



ENN 新奥

ENN Energy Holdings Limited

(Stock code: 2688)

2012

Interim Results

Analyst Presentation

28th August 2012



**EXPANDING
OUR HORIZONS
ON SOLID
FOUNDATION**





Contents

1. Financial Highlights

2. Business Review

3. New Projects

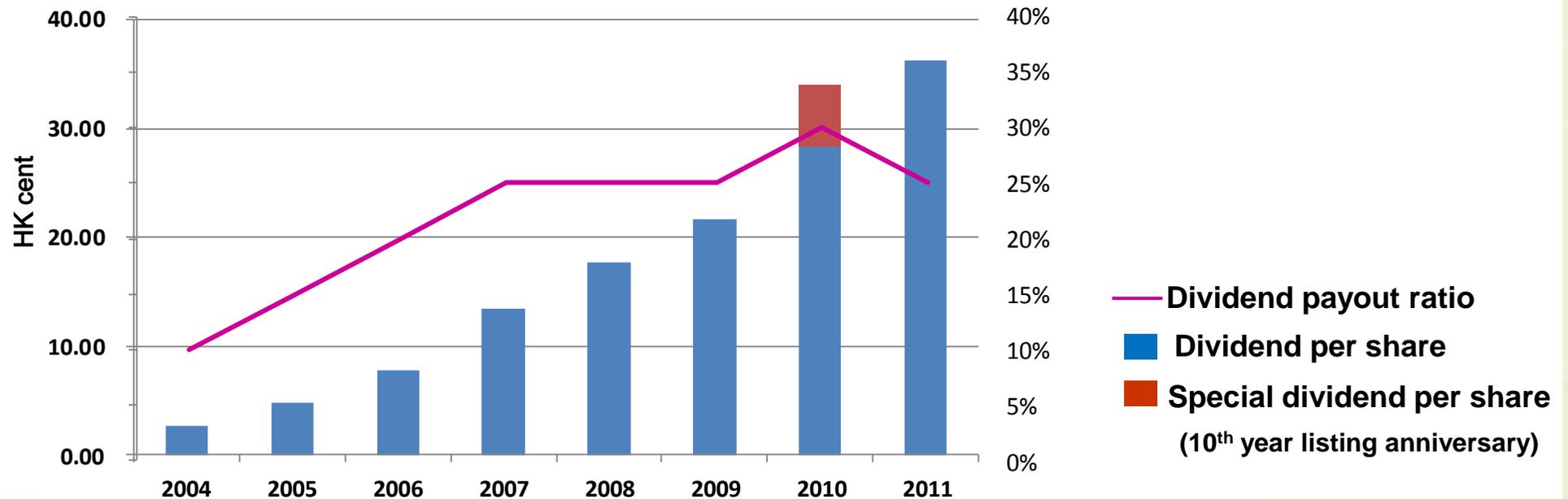
4. Appendix

Financial Highlights

(RMB million)	1H2012	1H2011	Change
Revenue	8,774	7,202	21.8%
Gross Profit	2,411	1,891	27.5%
EBITDA	1,872	1,579	18.6%
EBIT	1,558	1,324	17.7%
Profit attributable to owners of the Company	730	629	16.1%
EPS - Basic (RMB cents)	68.78	59.88	14.9%
EPS - Diluted (RMB cents)	68.54	59.30	15.6%

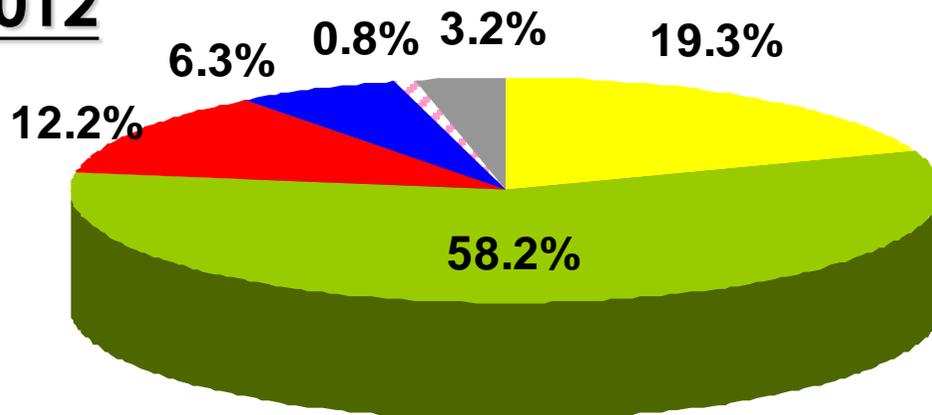
Dividend Policy

- ◆ The Board of Directors has resolved not to recommend payment of an interim dividend for 2012.
- ◆ **Our dividend policy:**
 - More subsidiaries have stepped into the mature stage.
 - The Group will balance the development of business and financial position to decide the dividend payout ratio.

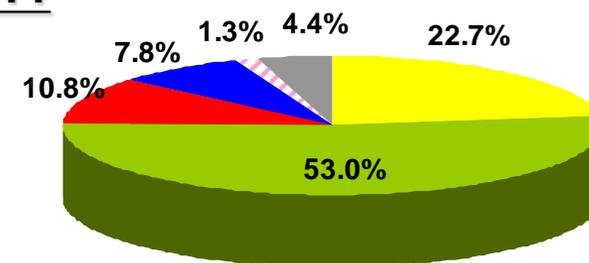


Revenue Breakdown

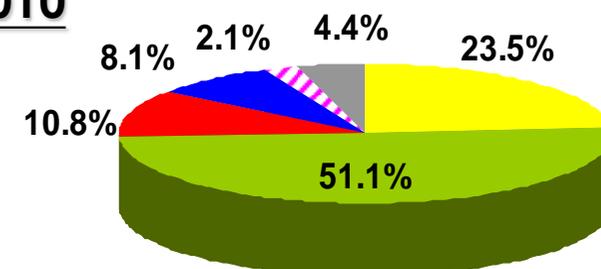
1H2012



2011



2010



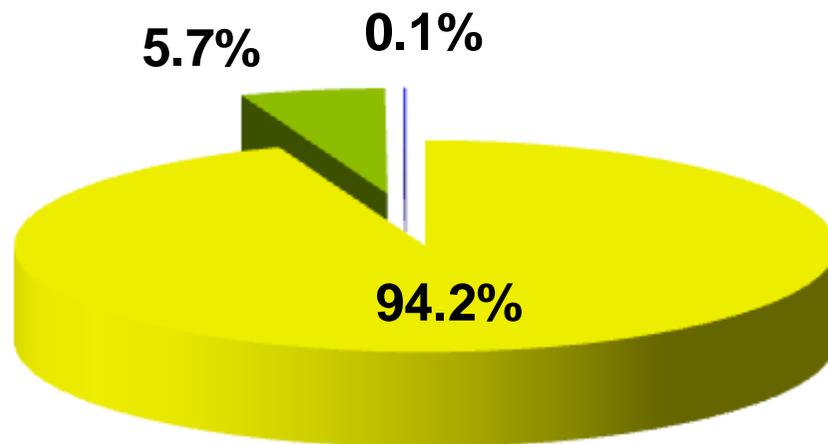
Operating Segment	1H2012 (RMB mil)	1H2011 (RMB mil)	Change %
Gas connection	1,694	1,580	7.2%
Sales of piped gas	5,107	3,863	32.2%
Vehicle gas refuelling stations	1,063	741	43.5%
Wholesale of gas	552	585	(5.6%)
Distribution of bottled LPG	74	102	(27.5%)
Sales of materials	241	288	(16.3%)
Sales of gas appliances	43	43	0%

- Gas connection
- Sales of piped gas
- Vehicle gas refuelling stations
- Wholesale of gas
- Distribution of bottled LPG
- Others (Sales of gas appliances and materials)

