

ENN Energy natural gas sales up 29.1% to 8.04 billion m³ in 2013
Revenue increased by 27.4% to RMB22.97 billion
Maintained stable growth in piped gas sales, actively developed gas
refuelling station business

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Results Highlights:

- **Piped gas sales revenue increased by 34.1% to RMB14.10 billion**
- **Vehicle gas sales revenue rose 33.7% to RMB3.09 billion**
- **Stripping out one-off items including a non-cash loss due to the fair value change of convertible bonds, recurring profit increased by 20.8% to RMB1.94 billion**
- **Recommend a final dividend of HK48.0 cents, up 13.7% from last year**

(Hong Kong, 24 March 2014) – ENN Energy Holdings Limited (“ENN Energy” or “the Group”) (stock code: 2688), one of the largest clean energy distributors in China, announced its annual results as of 31 December 2013 (“the Year”). Revenue increased by 27.4% to RMB22.97 billion. Stripping out one-off items including a non-cash loss due to the fair value change of convertible bonds, recurring profit amounted to RMB1.94 billion, increased by 20.8% year-on-year. The Board of Directors has resolved to recommend a final dividend of HK48.0 cents per share, up 13.7% from last year.

In 2013, the Group’s total natural gas sales increased by 29.1% to 8.04 billion m³. The Group continued to maintain its sound financial strength with cash on hand of approximately RMB6.82 billion while its total debts amounted to RMB12.44 billion as of 31 December 2013. Our net gearing ratio was 47.3%. During the Year, the Group managed to control the increase in selling and administrative expenses by enhancing its operating leverage, while the effective tax rate dropped by 4 percentage points to 31.8% compared with last year, demonstrating the Group’s measures to lower its tax rate gradually took effect.

City-gas distribution business maintained robust growth

In 2013, revenue attributable to piped gas sales amounted to RMB14.10 billion, representing an increase of 34.1% over last year and accounting for 61.4% of the total revenue, up 3.1 percentage points. The Group successfully developed more commercial/industrial (“C/I”) and residential customers leveraging on its strong execution ability and continuous technological innovations, which reduced their overall energy consumption cost through refitting the energy system. During the Year, the Group completed new piped natural gas connections to 7,700 C/I customers (with total installed designed daily capacity of 8.05 million cubic meters), bringing the accumulated number of connected C/I customers to 38,787 (with total installed designed daily capacity of 41.82 million cubic meters). The Group conducted new piped natural gas connections to 1.22

million residential households, bringing the accumulated number of connected residential households to 9.20 million. The Group's connection fee revenue was thereby lifted by 5.8% to RMB3.84 billion compared with last year.

Actively developed new projects

The Group acquired a total of 9 city-gas projects including Baoding City in Hebei Province, Heyuan City, Leizhou City, Lianjiang City and Dongyuan County in Guangdong Province, Dingyuan County in Anhui Province, Liangshan Prefecture in Sichuan Province, Ruyang County in Henan Province and North-western Liuyang in Hunan Province and 8 industrial park projects. All of these projects have robust commercial and industrial activities and promising growth prospects. Meanwhile, the new projects are in proximity to the Group's existing projects, we can fully utilize our existing resources and management platform to reap synergy and boost our gas sales volume. As of 31 December 2013, the Group has 134 city-gas projects under management, covering a population of over 61 million in China, with an average gas penetration rate of 45.6%.

More efforts in vehicle/ship natural gas business

During the Year, the Group's revenue attributable to vehicle gas sales increased by 33.7% to RMB3.09 billion, contribution to total revenue grew to 13.4% from 12.8% last year. Sales volume of vehicle gas rose by 26.8% to 1.19 billion m³. The Group constructed and put into operation 118 CNG and LNG refuelling stations during the Year. We have altogether 448 vehicle gas refuelling stations. The Group also acknowledged market opportunities arising from the government's concern on water environment protection and actively launched initiatives in exploring the ship LNG refuelling market. During the Year, we successfully completed engine conversion for inner-river vessels and trial run of LNG operation through a mobile refuelling vessel, these demonstrative projects equipped us with first-mover advantage in the market.

