

ENN Energy natural gas sales up 22.8% to 3.73 billion m³ in 1H2013
Revenue increased 18.4% to RMB10.39 billion
Piped gas and vehicle gas sales maintained stable growth

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Results Highlights:

- **Piped gas sales revenue increased by 26.7% to RMB6.47 billion**
- **Vehicle gas sales revenue rose 29.3% to RMB1.37 billion**
- **Profit attributable to shareholders up 1.0% to RMB740 million. Stripping out non-cash loss due to the fair value change of convertible bonds, recurring profit increased by 19.3%.**

(Hong Kong, 26 August 2013) – ENN Energy Holdings Limited (“ENN Energy” or “the Group”) (stock code: 2688), one of the largest clean energy distributors in China, announced its interim results as of 30 June 2013 (“the Period”). Revenue increased by 18.4% to RMB10.39 billion, profit attributable to shareholders up 1.0% to RMB740 million from the corresponding period last year. Stripping out non-cash loss due to the fair value change of convertible bonds, recurring profit increased by 19.3% year-on-year. During the Period, basic earnings per share amounted to RMB68.02 cents. The Board of Directors has resolved not to recommend an interim dividend.

Commenting on the solid results, Mr. Wang Yusuo, Chairman of ENN Energy, stated, “Although China’s economic growth slowed down in the first half of 2013, the Group, with the concerted efforts of all the staff, steadily developed the existing city-gas business in an orderly manner while striding to develop new businesses including industrial parks and vehicle/ship LNG refuelling stations, laying a solid foundation to enable us to achieve the annual business guidance.”

During the first half of 2013, the Group’s total natural gas sales increased by 22.8% to 3.73 billion m³. The Group maintained its sound financial strength with total cash on hand of approximately RMB7.75 billion while its total debts amounted to RMB12.81 billion as of 30 June 2013. Our net gearing ratio was 44.9%. In addition, in order to further improve the Group’s debt structure, the Group successfully issued US\$500 million zero coupon convertible bonds during the Period. The Group intended to use the net proceeds to refinance its existing indebtedness and general corporate purposes, so as to reduce interest expenses and enhance its liquidity and profitability. Stripping out the impact of the fair value change of convertible bonds, the Group’s effective tax rate dropped by 0.4 percentage points to 29.1% when compared with the same period last year, demonstrating the Group’s measures to lower its tax rate gradually took effect.

City-gas distribution business maintained sustainable growth

In the first half of 2013, revenue attributable to piped gas sales amounted to RMB6.47 billion, representing an increase of 26.7% over the corresponding period last year, and accounting for 62.3% of the total revenue, up 4.1 percentage points. The growth of piped gas sales remained stable. Revenue attributable to connection fee increased by 9.4% to RMB1.85 billion, accounting for 17.8% of the total revenue, down 1.5 percentage points. The Group capitalized the opportunities brought by urbanization in the mainland and kept developing new customers in order to maintain steady growth of gas connection business. Meanwhile, as revenue attributable to gas sales has become the Group's major revenue stream, we have a more modified revenue structure ensuring long term and stable income.

The average connection fee per residential household was RMB2,732, 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 commercial/industrial ("C/I") customers with discounts on connection fee with a view to boost C/I gas sales, the average connection fee for C/I customers was RMB144 (per m³) during the Period. The Group conducted 630,000 new piped natural gas connections to residential households, accumulated number of connected residential households was 8.40 million. New piped natural gas connections to 3,510 C/I customers were conducted, accumulated number of connected C/I customers was 34,151. The newly installed designed daily capacity for C/I customers was 3.97 million m³, accumulated installed designed daily capacity was 37.36 million m³.

As of 30 June 2013, the Group has 126 city-gas projects under management, covering a population of 57.47 million in China, with an average gas penetration rate of only 44.3%. The relatively low gas penetration rate and the mere 5% share of natural gas out of China's primary energy consumption show a prospective future for the Group's business and ensure stable income streams from both connection fee and gas sales in the long run.

Vehicle gas business continued steady development

During the Period, the Group's revenue attributable to vehicle gas sales increased 29.3% to RMB1.37 billion, contribution to total revenue increased to 13.2% from 12.2% over the corresponding period last year. Sales volume of vehicle gas rose by 22.7% to 540 million m³. The Group constructed and put into operation 46 CNG and LNG refuelling stations during the Period. We have altogether 376 vehicle gas refuelling stations spanning across 92 cities, including 35 cities which we do not have city-gas operation.

Mr. Wang Yusuo commented, "Continuous greenhouse gases emission from vehicles worsened the environmental conditions. With a view to resolving this, natural gas is deemed to be one of the major forms of transportation energy in the future, given the

optimization and adjustment of China's energy structure and the economic advantage of natural gas over other forms of transportation energy. ENN Energy has tapped into the vehicular gas distribution business as early as in 2002. Riding on our first mover advantages in the sector and leveraging our existing resources and networks, we will continue to actively develop this highly promising business."

