

**ENN Energy FY12 natural gas sales up 24.2% to 6.23 billion m<sup>3</sup>****Revenue increased 19.6% to RMB18.03 billion****Piped gas and vehicle gas sales remained key growth drivers**

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**Result Highlights:**

- **Piped gas sales revenue leaped by 31.8% to RMB10.52 billion**
- **Vehicle gas sales revenue surged 42.4% to RMB2.31 billion**
- **Profit attributable to shareholders increased 18.3% to RMB1.48 billion**
- **Recommend a final dividend of RMB34.2 cents, up 16.5% from last year**

(Hong Kong, 26 March 2013) – ENN Energy Holdings Limited (“ENN Energy” or “the Group”) (stock code: 2688), one of the largest clean energy distributors in China, announced its FY12 results as of 31 December 2012 (“the Year”). During the Year, revenue increased 19.6% to RMB18.03 billion, profit attributable to shareholders increased 18.3% to RMB 1.48 billion. During the Year, earnings per share increased by 16.8% to RMB1.39. The Board of Directors has resolved to recommend a final dividend of RMB34.2 cents, representing a 16.5% growth compared with last year.

Commenting on the solid results, Mr. Wang Yusuo, Chairman of ENN Energy, stated “2012 was a critical year for the execution of China’s 12<sup>th</sup> five-year plan. Undoubtedly, the natural gas industry is on a multi-fold growth path given the government’s encouragement to use clean energy, and the urbanization and industrialization processes speeding up. ENN Energy will leverage on these favourable conditions and our solid foundation to grow further.”

During the Year under review, thanks to the concerted efforts of our employees, the Group’s businesses continued robust growth. Total natural gas sales increased by 24.2% to 6.23 billion m<sup>3</sup>, the Group remained its sound financial strength with total cash on hand of approximately RMB 6.49 billion while its total debts amounted to RMB 11.24 billion as of 31 December 2012. Our net gearing ratio was 47.7% and our return on equity (ROE) remained above the industry average.

**City-gas distribution business maintained sustainable growth**

During the Year, revenue attributable to piped gas sales amounted to RMB 10.52 billion, representing an increase of 31.8%, and accounting for 58.3% of total revenue, up 5.3 percentage points. Revenue attributable to connection fees increased by 6.4% to RMB3.63 billion, representing 20.2% of total revenue, down 2.5 percentage points. Contributions from gas sales continued to expand and became our key earner, ensuring the Group a stable revenue source in the long run, modifying our revenue structure thereafter.

The average connection fee per residential household was RMB 2,810, which is at a similar level as previous years, demonstrating a consistent policy for residential-used gas connection persisted in our projects. Meanwhile, the Group constantly provides C/I customers with discounts on connection fees with a view to boost C/I gas sales, the average connection fee for C/I customers was RMB 156 (per m<sup>3</sup>) during the Year. The Group conducted 1.12 million new piped natural gas connections to residential households, accumulating connected residential households of 7.72 million. New connections to 7,300 C/I customers were conducted, accumulating connected C/I customers of 30,597. The newly installed designed daily capacity for C/I customers during the Year was 7.83 million m<sup>3</sup>, accumulating installed designed daily capacity of 33.38 million m<sup>3</sup>.

As of 31 December 2012, the Group has 117 city-gas projects under management, covering a population of 55.5 million in China, with an average gas penetration rate of only 42.1%. Gas penetration rate can exceed 80 to 90% for a city-gas project, together with their organic population expansion due to urbanization, the Group is going to enjoy sustainable growth from existing projects, ensuring stable income streams from connection fee and gas sales in the long run.

#### **Vehicle gas business on a fast growing path**

The Group's chairman, Mr. Wang commented, "The government pledges to reduce carbon emissions and modify the energy consumption structure in China, we can see a growing trend for vehicles to switch from gasoline/diesel to cleaner energy forms as fuels. ENN Energy was one of the first energy distributors, who tapped into the vehicular gas distribution business since 2002. Leveraging on the Group's existing resources and networks, and riding on our first mover advantages in the sector, we will further expand the vehicle gas business."

During the Year under review, the Group's revenue attributable to vehicle gas sales surged 42.4% to RMB 2.31 billion, contribution to total revenue increased to 12.8% from 10.8% last year. Vehicle gas sales volume leaped by 35.2% to 920 million m<sup>3</sup>. The Group constructed and put into operation 92 CNG and LNG refuelling stations during the Year. We have altogether 330 vehicle gas refuelling stations spanning across 71 cities, of which 102 stations are operated in 20 cities which we do not have city-gas operation.

#### **Proactive development on industrial parks and distributed energy projects**

During the Year, we successfully acquired 16 new projects and numbers of industrial parks managed by existing projects. There is a strong presence of C/I users that are situated in proximity to the Group's existing projects. This will allow the Group to leverage our resources and management platform to reap synergy and expand our gas sales volume.