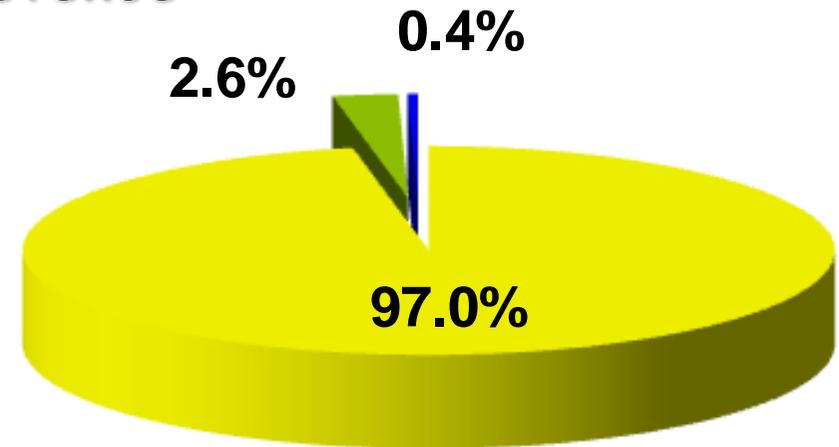
Analysis of Piped Gas Sales

- ◆ Natural gas is our primary gas sales
- ◆ The sales revenue of natural gas accounted for 97.0% of the total sales of piped gas
- ◆ We expect all other piped gas users will be converted to piped natural gas users

Volume



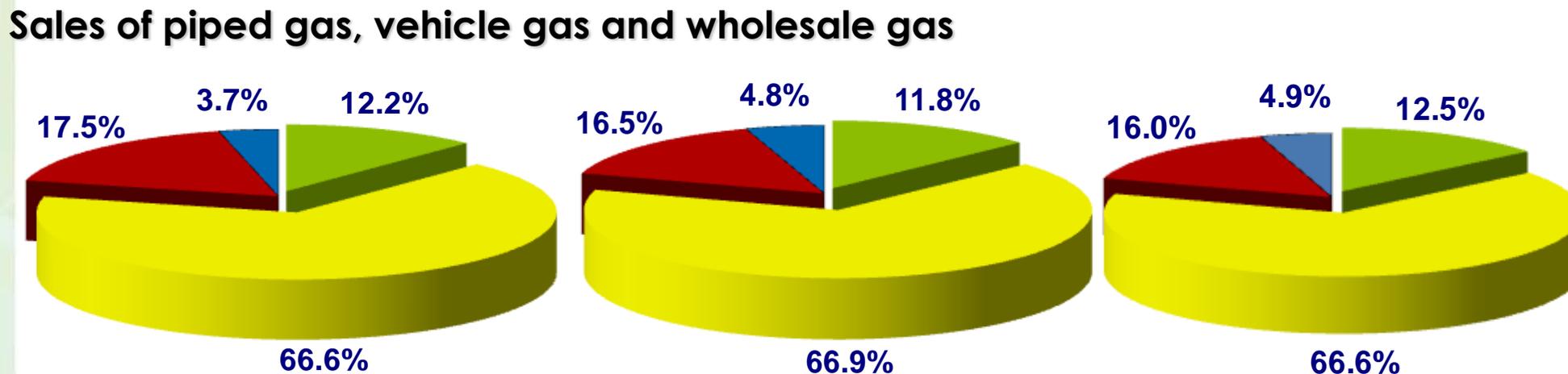
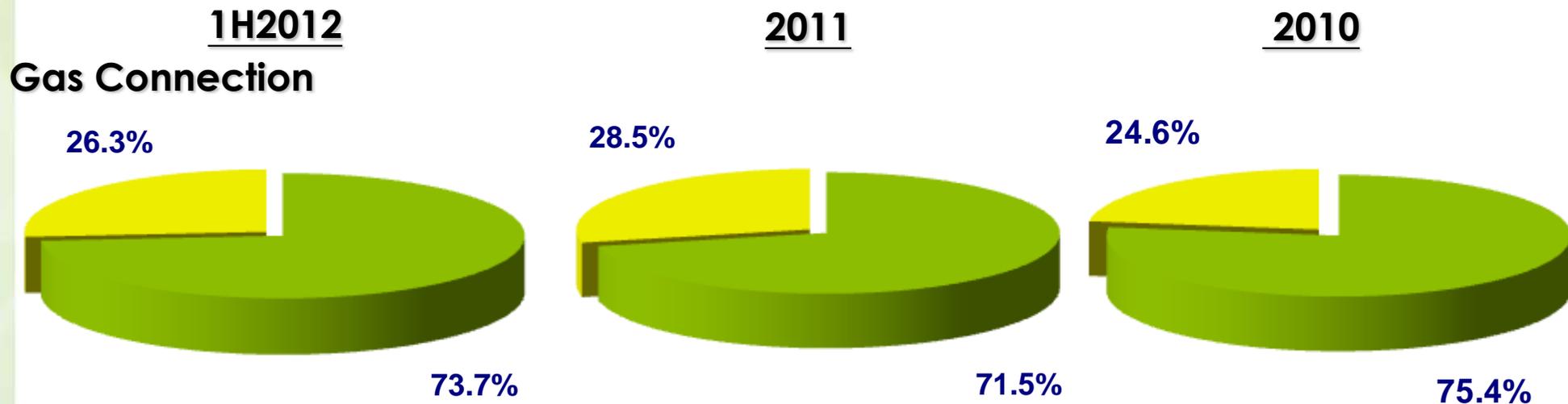
Revenue



■ Natural gas ■ Coal gas ■ LPG

A Balanced Portfolio of Customers (by revenue)

- Residential customers
- Commercial / Industrial "C/I" customers
- Gas refuelling stations
- Wholesale of gas



Margins Analysis

- ◆ During the Period, the overall gross profit margin increased by 1.2ppts, while the net profit margin decreased by 0.4ppts compared with the same period of 2011.

Gross profit margin	Net profit margin
27.5% (1H2011: 26.3%)	11.3% (1H2011: 11.7%)
Reasons for change	
<u>Gross profit margin:</u>	
<ol style="list-style-type: none">1. New gas sources from the West-East Pipeline II and other pipelines for some of the Group's projects since 2012, reduced the average gas purchasing cost2. Gross profit margin for piped gas sales and vehicle gas sales increased by 2.7ppts and 2.2ppts respectively, complementing the impact of reducing share of higher-margin connection fee income	
<u>Net profit margin:</u>	
<ol style="list-style-type: none">1. Profits to be reduced by RMB71.67 million due to RMB depreciation, attributing to a non-cash exchange loss of RMB12.36 million (1H2011: exchange gains of RMB59.31 million) recorded for the US\$750 million bond and other foreign currency loans2. Additional agency fees and costs arising from fund preparation for the proposed acquisition of China Gas Holdings Limited3. Finance cost increased from the issuance of a USD750 million bond in May last year which amounted to RMB115 million	

