



ENN Energy's Total Gas Sales Volume Up 4.8% to 13,832 million m³ in 1H 2020
Sales Volume of Integrated Energy Up 146.2% to 4,806 million kWh
Performance remained solid, continued to generate positive free cash flow

(Hong Kong, 20 August 2020)—ENN Energy Holdings Limited (stock code: 2688.HK; “ENN Energy” or the “Group”), one of the largest clean energy distributors in China, announced its interim results for the period ended 30 June 2020 (“the Period”). COVID-19 continued to rage worldwide in the first half of 2020, which seriously affected international economic activities. China achieved remarkable results in pandemic control, economic activities have begun to restart since the second quarter. ENN Energy seized the government's series of policies on economic stimulus and energy structure optimisation, and the momentum of customers' work and production resumption. During the period, taking advantage of its own long-term LNG import contracts and the right of accessing to controlling shareholder's Zhoushan terminal to import low-cost international LNG, the Group significantly reduced its gas procurement costs and increased the competitiveness of natural gas. The Group achieved remarkable results in this challenging period through deepening customer understanding, diversifying resources, improving internal operation efficiency and other key measures. During the period, total natural gas sales volume of the Group increased by 4.8% to 13,832 million cubic meters. The sales of integrated energy including steam, cooling, heating and electricity, increased significantly by 146.2% to 4,806 million kWh. Total revenue of the Group (including joint ventures and associates) reached RMB45,149 million; due to the decline in upstream natural gas prices, the Group lowered the end-users gas prices accordingly, so the revenue during the period down 10.8% to RMB31,543 million. With solid performance and excellent financial management, the Group continued to generate positive free cash flow.

With outstanding business performance and healthy cash flow level, the Group is widely-recognized by the capital market. The Group's share price has been outperforming the Hang Seng Index and the Hang Seng China Enterprises Index. In 2020, ENN Energy ranked No.996 in Forbe's Global 2000 which leapt 438 places compared with last year; No. 24 in The World's 50 Most Valuable Public Utility Brands (No. 3 among Chinese shortlisted companies), reported by Brand Finance, a UK brand valuation consultancy; No. 148 in Fortune China 500 ranking organised by Fortune Magazine. These awards indicated the Group has become more influential in the energy sector and capital market.

Expanding customer base Paving the way for continuous volume growth

Most of the Group's gas projects are located in key areas of air pollution prevention and control such as Beijing-Tianjin-Hebei, Guangdong, Henan, Shandong, Jiangsu, Zhejiang, where local governments strictly implement environmental protection policies. At the same time, an increasing number of C/I customers are paying attention to green production and carbon content of their own products, therefore they have strong demand for natural gas. With the lowering of natural gas price and adequate gas supply, coupled with the effective pandemic control in China, the Group has been accelerating its development of new C/I customers. During the period, the Group developed a total of 8,326 C/I customers (installed gas appliances with designed daily capacity of 6.56 million cubic meters), the total number of C/I customers served by the Group reached 157,087 (installed gas appliances with designed daily capacity of 131 million cubic meters). Meanwhile, China is sprinting toward a “moderately well-off society”. In this context, large-scale urbanisation and the demand arising from people's pursuit of quality life, shall continue to provide the Group with enormous opportunities for developing urban residential market. Since the beginning of 2020, COVID-19 has caused delays in the

construction and installation progress for new customers. Yet, the Group still managed to develop 1,025,000 new residential customers. Total number of the Group's residential customers reached 21.94 million, raising the average piped gas penetration rate to 61.2%. While ensuring construction safety and project quality, the Group will accelerate new customers development progress in the second half of 2020.

The Group seized opportunities arisen from industry consolidation, through strategic M&A and acquiring new operating rights, successfully acquired exclusive operating rights of 12 city-gas projects with an incremental population coverage of 2.17 million. The three projects namely Rui'an, Pujiang and Lianyungang Ganyu are located in the surrounding areas of the Group's existing projects, they are interconnected with pipeline networks and possess multiple leading industrial parks. Leveraging the "one network" gas sourcing advantage, and by fully utilising controlling shareholder's Zhoushan terminal to import low-cost LNG resources, the Group can satisfy the rapidly increasing gas demand in these areas. The above new projects are expected to drive additional gas sales volume of over 2 billion cubic meters in the next three years.

Market reform deepened The Group's distinctive advantage unveiled

China Oil & Gas Pipeline Network Corporation is expected to commence operation in the second half of 2020. The operation, dispatch and contingency of national trunk lines will be gradually improved. The liberalisation of pipelines will bring unprecedented development opportunities for the Group to flexibly utilise diversified natural gas resources. During the period, the Group signed a natural gas purchase and sale agreement with BP to provide the Group with piped gas resources with an annual volume of 300,000 tons for 2 years, to provide a more diversified supply of clean energy for the Group's projects in Guangdong region. The Group also actively participated in the market reform of provincial pipelines to purchase gas sources from upstream suppliers directly, in order to realise upstream-downstream direct transaction. The Group continued to explore the procurement and sales of unconventional natural gas sources, so as to increase resources control capability. As China deepens market-oriented reform, with the advantage of its own long-term LNG import contracts and the right of accessing to LNG terminal, the Group's natural gas distribution business will gradually reduce its dependence on a single supply channel. In the future, the Group will have more capacity to coordinate gas supply and reduce the procurement cost so as to reduce the energy cost of C/I users, and promote the continuous expansion of natural gas distribution scale.