Proactive development on industrial parks

In the first half of this year, the Group acquired 5 city-gas projects including Baoding City in Hebei Province, Heyuan City, Leizhou City and Dongyuan County in Guangdong Province and Dingyuan County in Anhui Province and 4 industrial park projects. All of these projects have robust commercial and industrial activities and promising growth prospects. Meanwhile, leveraging the new projects' proximity with the Group's existing projects, we can fully utilize our existing resources and management platform to reap synergy and boost our gas sales volume.

Mr. Wang stated, "According to Chinese government's planning, industrialization, urbanization and green development will become the theme of national economic development during the 12th Five-Year Plan Period or even in the coming 10 years. The Chinese government will carry forward urbanization construction as the key tactic to adjust China's economic structure. Meanwhile, in view of challenging situations such as resources constraints, serious environmental pollution and ecosystem deterioration, such as the ongoing existence of smog in Northern China since this year, the need for green, renewable and low-carbon development become more pressing. Natural gas being one of the low-carbon, economic and effective forms of energy, propelled the industry to grow more mature. After ten years' of development, we have a well-established natural gas infrastructure and rich operational experience. The phase by phase completion and operation of a number of natural gas long distance pipelines and LNG import terminals will further meet China's strong needs for natural gas. Although facing a series of uncertainties such as domestic natural gas tariff hike and sluggish macroeconomics, the Group will strive to cope with the changing market and take effective measures in an effort to maintain the stable development of all its core businesses."

Recognized to be the best management team

Mr. Wang concluded, "After receiving a number of honors voted by Institutional Investors in 2012, the Group once more received honors in The 2013 All-Asia Executive Team by Institutional Investor including Rank No. 6 of "Best Companies in China" (Rank No. 1 in power sector), "Asia's Best Investor Relations Company" (Rank No. 3 in power sector), "Asia's Best CEOs" (Rank No. 2 in power sector), "Asia's Best CFOs" (Rank No. 3 in power sector) and "Asia's Best IR Professionals (Rank No. 3 in power sector). The Company's Executive Director and CEO Mr. Cheung Yip Sang was also honored "2013 China's Best CEO"

by Forbes. These honors fully demonstrated that the Group's business performance and management's profound execution ability was acclaimed by investors, shareholders and analysts in the sector. Taking this opportunity, we would like to express our heartfelt gratitude to our shareholders, institutional investors, analysts, customers and business partners. We will continue to redouble our efforts to ensure that investors and shareholders will be able to share the fruitful results that come along with the Group's development."

(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 30 June 2013, the Group has 126 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 57.47 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 9.1 million. The Group's total coverage of connectable urban population in China and overseas reaches 66.48 million.

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Financial and Operational Data for 2013 Interim Results

(As of 30 June)	2013	2012	+/-
Business Development			
No. of project cities (China projects)	126	110	16
Connectable urban population (China projects)	57,467,000	53,389,000	7.6%
Connectable urban population (Vietnam project)	9,009,200	8,920,000	1.0%
Gas penetration rate (China projects)	44.3%	41.8%	2.5%
Revenue Analysis (RMB million)			
Gas connection	1,853	1,694	9.4%
Sales of piped gas	6,473	5,107	26.7%
Vehicle gas refueling stations	1,374	1,063	29.3%
Wholesale of gas	535	552	-3.1%
Distribution of bottled LPG	34	74	-54.1%
Sales of gas appliances and material	117	284	-58.8%
Percentage of Segment Income by Revenue (%)			
Gas connection	17.8	19.3	-1.5
Sales of piped gas	62.3	58.2	4.1
Vehicle gas refuelling stations	13.2	12.2	1.0
Wholesale of gas	5.2	6.3	-1.1
Distribution of bottled LPG	0.4	0.8	-0.4
Sales of gas appliances and material	1.1	3.2	-2.1
Gas Infrastructure			
Total length of pipeline (km)	22,588	19,952	13.2%
Gas processing stations	129	116	13
-Daily capacity (m ³)	47,016,000	32,285,000	45.6%
Vehicle gas refueling stations	376	276	100
New Connection of Piped Natural Gas			
Residential households (Households)	630,183	566,127	11.3%
Commercial/Industrial customers ("C/I") (Sites)	3,510	3,130	380
Installed designed daily capacity for C/I (m ³)	3,973,117	3,903,963	1.8%
Accumulated Connection of Piped Gas (Incl. Natural Gas)			
Residential households (Households)	8,489,432	7,436,007	14.2%
C/I (Sites)	34,464	27,327	7,137
Installed designed daily capacity for C/I (m ³)	37,401,007	29,737,646	25.8%
Sales of gas (million m³)			
Total gas sales (including natural gas)	3,778	3,197	18.2%
Sales of natural gas	3,729	3,037	22.8%
-Residential	559	496	12.8%
-C/I	2,499	1,989	25.6%
-Wholesale of gas	138	119	16.6%
-Vehicle gas refuelling stations	532	433	22.8%