Financial Resources and Liquidity

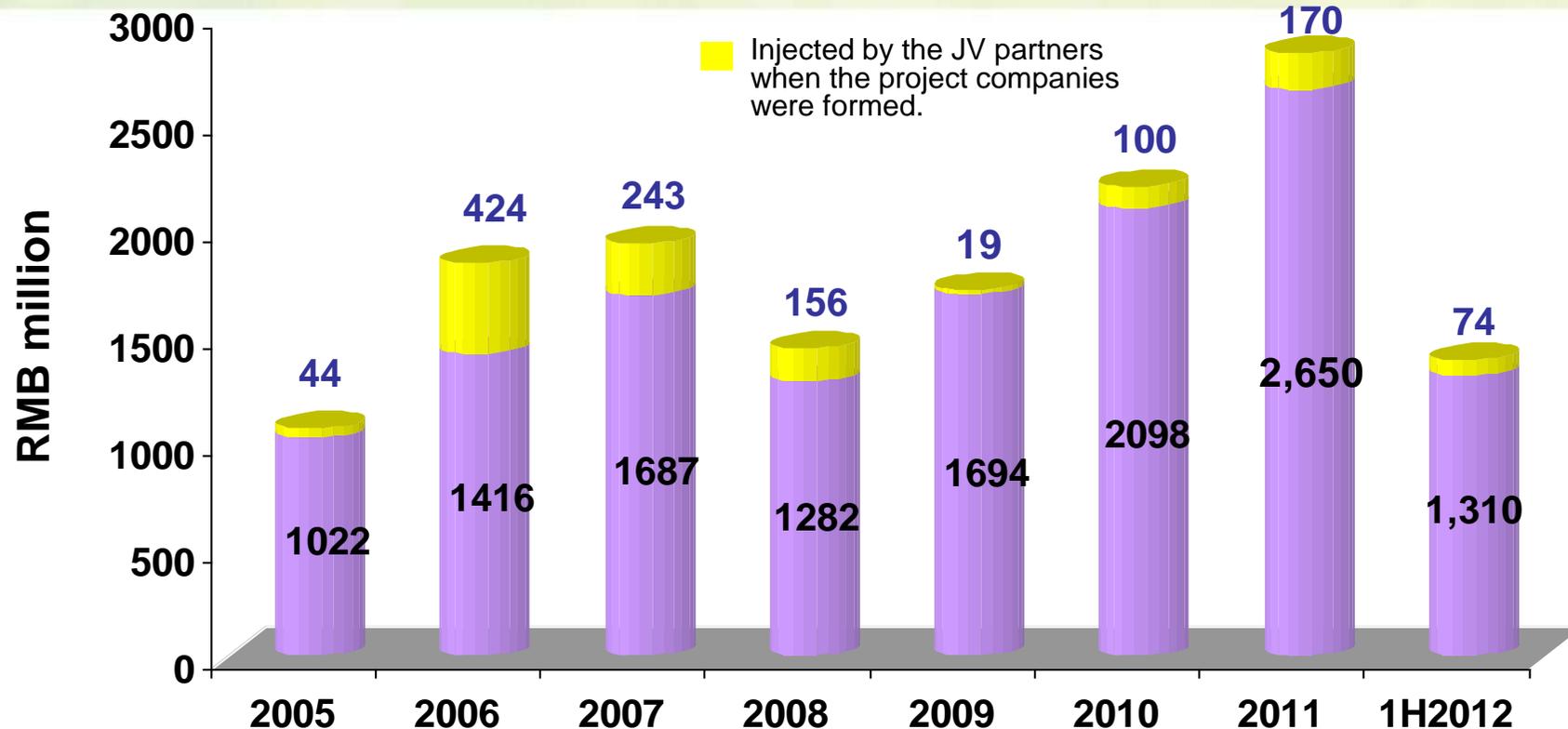
(RMB million)	<u>At 30 Jun 2012</u>	<u>At 31 Dec 2011</u>	<u>Change</u>
Cash on hand	6,150	5,869	4.8%
A/R Days	19	19	0
Total Debts	11,657	10,672	9.2%
- Short-term loans	4,976	3,213	54.9%
- Long-term loans	2,027	2,823	-28.2%
- 10-year bonds	4,654	4,636	0.4%
Net Gearing Ratio	57.7%	54.3%	3.4%
ROE	19.0%	17.8%	1.2%

- ◆ Only 13 gas projects with project financing among 110 projects, and the remaining 97 projects are clean, without loan, so the debt will not affect our dividend payment ability
- ◆ We keep acquiring numbers of new projects in China
- ◆ We do not have any swap and derivative contracts
- ◆ The income from gas sales attributable to the total revenue of the Group will further increase and such development will deliver long-term and stable cash flow to the Group

Refinancing Plan

As of 30 Jun 2012 (RMB million)		Refinancing Plan
Total Debt	11,657	
Short-term loans: Subsidiary level loans	3,636	<ul style="list-style-type: none"> We have around RMB6,150 million cash on hand while our working capital demands RMB1,200-1,500 million cash only, leading to a surplus cash of RMB4,650 million We have RMB5,490 million committed undrawn banking facilities in local PRC banks So we have RMB10,140 million liquidity in total, which is enough to refinance the short-term loans It is easy for utility company to roll-over short term loans in PRC banks because of stable cash flow and business model
Short-term debenture	1,340	<ul style="list-style-type: none"> 1 year short-term debenture which is approved by National Association of Financial Market Institutional Investors (NAFMII) with an interest rate per annum of 5.9% Part of it will be refinanced by another RMB1,200 million short-term debenture which has been approved by NAFMII when expired
Long-term loans	2,027	<ul style="list-style-type: none"> 15-year loan from China National Development Bank which will be expired in 2020, at PBOC rate 7-year corporate bond which will be expired in 2018, at 6.45% per annum
10-year bonds	4,654	<ul style="list-style-type: none"> Will be expired in 2021, with a fixed coupon of 6.0% 1 of the only 2 Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds: <ul style="list-style-type: none"> - S&P 'BBB-', Moody's 'Baa3' and Fitch 'BBB'

CAPEX



- ◆ CAPEX for 2012 is estimated at RMB2.5 billion, and the proportion injected by JV partners will depend on the scales of the JV partners
- ◆ More CAPEX may be required depending on the progress of developing LNG refuelling stations
- ◆ The current source of capital mainly comes from operating cash flow, current assets, bank loans and issued bonds. We have sufficient capital and banking facilities to finance the future CAPEX and operational needs



Contents

1. Financial Highlights

2. Business Review

3. New Projects

4. Appendix

Key Operational Data

	1H2012	1H2011	Change
Coverage & Gas Penetration Rates of PRC projects			
Connectable urban population coverage ('000)	53,389	49,135	8.7%
Connectable households coverage ('000)	17,796	16,378	8.7%
Natural gas penetration rate	41.0%	36.3%	4.7%
Piped gas (including natural gas) penetration rate (%)	41.8%	37.4%	4.4%
Coverage of International project			
Connectable urban population coverage ('000)	8,920	8,920	0.0%
Connectable households coverage ('000)	2,973	2,973	0.0%
Gas sales Volume			
Piped natural gas ('000 m ³)	2,485,198	2,009,014	23.7%
Vehicle natural gas ('000 m ³)	433,482	309,135	40.2%
Wholesale natural gas ('000 m ³)	118,602	133,440	-11.1%
Total natural gas sales ('000 m³)	3,037,282	2,451,589	23.9%
Other piped gas ('000 m ³)	154,369	183,942	-16.1%
Other vehicle gas ('000 m ³)	5,483	5,499	-0.3%
Total sales of piped and vehicle gas ('000 m³)	3,197,134	2,641,030	21.1%

Key Operational Data

	1H2012	1H2011	Change
Pipelines & Stations			
Length of intermediate & main pipelines (km)	19,952	17,264	15.6%
Natural gas processing stations	116	103	13
Combined daily capacity of natural gas processing stations ('000 m ³)	32,285	24,818	30.1%
Vehicle gas refuelling stations	276	203	73
Accumulated Connection of Piped Gas			
Residential (households)	7,436,007	6,122,143	21.5%
C/I customers (sites)	27,327	21,146	29.2%
Installed designed daily capacity for C/I customers (m ³)	29,737,646	21,758,054	36.7%
Connection of Piped Natural Gas			
Acc. connected / converted households	7,294,633	5,948,313	22.6%
Increase in the Period (ex. acq & conversion)	566,127	522,881	8.3%
Acc. connected / converted C/I customers (sites)	26,968	20,687	30.4%
Increase in the Period (ex. acq & conversion)	3,130	2,684	16.6%
Acc. connected / converted C/I customers (m ³)	29,176,519	21,267,618	37.2%
Increase in the Period (ex. acq & conversion)	3,903,963	3,578,678	9.1%

To accommodate the anticipated fast-growing demand for natural gas, the Group has several ways to secure gas sources:

1. Take-or-pay contracts

- ◆ Signed 15-25 years take-or-pay contracts with various pipelines, secured supply of 4,344 million m³ of natural gas for 2012