Promoting Technological Innovation to Enhance Quality and Efficiency of Energy Consumption

The Group adhered to its principle of integrated energy development, explored and utilised the most competitive resources based on different local conditions. For the 108 operating projects and 23 projects under construction, the Group applied natural gas, industrial waste heat, biomass and other renewable energy sources, so as to provide low-carbon integrated energy solutions to customers. During the period, integrated energy solutions not only brought sustainable profits to the Group, but also successfully reduced customers' energy consumption by more than 146,363 tons of standard coal and reduced 611,852 tons of carbon dioxide emissions, which contributed to the regional energy transformation and enhanced social benefits.

The Group focuses on addressing its business pain points and needs, through relentless technological innovation to enhance the Group's core competitiveness. The Group's energy experts have thoroughly investigated and explored the energy consumption characteristics of industrial customers whose energy costs accounted for a large portion of their operating expenses, so as to drive energy conservation and emission reduction through production process optimisation, energy cascade utilisation, residual energy recycling, intelligent control system and other technologies. As of 30 June 2020, the Group has obtained a total of 647 patents in the aspects of construction, technology innovation, and intelligent control.

The Group has always promoted technological innovation. The Group actively developed in-depth understanding of customer needs and introduced diversified energy technology services and value-added products to satisfy customers' needs. Leveraging on the Group's large customer network, the Group is able to accelerate the expansion of integrated energy and value added business in order to strengthen customers' resilience against the external environment, increase customers' loyalty, and promote the Group's profit growth.

Mr. Wang Yusuo, Chairman of ENN Energy, stated, "2020 is the most challenging year. Natural disasters and climate change have alarmed the Group that sustainable development should brook no delay. During the period, ENN Energy incorporated ESG metrics including safety operations, corporate governance, environmental protection, and social responsibility into management's remuneration, encouraged employees to receive ESG training and examination. At the same time, the Group actively encouraged stakeholders to participate in environmental protection actions, such as promoting the adoption of electronic communication to shareholders, and engaging all employees and stakeholders to participate in the 'Earth Hour' campaign, so as to cultivate and strengthen everyone's awareness of sustainable development. Thanks to the team's efforts, the Group is included in the Hang Seng ESG50 index and Hang Seng Corporate Sustainability Benchmark Index for the first time after the latest quarterly review of the Hang Seng Family of Indexes. Encountering the uncertainties in the second half of 2020, we will continue to adhere to the business strategies of technological innovation and customer-orientation to provide reliable energy products and value added services, so as to make performance leaps in the near future and further increase shareholders' return."

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 construction, operation and management of gas pipeline infrastructure, vehicle and ship refuelling stations and integrated energy projects, the sales and distribution of piped gas, LNG and other multi-energy products. The Group also conducts energy trading business and provides other services in relation to energy supply in the PRC. As of 30 June 2020, the Group had 229 project cities in China in 22 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Heilongjiang, Gansu, Jiangsu, Jiangxi, Liaoning, Sichuan, Shandong, Yunnan, Zhejiang, Shanxi, Shaanxi, Shanghai and Tianjin, covering a connectable urban population of 108 million. The Group also developed integrated energy projects in key regions nationwide, with the accumulative number of projects in operation amounting to 108.

ENN Energy is a constituent of the Hang Seng China Enterprises Index, Hang Seng Composite Large Cap Index, Hang Seng ESG50 Index*, Hang Seng Corporate Sustainability Benchmark Index* and MSCI China Large 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 2020 Interim Results

(As of 30 June)	2020	2019	+/-
Business Development			
No. of city-gas projects in China	229	201	28
Urban population coverage (thousand)	107,573	99,950	7,623
Piped gas penetration rate	61.2%	59.4%	1.8ppts
Accumulated number of integrated energy projects in operation	108	82	26
Revenue Analysis (RMB million)			
Retail gas sales business	18,191	20,332	-10.5%
Sales of integrated energy and services	2,101	1,019	106.2%
Wholesale of gas	7,919	9,330	-15.1%
Construction and Installation	2,669	3,626	-26.4%
Value added business	663	1,037	-36.1%
Percentage of Segment Revenue (%)			
Retail gas sales business	57.7	57.5	0.2ppts
Sales of integrated energy and services	6.7	2.9	3.8ppts
Wholesale of gas	25.0	26.4	-1.4ppts
Construction and Installation	8.5	10.3	-1.8ppts
Value added business	2.1	2.9	-0.8ppts
New Natural Gas Customer Developed during the Period			
Residential households (thousand)	1,025	1,287	-262
C/I customers (sites)	8,326	12,110	-3,784
Installed designed daily capacity for C/I customers (thousand m ³)	6,559	8,638	-2,079
Sales of Gas (million m³)			
Total natural gas sales	13,832	13,204	4.8%
-Residential	2,139	1,976	8.2%
-C/I customers	7,613	7,200	5.7%
-Wholesale of gas	3,669	3,435	6.8%
-Vehicle gas refuelling stations	411	593	-30.7%
Sales of Integrated Energy			
Sales vol of cooling, heating, electricity, and steam (mil kWh)	4,806	1,952	146.2%