, China's natural gas industry is expected to maintain rapid development supported by the environmental protection policy and reform of the natural gas industry. The Group will carry on planning ahead of changes in the industry and market conditions. Through optimising existing core business and exploring new synergistic business opportunities, we strive to realize the transition to an integrated energy supplier. The Group will not cease to enhance its corporate value in order to create better returns for its investors."

(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, the sales and distribution of piped gas, LNG and other energy. The Group also conducts wholesale of gas business and provides other services in connection with gas supply. As of 30 June 2017, the Group had 165 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 78.09 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 2017 Interim Results**

<b>(As of 30 June)</b>	<b>1H2017</b>	<b>1H2016</b>	<b>+/-</b>
<b>Business Development</b>			
No. of project cities (China projects)	165	158	7
Connectable urban population (China projects)	78,090,000	72,136,000	8.3%
Gas penetration rate (China projects)	58.0%	55.0%	3.0ppt
<b>Revenue Analysis (RMB million)</b>			
Gas connection	2,897	2,900	-0.1%
Sales of piped gas	11,300	8,672	30.3%
Vehicle gas refuelling stations	1,521	1,621	-6.2%
Wholesale of gas	4,631	2,138	116.6%
Sales of other energy	98	70	40.0%
Sales of gas appliances	89	74	20.3%
Sales of material	888	164	441.5%
<b>Percentage of Segment Revenue</b>			
Gas connection	13.5%	18.5%	-5.0ppt
Sales of piped gas	52.7%	55.5%	-2.8 ppt
Vehicle gas refuelling stations	7.1%	10.4%	-3.3 ppt
Wholesale of gas	21.6%	13.7%	7.9 ppt
Sales of other energy	0.5%	0.4%	0.1 ppt
Sales of gas appliances	0.5%	0.5%	unchanged
Sales of material	4.1%	1.0%	3.1 ppt
<b>Gas Infrastructure</b>			
Total length of pipeline (km)	35,036	31,204	12.3%
Gas processing stations	170	161	9
-Daily capacity (m <sup>3</sup> )	87,635,000	84,878,000	3.2%
Vehicle gas refuelling stations	606	587	19
<b>New Connection of Piped Natural Gas</b>			
Residential households (households)	951,180	907,168	4.9%
Commercial/Industrial customers ("C/I") (sites)	9,650	4,830	4,820
Installed designed daily capacity for C/I (m <sup>3</sup> )	6,957,575	6,059,148	14.8%
<b>Accumulated Connection of Piped Gas (Incl. Natural Gas)</b>			
Residential households (Households)	15,098,053	13,233,204	14.1%
C/I (Sites)	78,329	61,688	16,641
Installed designed daily capacity for C/I (m <sup>3</sup> )	78,137,551	64,667,309	20.8%
<b>Sales of Gas (million m<sup>3</sup>)</b>			
Total gas sales (including natural gas)	9,202	6,493	41.7%
Sales of natural gas	9,187	6,479	41.8%
-Residential	1,188	954	24.5%
-C/I	5,038	3,744	34.6%
-Wholesale of gas	2,267	1,022	121.9%
-Vehicle gas refuelling stations	693	759	-8.7%