2. Other piped natural gas supply

- ◆ The Group also secured guaranteed gas supply contracts for other project cities, e.g. Shaanxi-Beijing Pipeline II, Tai-Qing-Wei Pipeline and offshore natural gas in China

3. Non-pipeline transmission system

- ◆ Able to dispatch a fleet of 526 LNG/CNG trucks with total maximum one-time transmission capacity of over 14 million m³, which help securing important gas projects without piped natural gas source in near term as well as serving as our piped gas backup source

Take-or-pay Contracts	
Pipelines	Annual Supply in 2012 (mil m ³)
West-East Pipelines I	800
West-East Pipelines II	1,576
Zhong-Wu Pipeline	583
Sichuan-East Pipeline	105
LNG Import Terminal (Guangdong)	476
LNG Import Terminal (Fujian)	700
CNOOC (Yantai & Laiyang)	104
Total	4,344

◆ The phase-by-phase completion and commencement of operation of pipelines

Pipelines	Designed capacity (mil m ³ /yr)	Operation schedule
West-East Pipeline II	30,000	In operation since 2011
Shaanxi-Beijing III	15,000	In operation since 2011
Qinshen Pipeline	8,000	In operation since 2011
Tai-Qing-Wei Pipeline	8,600	In operation in 2012

◆ More LNG receiving terminals will be put into operation in the coming years

Location	Capacity (mil m ³ /yr)	Operation schedule	Gas source	Operator
Zhejiang, Ningbo	2,200 (3 mil tons)	To be put into operation in 2012	Qatar	CNOOC
Shandong, Qingdao	2,200 (3 mil tons)	To be put into operation in 2013	Papua New Guinea	Sinopec
Hebei, Caofeidian	2,500 (3.5 mil tons)	To be put into operation in 2013	Australia, Qatar	PetroChina
Guangdong, Zhuhai	2,500 (3.5 mil tons)	To be put into operation in 2013	Middle East, Australia	CNOOC
Guangdong, Jieyang	1,500 (2 mil tons)	To be put into operation in 2013	Middle East, Australia	CNOOC

- ◆ More than 10 national natural gas pipeline projects including West-East Pipeline III & IV, China-Myanmar Pipeline will be completed and launched one by one by the end of 2015
- ◆ Sufficient gas sources ensure piped gas projects of the Group will be able to enjoy stable supply of piped natural gas in the long run

- ◆ The Group has invested in various upstream projects to ensure secured gas sources in long run and to provide clean energy variety to ensure continuous business growth
 - Import and export rights of LNG and other kinds of energy
 - LNG plants
 - The group has 5 LNG plants in China, and 3 of them have been put into operation

LNG plants		
Location	Daily capacity (m ³)	Status
Weizhou Island, Beihai, Guangxi	150,000	In operation (since Feb 2006)
Jincheng, Shanxi	300,000	In operation (since Dec 2008)
Yinchuan, Ningxia	600,000	In operation (since Aug 2009)
Pingdingshan, Henan	260,000	To be put into operation in 2H12
Guye, Tangshan, Hebei	300,000	To be put into operation in 2H13

- The Group will continue seeking for other good upstream opportunities

Vehicle Gas Refuelling Stations

CNG refuelling stations

CNG refuelling stations since 2002	
Number of approval obtained (including 28 refuelling stations through acquisition)	440
Aggregated no. of CNG refuelling stations	234
Potential no. of CNG refuelling stations to be built	206

Example: Payback calculation of a CNG taxi	
Average gasoline price (RMB/litre)	7.5
Average CNG price (RMB/m ³)	3.9
Gasoline consumption per km (litre)	0.05
CNG consumption per km (m ³)	0.06
Cost saved per km (RMB)	0.141
Average driving distance (km/day)	400
Daily average savings (RMB)	56.4
Monthly average savings (RMB)	1,692
Conversion fee (RMB)	3,500
Monthly maintenance cost (RMB)	175
Payback period (months)	2

LNG refuelling stations

LNG refuelling stations since 2011	
Number of approval obtained	87
Aggregated no. of LNG refuelling stations	42
Potential no. of LNG refuelling stations to be built	45

Example: Payback calculation of a New LNG truck	
Average diesel price (RMB/litre)	7.1
Average LNG price (RMB/m ³)	4.6
Diesel consumption per km (litre)	0.4
LNG consumption per km (m ³)	0.5
Cost saved per km (RMB)	0.54
Average driving distance (km/day)	400
Daily average savings (RMB)	216
Monthly average savings (RMB)	6,480
Price difference of LNG truck & diesel truck (RMB)	80,000
Monthly maintenance cost (RMB)	150
Payback period (months)	12



Contents

1. Financial Highlights

2. Business Review

3. New Projects

4. Appendix

Project Development

◆ In 1H2012, the Group has secured 7 new projects in China, providing an additional connectable population of 420,000, and 12 industrial parks under our existing city-gas projects.

Province	City/County	Connectable Population
<i>Acquired in 1H2012</i>		
Hebei	Gaocheng City (藁城市)	180,000
	Shenze County (深澤縣)	40,000
	Wenan Industrial Park (文安工業園區)	NA
Fujian	Longyan Development Zone (龍岩開發區)	170,000
Henan	Xinxiang Weifei City (Tangzhuang Town) Industrial Agglomeration Zone (新鄉衛輝市唐莊鎮產業集聚區)	30,000
Shandong	Qingdao Sino-German Ecopark (青島中德生態園)	NA
Zhejiang	Wenzhou Wanquan Light Industrial Base (溫州萬全輕工基地)	NA
Additional Coverage : 420,000		

Province	Industrial Park Projects (under existing city-gas projects)
Anhui	Bozhou Wuhu Modern Industrial Park (亳州蕪湖現代產業園區)
Guangdong	Zhaoqing Beishui Ceramics Industrial Park (肇慶市貝水陶瓷工業園)
Hebei	Tangshan Luanxian Equipment Production Industrial Park (唐山市灤縣裝備製造產業園區)
	Xinji Clean Chemical Industrial Park (辛集市清潔化工園區)
Hunan	Heling Industrial Park (鶴嶺工業園)
Jiangsu	Haian Changan Textile Science and Technology Park (海安常安紡織科技園)
	Lianyungang Dongxin Farm (連雲港市東辛農場)
Shandong	Binzhou Beihai New Zone (濱州北海新區)
	Dongying Animal Husbandry Demonstration Zone (東營市現代畜牧示範區)
Zhejiang	Huzhou Miaoxi Southern Development Zone (湖州妙西鎮城南開發區)
	Wenzhou Jinhai Park (溫州金海園區)
	Wenzhou Konggang Park (溫州空港園區)

Project	Gaocheng City (藁城市)	Shenze County (深澤縣)	Wenan Industrial Park (文安工業園區)	Longyan Development Zone (龍岩開發區)
Province	Hebei	Hebei	Hebei	Fujian
Connectable Population	180,000	40,000	NA	170,000
Stakeholding	27.9%	55.8%	100%	70%
Operational Location	Administrative Region	Administrative Region	Industrial Park	Development Zone
Registered Capital	RMB46 mil	Branch company of Shijiazhuang Kunlun Xinao Energy Co Ltd.	RMB5 mil	RMB10 mil
<u>Estimated Connection Fees & Gas Tariff</u>				
- Residential (RMB/household)	2,500	2,800	2,300	2,700
- C/I customer (RMB/m ³ /day)	TBC	TBC	50-300 (based on installed daily capacity)	TBC
Gas sales price (RMB/m ³)	2.80 (Res) / 2.85 (C/I)	2.40 (Res) / 2.80 (C/I)	2.35 (Res) / 2.98 (C/I)	4.80 (Res) / 4.80 (C/I)
Gas Source	Shaanxi-Beijing Pipeline II	Shaanxi-Beijing Pipeline II	Yong-Tang-Qin Pipeline	Fujian LNG Terminal