Mr. Wang Yusuo, Chairman of ENN Energy commented, "Vehicle exhaust gases emission is the principle source of environmental pollution. As the Chinese government urges more regions to eliminate vehicles with severe gas emission and upgrade oil products, the advantage of natural gas over gasoline and diesel will become more obvious, which will push forward the utilisation of natural gas in transportation sector. We will fully utilize our experience, resources and network accumulated from years of city-gas operations, and continue to expand the business with a view to improving the Group's profitability."

Government policies and industry prospect

Currently, coal still accounts for the largest share in China's energy consumption structure. With the nation-wide spread of smog, adjusting energy consumption structure, preventing and curbing air pollution and promoting broader use of clean energy are the priority of

government's missions. According to Atmospheric Pollution Prevention Action Plan issued by the National Congress in September 2013 and The 2014 Guiding Opinions of Energy Development published by the National Energy Administration in January 2014, which clearly stated that the share of coal will be lowered further while the share of natural gas in China's primary energy consumption will be raised. We believe more favourable policies will be implemented and the acceleration of urbanisation will grant a broader prospect for the Group in its connection and gas sales business.

The phase by phase completion and operation of a number of natural gas pipelines and LNG import terminals, together with the acceleration of conventional and unconventional natural gas exploration and production, will bring more diversified and abundant natural gas supply to China, which is beneficial to the Group's business expansion.

Mr. Wang concluded, "During the Year, in response to the adjustments of the national natural gas pricing mechanism, the Group proactively communicated with its customers and pricing bureaus to determine the new pricing scheme and contracts, and to facilitate the automatic pass-through mechanism to be established, ensuring the Group's results targets to be achieved. We believe the liberalisation of natural gas pricing will push forward its utilisation and fuel a greener life in more cities in China."

(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 2013, the Group has 134 project cities in China in 15 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Jiangsu, Liaoning, Sichuan, Shandong, Yunnan and Zhejiang, covering a connectable urban population of over 61 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 million. The Group's total coverage of connectable urban population in China and overseas reaches over 70 million.

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Financial and Operational Data for 2013 Annual Results

(As of 31 December)	2013	2012	+/-
Business Development			
No. of project cities (China projects)	134	117	17
Connectable urban population (China projects)	61,015,000	55,521,000	9.9%
Gas penetration rate (China projects)	45.6%	42.1%	3.5%
Revenue Analysis (RMB million)			
Gas connection	3,843	3,633	5.8%
Sales of piped gas	14,102	10,516	34.1%
Vehicle gas refueling stations	3,085	2,307	33.7%
Wholesale of gas	1,551	1,031	50.4%
Distribution of bottled LPG	61	127	-52.0%
Sales of gas appliances and material	324	413	-21.5%
Percentage of Segment Income by Revenue (%)			
Gas connection	16.7	20.2	-3.5
Sales of piped gas	61.4	58.3	3.1
Vehicle gas refuelling stations	13.4	12.8	0.6
Wholesale of gas	6.8	5.7	1.1
Distribution of bottled LPG	0.3	0.7	-0.4
Sales of gas appliances and material	1.4	2.3	-0.9
Gas Infrastructure			
Total length of pipeline (km)	23,907	21,312	12.2%
Gas processing stations	137	126	11
-Daily capacity (m ³)	58,088,000	46,176,000	25.8%
Vehicle gas refueling stations	448	330	118
New Connection of Piped Natural Gas			
Residential households (Households)	1,220,411	1,122,407	8.7%
Commercial/Industrial customers ("C/I") (Sites)	7,700	7,300	400
Installed designed daily capacity for C/I (m ³)	8,045,922	7,826,433	2.8%
Accumulated Connection of Piped Gas (Incl. Natural Gas)			
Residential households (Households)	9,274,794	7,785,098	19.1%
C/I (Sites)	38,939	30,741	8,198
Installed designed daily capacity for C/I (m ³)	41,864,127	33,422,696	25.3%
Sales of gas (million m³)			
Total gas sales (including natural gas)	8,125	6,460	25.8%
Sales of natural gas	8,037	6,225	29.1%
-Residential	1,026	913	12.4%
-C/I	5,469	4,139	32.1%
-Wholesale of gas	370	249	48.9%
-Vehicle gas refuelling stations	1,172	924	26.8%