Meanwhile, the Group is also actively involved in the development of distributed energy projects. Changsha Huanghua Airport, one of our distributed energy projects, has been up and running steadily and granted a business license of power generation. We also ramped up construction of distributed energy systems for Zhuzhou Shennong Cultural Park and the Qingdao Sino-German Ecopark. Through the integrated use of natural gas to provide cool, heat and power, the cost of energy consumption can be reduced while satisfying customers' demand and enhancing the Group's profitability through more gas sales.

Mr. Wang stated, "The process of industrialization, urbanization and modernization of agriculture continues speeding up, pushing forward sustainable economic development in China. Reducing greenhouse gas emissions and efficient use of clean energy are in the agenda of every local government. We expect the rapid development of industrial parks, transportation-used energy and distributed energy projects to bring us immense opportunities in the foreseeable future. While sustaining the development of the city-gas business, we will actively develop other core businesses including industrial park projects, vehicle/ship natural gas business and distributed energy projects."

#### **Recognized to be the best management team**

Mr. Wang concluded, "In 2012, we received a number of international honors. These include the "2012 All-Asia Executive Team" ranking by the *Institutional Investor Magazine*, which ranked ENN Energy the Best CEOs (Ranked no.1), the Best CFOs (Ranked no.1) and the Best Investor Relations Company (Ranked no.2) in the power sector in Asia; *Forbes Asia's* "2012 Asia's Fab 50"; The Asset's "2012 China's Most Promising Companies". The Group also received recognitions and honors from customers and government authorities in China, thanks to its superior customer service. Honorable titles including "China's Best Service Management", "China's Best Sales Office", "China's Best Customer Service Manager" and "China's Outstanding Customer Service Representative" were granted to the Group. On behalf of the company and the management team, I hereby express my sincere gratitude to all of our shareholders, analysts and investment professionals for their relentless support. We strive to reach new heights by furthering the company's development and are committed to create better values to our stakeholders."

**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 gas refueling stations, wholesale of gas, the sales and distribution of piped gas and LPG, the sale of gas appliances and equipment, the production of stored-value card gas meters and the provision of repair, maintenance and other services in connection with gas supply.

As of 31 December 2012, the Group has 117 project cities in China in 14 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Jiangsu, Liaoning, Shandong, Yunnan and Zhejiang, covering a connectable urban population of 55.5 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 9.0 million. The Group's total coverage of connectable urban population in China and overseas reaches 64.5 million.

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**Financial and Operational Data for 2012 Annual Results**

(as of 31 Dec)	2012	2011	+/-
<b>Business Development</b>			
No. of project cities (China projects)	117	104	13
Connectable urban population (China projects)	55,521,000	53,142,000	4.5%
Connectable urban population (Vietnam project)	9,009,200	8,920,000	1.0%
Gas penetration rate (China projects)	42.1%	38.5%	3.6%
<b>Revenue Analysis (RMB million)</b>			
Gas Connection	3,633	3,415	6.4%
Sales of piped gas	10,516	7,980	31.8%
Vehicle gas refueling stations	2,307	1,620	42.4%
Wholesale of gas	1,031	1,172	-12.0%
Distribution of bottled LPG	127	192	-33.9%
Sales of gas appliances and material	413	689	-40.1%
<b>Percentage of segment income in revenue (%)</b>			
Gas Connection	20.2	22.7	-2.5
Sales of piped gas	58.3	53.0	5.3
Vehicle gas refueling stations	12.8	10.8	2.0
Wholesale of gas	5.7	7.8	-2.1
Distribution of bottled LPG	0.7	1.3	-0.6
Sales of gas appliances and material	2.3	4.4	-2.1
<b>Gas Infrastructure</b>			
Total length of pipeline (km)	21,312	18,854	13.0%
Gas processing stations	126	115	11
-Daily capacity (m <sup>3</sup> )	46,176,000	32,003,000	44.3%
Vehicle gas refueling stations	330	238	92
<b>Natural Gas Connection increased during the Period</b>			
Residential households (Households)	1,122,407	1,029,727	9.0%
Commercial/Industrial customers ("C/I") (Sites)	7,300	5,178	2,122
Installed designed daily capacity for C/I (m <sup>3</sup> )	7,826,433	6,823,476	14.7%
<b>Accumulated piped gas connection (including natural gas)</b>			
Residential households (Households)	7,785,098	6,815,165	14.2%
C/I (Sites)	30,741	23,969	6,772
Installed designed daily capacity for C/I (m <sup>3</sup> )	33,422,696	25,767,276	29.7%
<b>Sales of gas (million m<sup>3</sup>)</b>			
Total gas sales (including natural gas)	6,460	5,374	20.2%
Sales of Natural Gas	6,225	5,011	24.2%
-Residential	913	795	14.8%
-C/I	4,139	3,271	26.5%
-Wholesale of gas	249	261	-4.7%
-Vehicle gas refueling stations	924	684	35.1%
Distributions of bottled LPG (tons)	17,785	36,402	-51.1%