Project	Xinxiang Weifei City (Tangzhuang Town) Industrial Agglomeration Zone (新鄉衛輝市唐莊鎮產業集聚區)	Qingdao Sino-German Ecopark (青島中德生態園)	Wenzhou Wanquan Light Industrial Base (溫州萬全輕工基地)
Province	Henan	Shandong	Zhejiang
Connectable Population	30,000	NA	NA
Stakeholding	100%	100%	100%
Operational Location	Industrial Zone	Ecopark area	Industrial Park
Registered Capital	RMB5 mil	USD50 mil	RMB30 mil
<u>Estimated Connection Fees & Gas Tariff</u>			
- Residential (RMB/household)	2,500	TBC	NA
- C/I customer (RMB/m³/day)	TBC	TBC	TBC
Gas sales price (RMB/m³)	2.20-2.86 (Res) / 2.87 (C/I)	TBC	4.50 (C/I)
Gas Source	West-East Pipeline I	Tai-Qing-Wei Pipeline	West-East Pipeline II

Operational Locations



Offshore gas project – Vietnam

1. Honoi	2,100,000
2. Ho Chi Minh	6,420,000
3. Danang	400,000

- **Connectable Urban Population:** (at end of 2011) **61,889,000**
 - **Additional Connectable Urban Population:** **420,000**
 - **Total Connectable Urban Population:** (as of 30 Jun 2012) **62,309,000**
- Existing piped gas projects**

● Projects acquired in 1H12

Operational Locations

Anhui (9 projects)

14. Bengbu	926,000
21. Chuzhou	300,000
22. Luan	338,000
26. Bozhou	224,000
30. Chaohu	237,000
58. Fengyang	109,000
63. Laian	84,000
65. Quanjiao	114,000
68. Guzhen	91,000

Beijing Municipality (2 projects)

6. Pinggu	116,000
8. Changping	245,000

Fujian (10 projects)

56. Quanzhou	1,085,000
59. Nanan	376,000
60. Huian	138,000
61. Shishi	98,000
62. Jinjiang	397,000
67. Dehua	100,000
70. Quangang	314,000
77. Yongchun	153,000
97. Anxi County	120,000

● Longyuan Dev Zone 170,000

Guangdong (16 projects)

37. Dongguan	6,950,000
47. Zhanjiang	652,000
50. Shantou	1,478,000
54. Zhaoqing	71,000
Development Zone	-

Guangdong (cont'd)

69. Zhaoqing	508,000
71. Zengcheng, Guangzhou	229,000
76. Sihui	472,000
80. Huadu	662,000
83. Xinyi	252,000
84. Luoding	291,000
85. Fengkai	81,000
86. Guangning	81,000
87. Huaiji	124,000
88. Lianzhou	154,000
103. Yunan county	75,000
104. Panyu, Guangzhou	1,764,000

Guangxi (3 projects)

45. Guilin	850,000
51. Guigang	388,000
99. Guiping Industrial Park	-

Hebei (10 projects)

1. Langfang	549,000
29. Shijiazhuang	2,428,000
48. Luquan	91,000
74. Luanxian	81,000
94. Rongcheng County	70,000
100. Zhengdingxin District	50,000
101. Jingxing county	330,000

● Gaocheng City 180,000

● Shenze County 40,000

● Wenan Industrial Park -

Henan (7 projects)

24. Xinxiang	1,013,000
40. Kaifeng	856,000
49. Shangqiu	1,490,000
55. Luoyang	1,632,000
66. Xinan	102,000
73. Yichuan	100,000

● Xinxiang Weifei City Industrial Zone 30,000

Hunan (9 projects)

36. Xiangtan	886,000
39. Changsha	2,422,000
42. Zhuzhou	1,009,000
82. Huaihua	437,000
89. Changsha county	297,000
90. Zhuzhou County	270,000
92. Yongzhou City	600,000
91. Wangcheng County	150,000
90. Ningxiang County Dev. Zone,	300,000
Jinzhou Hi-tech Zone	-

Jiangsu (10 projects)

13. Gaoyou	150,000
16. Taixing	240,000
18. Yancheng	899,000
19. Huaian	1,175,000
20. Haiyan	193,000
25. Xinghua	438,000
32. Wujin	978,000

Jiangsu (cont'd)

38. Lianyungang	955,000
95. Hongze County	381,000
98. Yancheng Environmental Protection Industrial Park	-

Inner Mongolia (1 project)

44. Tongliao	767,000
--------------	---------

Liaoning (3 projects)

4. Huludao	477,000
5. Xingcheng	134,000
96. Dayou Linhai Econ. Zone, Linghai City	20,000

Shandong (13 projects)

2. Liaocheng	569,000
7. Huangdao	524,000
9. Zhucheng	470,000
10. Chengyang	481,000
11. Yantai Development Zone	-
12. Yantai	1,796,000
15. Zouping	194,000
17. Laiyang	255,000
23. Rizhao	311,000
41. Jiaozhou	405,000
43. Jiaonan	391,000
102. Changqing Zone, Jinan City	630,000

● Qingdao Sino-German Ecopark -

Yunnan (2 projects)

81. Wenshan	252,000
93. Kunming City Hi-tech Zone	40,000

Zhejiang (15 projects)

27. Haining	227,000
28. Quzhou	269,000
31. Lanxi	130,000
33. Jinhua	139,000
34. Wenzhou	-
35. Longwan	334,000
46. Huzhou	224,000
52. Taizhou	599,000
53. Yongkang	227,000
57. Xiaoshan	681,000
64. Ningbo (Yinzhou)	482,000
72. Haiyan	101,000
78. Longyou	124,000
79. Nanxun	497,000

● Wenzhou Wanquan Light Industrial Base -

Vietnam (3 projects)

● Hanoi	2,100,000
● Ho Chi Minh	6,420,000
● Danang	400,000

Q&A Session



Contents

1. Financial Highlights

2. Business Review

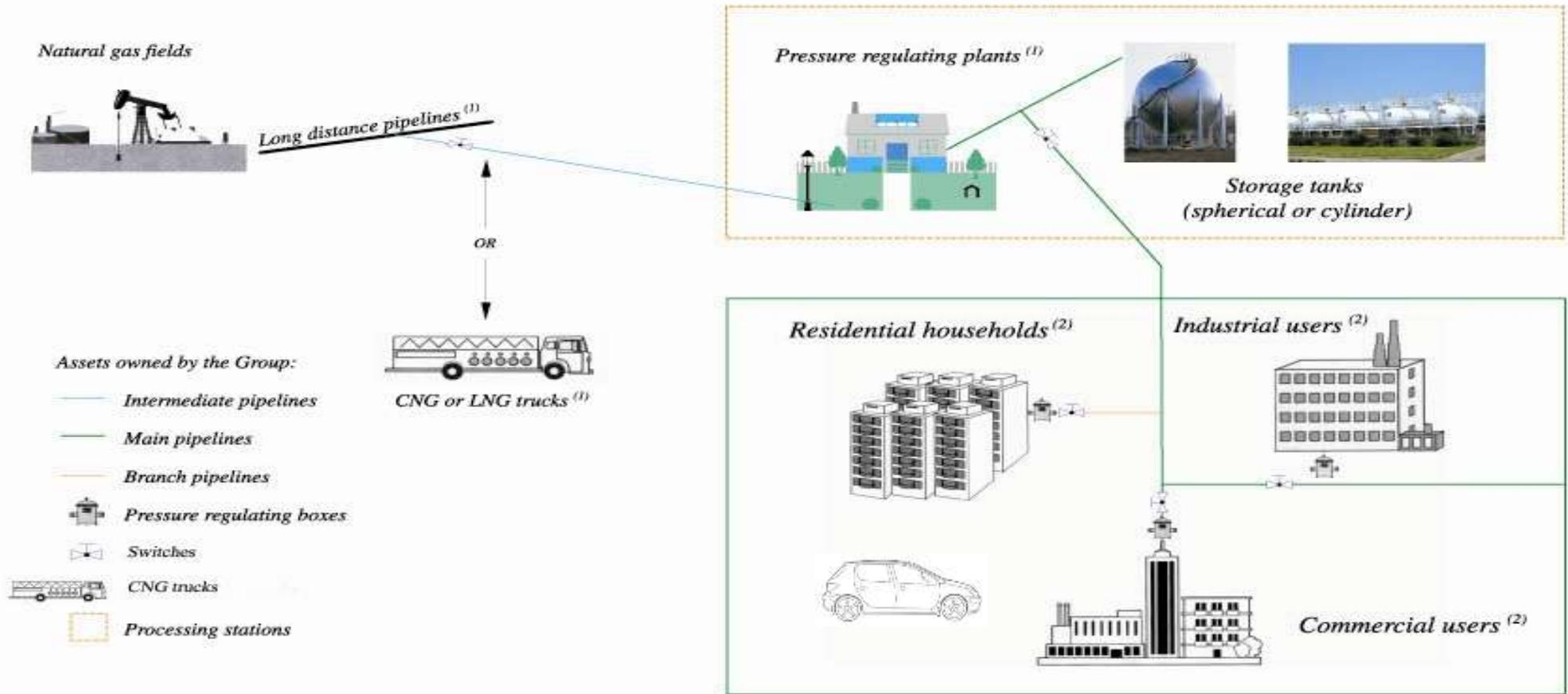
3. New Projects

4. Appendix

A Leader in the Industry

- ◆ ENN Energy (formerly known as Xinao Gas) is one of the first privately-owned clean energy distributor in the PRC. It was founded by Mr. Wang Yusuo and Ms. Zhao Baoju in 1993.
- ◆ In 1998, the Chinese government promoted the use of natural gas and encouraged privately-owned enterprises to invest in city infrastructures.
- ◆ ENN Energy seized the opportunity and obtained the exclusive rights for operating piped gas in other cities.
- ◆ ENN Energy was listed on GEM in May 2001 and transferred to the main board (stock code: 2688) in June 2002
- ◆ ENN Energy is a leading privately-owned gas operator in China
 - 4 cities when IPO launched in May 2001
 - 110 cities in 14 provinces, and 1 international project as of 30 June 2012, covering a connectable urban population of approximately 62,309,000
 - 1 of the only 2 Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds:
 - S&P 'BBB-', Moody's 'Baa3' and Fitch 'BBB'

Gas Delivery Process

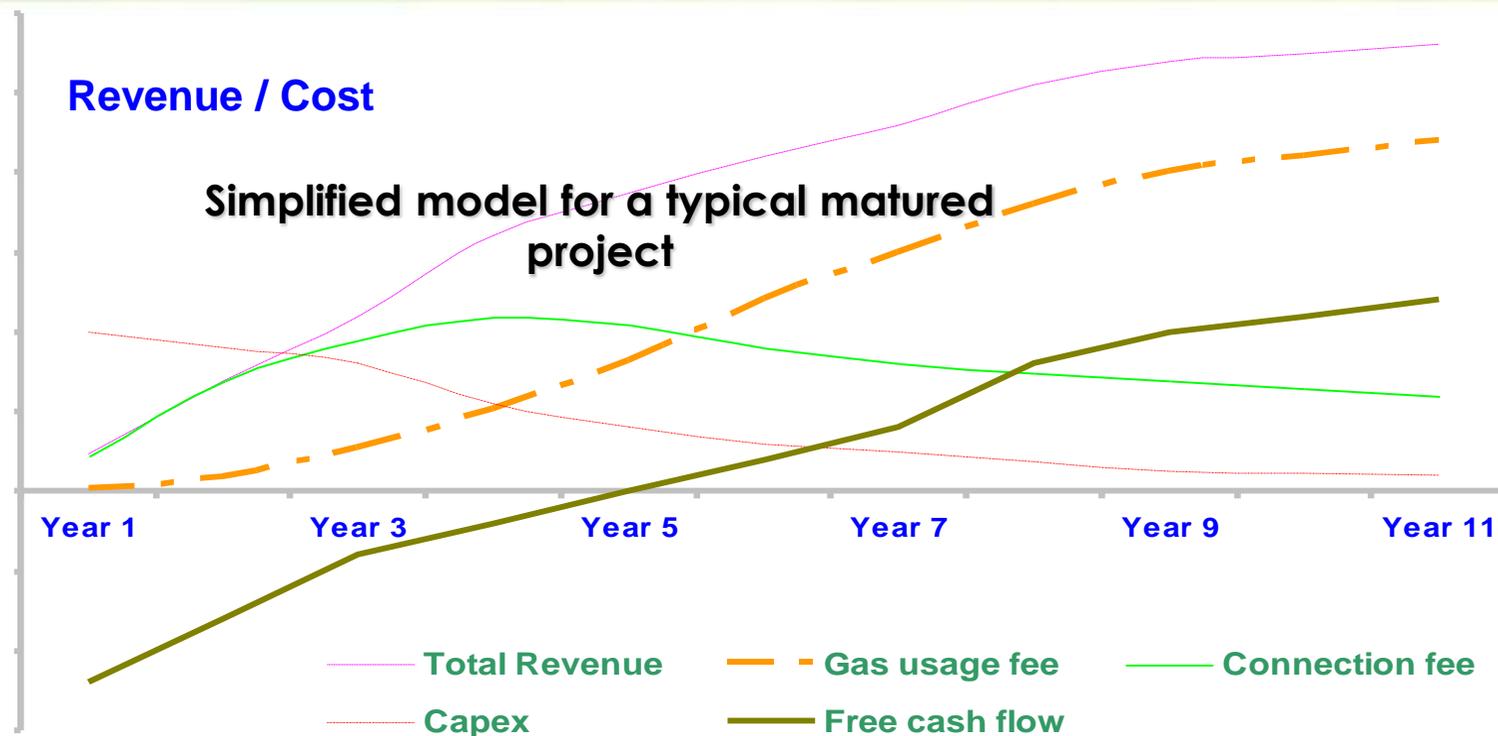


Notes:

(1) Gas delivery using either intermediate pipelines or CNG or LNG trucks.

(2) Customers' pipelines and metres which are not owned by the Group are within the customers' premises and are not highlighted in this diagram.

Immediate Revenue Inflow upon Connection



- ◆ Connection fee dominates in early years when the project companies are signing up new customers
- ◆ Gas usage increases as projects mature, becoming the major source of recurring income
- ◆ Prior to the completion of the whole pipeline network in cities, revenue will be generated as soon as gas supply becomes available in certain districts. Each connection contract normally takes 6-12 months to complete
- ◆ In general, gas projects would generate positive free cash flow after 5 years operation

Connection Fee Amortization

- ◆ As of 30 June 2012, 9 projects have adopted amortization method:
 - Anhui Province - Fengyang
 - Jiangsu Province - Huaian, Lianyungang
 - Henan Province – Xinxiang
 - Hunan Province - Xiangtan, Changsha, Zhuzhou, Ningxiang
 - Shandong Province – Rizhao
- ◆ Part of the connection fee income will now be amortized over the concession period instead of one-off recognition
- ◆ The average connection fees for residential households and C/I customers were RMB 2,729/household and RMB 140/day/m³ respectively

Natural gas Price Reform in 2010

Objectives

- ◆ Further liberalise the natural gas market
- ◆ Narrow down the difference between gas tariff in the PRC and the international market
- ◆ Enhance the ability of importing LNG from overseas to further promote the utilisation of natural gas

Content

- ◆ Raise the onshore benchmark wellhead price of natural gas by RMB 230 per thousand m³ since 1 June 2010.

Policy

- ◆ On 22 July 2010, the NDRC has promulgated the Notice on Accelerating the Finalisation of Proposal on Natural Gas Price Adjustment

Result

- ◆ Tariff adjustment successfully implemented to C/I customers in all projects and residential customers in most of the projects with cost increment

Latest progress on tariff pass-through

Total number of PRC projects (as of 30 June 12)	110
No. of project with upstream tariff adjustments	26
Average upstream cost increment (RMB/m ³)	0.29
No. of project with downstream tariff adjustments for C/I customers	26
No. of project with downstream tariff adjustments for residential customers	14
Average tariff increment (RMB/m ³)	0.36
No. of project with automatic pass-through	25

Content

- ◆ A pilot reform on the pricing policy of natural gas was launched on 26 Dec 2011 in Guangdong Province and Guangxi Autonomous Region, with unified ceiling city-gate prices set at RMB2.74/m³ and RMB2.57/m³ respectively
- ◆ The price ceilings apply to both domestic-produced gas (including unconventional gas, eg. Shale gas, CBM, coal gas etc.) and imported gas transmitted through pipelines
- ◆ Retail prices remain at the control of the local government, and it is suggested to establish an auto pass-through pricing system

Pricing Mechanism

- ◆ City-gate prices are based on a reference price of imported LPG and fuel oil prices in Shanghai times a factor of 0.9, and take into account a province specific discount/premium based pipeline fees, economic development and other factors
- ◆ The government intends to adjust the price level yearly at the beginning and will adopt half-year or quarterly adjustment progressively

Objectives

- ◆ To loosen the grip of the ex-factory prices which failed to factor in consuming demands
- ◆ The prices of natural gas will be pegged to prices of substitute energies that are formed through market forces, price competitiveness remains to encourage the usage of natural gas

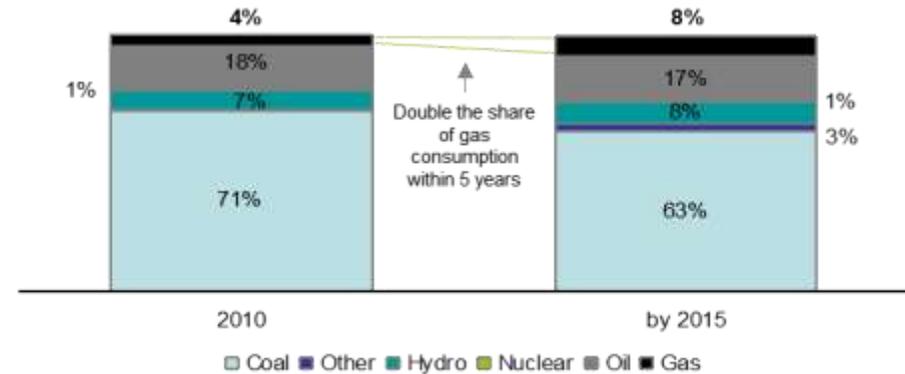
Impact

- ◆ Currently, our major gas sources for Guangdong and Guangxi projects are the imported LNG and trucked CNG/LNG, which costs are higher than the new city-gate prices
- ◆ Cost is expected to be lowered upon ramping up of gas supply from West-East II and other pipelines in the regions, thus, greater demand is expected
- ◆ Cost pass-through process is expected to be shortened as the auto pass-through pricing system is encouraged by the NDRC

China Natural Gas Industry Overview

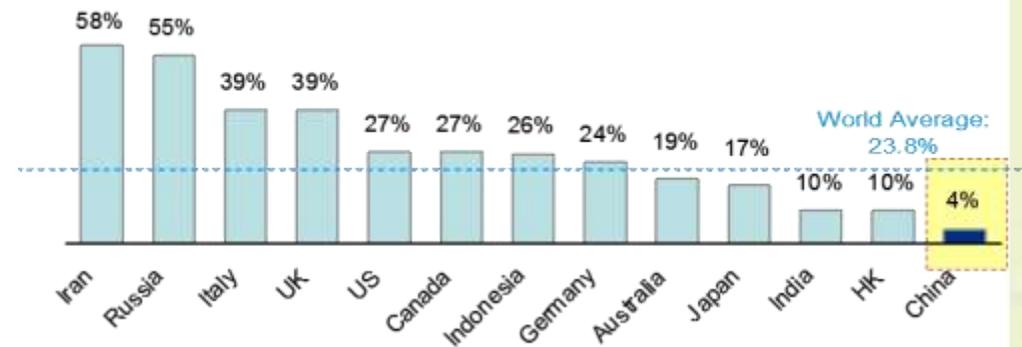
PRC Government's Commitment to Developing Clean Energy

- ◆ China's plan to achieve 40–45% reduction in carbon dioxide emission per unit of GDP by 2020 is driving national energy consumption towards cleaner fuels such as natural gas
- ◆ In connection with the 12th Five-year Plan, the PRC government targets to increase the natural gas portion of total energy consumption from 3.7% (100 bcm) in 2010 to 8.3% (260 bcm) by 2015, with continuous expansion of natural gas infrastructure
- ◆ The PRC government has also been focused on the development of a nationwide gas distribution and delivery system and several cross-border pipelines to mitigate the geographical mismatch between gas demand and supply. As a result, domestic natural gas supply and consumption will increase significantly



Low Natural Gas Penetration Rate ⁽¹⁾ in China

- ◆ Currently, the natural gas consumption in total energy consumption of China is merely 3.7%, substantially lower than the world average penetration rate of 23.8%
- ◆ The low penetration rate provides sufficient room for China to increase its national gas consumption going forward, given the country's continuous shift in energy structure. This will further drive the need for piped natural gas infrastructure investment



Source: Company filings, BP Statistical Review of World Energy June 2010.

(1) Note: "Natural Gas Penetration Rate" is defined as natural gas consumption volume as a percentage of total energy consumption.

China Natural Gas Industry Overview (Cont'd)

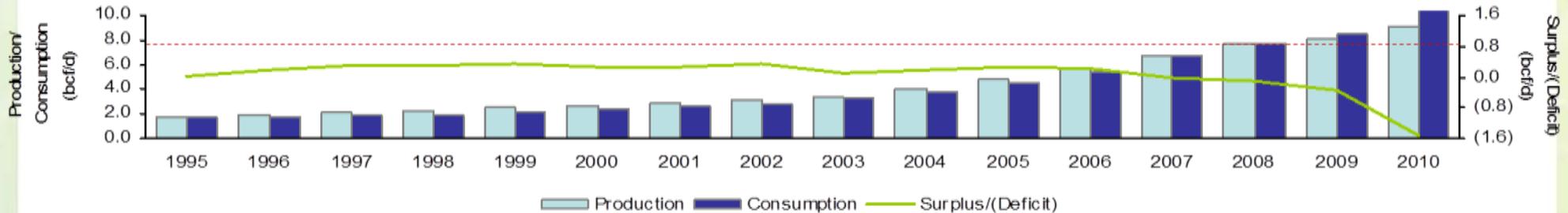
Natural Gas Consumption

- ◆ Natural gas consumption in China has grown from 2.4 bcf/d in 2000 to 10.6 bcf/d in 2010, representing a CAGR of 16.0%
- ◆ The main driver behind the growth in natural gas consumption is the growth in China's GDP since 2000
 - The continuing growth of China's GDP and increasing portion of natural gas in the total energy consumption will drive the increasing demand for natural gas in China in the future
- ◆ Availability of more new pipelines allows more cities to use natural gas going forward

Natural Gas Production

- ◆ Natural gas production in China has increased from 2.6 bcf/d in 2000 to 9.1 bcf/d in 2010, representing a CAGR of 13.3%
- ◆ To meet the growing demand for natural gas, apart from increasing domestic gas production, China is aggressively importing long-distance piped gas from nearby gas-rich areas such as central Asia and Myanmar, as well as LNG from Qatar, Australia, and Malaysia

China Natural Gas Supply and Demand



- ◆ According to the 12th Five-year Plan, natural gas consumption in China is expected to reach 25.1 bcf/d in 2015, representing a CAGR of 18.9% from 2010
- ◆ On the supply side, natural gas production is expected to reach 14.5 bcf/d in 2015, representing a CAGR of 9.1% from 2010
- ◆ The gap between supply and demand will be satisfied through imported natural gas
- ◆ The NDRC has taken efforts to bring domestic gas prices more in line with international prices by resorting to price increases

- ◆ China has invested substantially in developing a nationwide natural gas network to facilitate the bridging between consumption and production, with total installed pipeline capacity growing at a double-digit rate nearly each year since 2003
- ◆ Trunk line construction in China has also ramped up rapidly in recent years
- ◆ It is expected that pipeline construction in China will continue to be driven by natural gas going forward
 - Currently, around 10 natural gas pipeline network projects are under construction (including the West-East Pipelines Project) or in the planning stage

Source: Company filings, BP Statistical Review of World Energy.

* Note: "bcf/d" denotes billion cubic feet per day.

Approximate conversion factors

	To					
Natural gas and LNG	billion cubic meters NG	billion cubic feet NG	million tonnes oil equivalent	million tonnes LNG	trillion British thermal units	million barrels oil equivalent
From	Multiply by					
1 billion cubic meters NG	1	35.30	0.90	0.73	36.00	6.29
1 billion cubic feet NG	0.028	1	0.026	0.021	1.03	0.18
1 million tonnes oil equivalent	1.111	39.20	1	0.805	40.40	7.33
1 million tonnes LNG	1.38	48.70	1.23	1	52.00	8.68
1 trillion British thermal units	0.028	0.98	0.025	0.02	1	0.17
1 million barrels oil equivalent	0.16	5.61	0.14	0.12	5.80	1

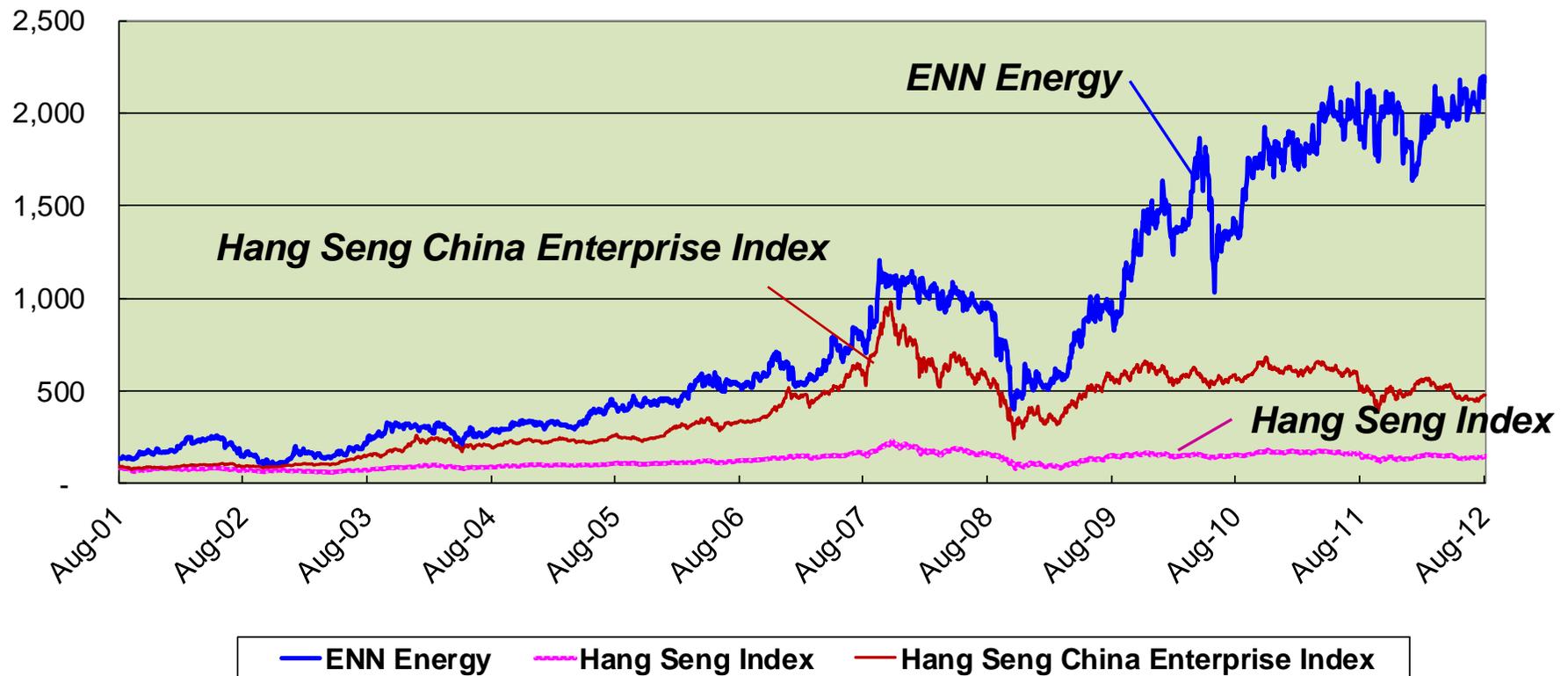
Source: BP Global Statistics

** $28 \text{ m}^3 = 1 \text{ mmbtu}$

Awards from International Media and Organisations

<p>Institutional Investor magazine</p> <p>2012 All-Asia Executive Team Ranking: Best CEO, Rank no.1 (Power Sector) Best CFO, Rank no.1 (Power Sector) Best IR Company, Ranked no. 2 (Power Sector)</p> 	<p>Yazhou Zhoukan “1000 Global Chinese Enterprise” for 2007</p>  <p>“Chinese Business 500” for 2001, 2002, 2003, 2004, 2005, 2006</p> <p>“Top 20 Chinese Enterprises of Assets Growth” for 2003, 2004, 2005</p> <p>“Top 20 Chinese Enterprises of Revenue Growth” for 2002, 2003</p>
<p>HK Polytechnic University</p> <p>Bauhinia Cup Outstanding Entrepreneur Awards 2012</p>	
<p>AsiaMoney</p> <p>“Asia’s Best Managed Company (Medium Cap in China)” for 2005 “Overall Best Medium-Cap Company (China)” for 2004</p>	<p>Annual International ARC Awards</p> <p>“Honor, Cover Design, Oil and Gas Production Services” for 2011</p> <p>“Gold, Overall Annual Report: Gas Distribution, Transport & Transmission” for 2008</p> <p>“Honor, Overall Annual Report: Gas Distribution, Transport & Transmission” for 2004, 2006, 2007</p>
<p>EuroWeek</p> <p>“Best Asian High Yield Bond Issue of 2005”</p>	<p>Annual International Galaxy Awards</p> <p>“Gold, Annual Reports: Energy” for 2009 “Silver, Annual Reports: Energy” for 2004, 2006, 2008</p>
<p>FinanceAsia</p> <p>“The Best Small Cap in China” for 2005 “Best Financial Management” for 2002 “The Best Small Cap IPO” for 2001</p>	<p>Mercury Excellence Awards</p> <p>“Silver, Annual Report” for 2004</p>
<p>LACP</p> <p>“Gold, 2010 Vision Awards Annual Report, Energy: Oil, Gas & Consumable Fuels”</p>	<p>The Hong Kong Management Association</p> <p>““Citation for Design, The Best Annual Reports Awards” for 2009” Honourable Mention, The Best Annual Reports Awards " for 2006</p>
<p>China Affiliate of the Balanced Scorecard Institute</p> <p>“Star Organisation of Strategy Execution in China” for 2008</p>	<p>The Asset</p> <p>“China’s Most Promising Companies 2009: The Power and Public Utilities sector”</p>

ENN Energy – Share Price Performance



Disclaimer

The information provided to you in this presentation does not constitute or form part of any offer for subscription or sale of, or solicitation of any offer to subscribe for or sale of any securities of ENN Energy Holdings Limited (the "Company") nor shall it form the basis of, nor can it be relied on in connection with, any contract or commitment whatsoever

Confidentiality

The information provided to you in this presentation is given on a confidential basis and must not be passed to, or their contents disclosed to, any other person and no copy shall be taken thereof

For Investor Relations Contact:

Ms. Shirley Kwok

Tel: +852 2528 5666 Fax: +852 2865 7204

Email: wm.kwok@xinaogas.com

Website: www.xinaogas.com