



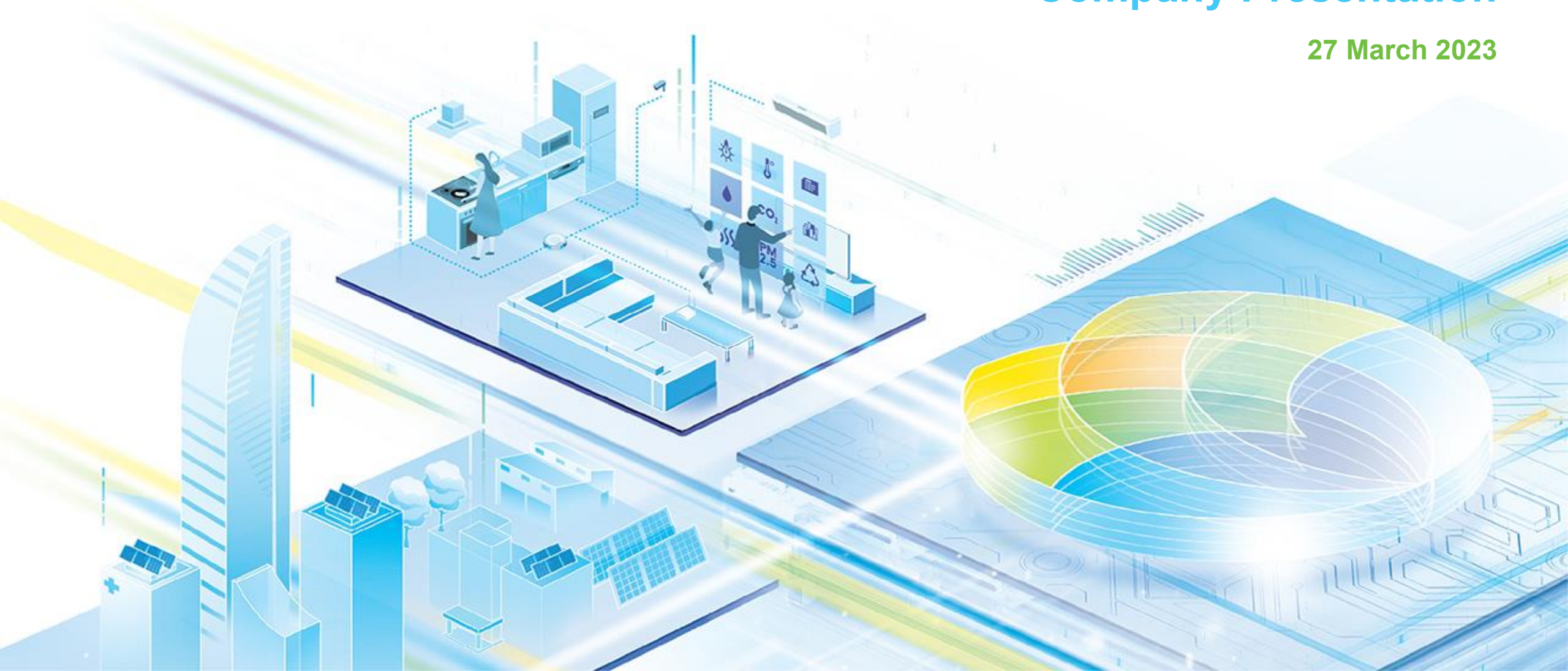
ENN 新奥

ENN Energy Holdings Limited

2022 Annual Results

Company Presentation

27 March 2023



Business Highlights



Revenue of IE business increased by **40.3%** to RMB**10.95 bil**



Retail gas sales volume **increased by 2.7% to 25.94 bil m³**, and developed **20.5 mil m³** installed daily capacity for C/I customers to expand the scale of gas volume



Acquired **62** new projects, and **2.086 mil** new residential customers to expand the operation scale



Gross profit of Value Added Business increased by **20.6%** to RMB**2.08 bil**



Core profit increased by **11.3%** to RMB**7.96 bil**, and free cash flow reached RMB**2.37 bil**



Total dividends amounted to **HKD2.91** per share, dividend payout ratio increased to **37%**

Safety Management and Operation

- Attaching the highest importance to people's life and safety, ENN Energy pursued the strategic plan "visible, prioritized and well-managed" by enhancing safety from 5 aspects, from indoor safety practice to old pipeline networks renovation, garnering widespread recognition from multi-level government safety inspections

Old Pipeline Network Renovation

- 2022 was the first year for the national three-year municipal pipeline renewal campaign;
- The 3rd year of ENN Energy's old pipeline assessment and renewal project;
- 100% completion of 20 years+ old pipeline networks renovation;
- Improvement in safety and facility intelligence

- 58 member companies in Shijiazhuang, Qingdao, Luoyang and other regions received government recognitions for their outstanding operational safety and safety intelligence technologies in nationwide gas safety overhaul

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Old Pipeline Management

- Carried out safety sweep for 11,530 PE pipeline constructions;
- Assessed 3,925 regular pipeline;
- Replaced 561 km of old pipeline;
- Removed 100% potential risks in pipeline networks

Citygate Safety Management

- Upgraded citygate stations to avoid serious risks e.g. failures in safety protection measures, foundation subsidence etc. ;
- Examined 438 citygate stations;
- Achieved 100% risk removal

Users Safety Management

- Examined indoor risks and serious potential hazards and built an indoor risk measurement model;
- Examined and improved 3,949 residential communities;
- Executed the "100-days Overhaul Project" to examine municipal pipelines for 140 thousands industrial users

Employees Safety Management

- Provided all-round safety trainings to improve corporate safety management;
- Covered 431,964 persons, 100% of employees;
- Offered safety trainings to 17,400 safety management staffs;
- Employees with safety certificates reached 100%

The Closed loop Intelligent Safety Management System

- With improvement of safety awareness and capabilities, and adaption of digital intelligence technologies, ENN Energy is upgrading its digital intelligence safety management level for a solid safety operation base

Built Intelligent Operation Center

5 Major Business Scenarios /108 Sub-scenarios
Increasingly broadening scenarios for visible, prioritized and well-managed production safety

86 Intelligent Technologies
A systematic transformation from a single enterprise to one with intelligent operational center

182 Established Standards
Curated 182 standards documents and formulated 21 corporate standards

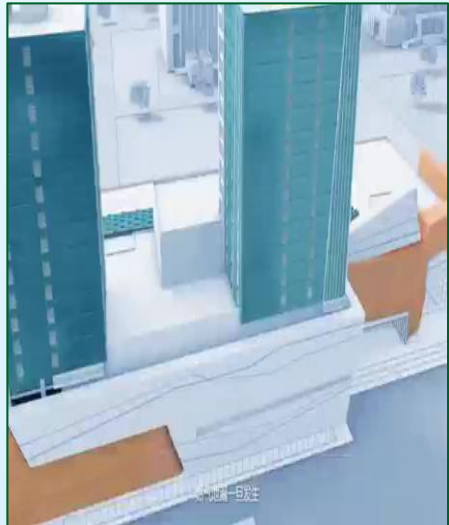
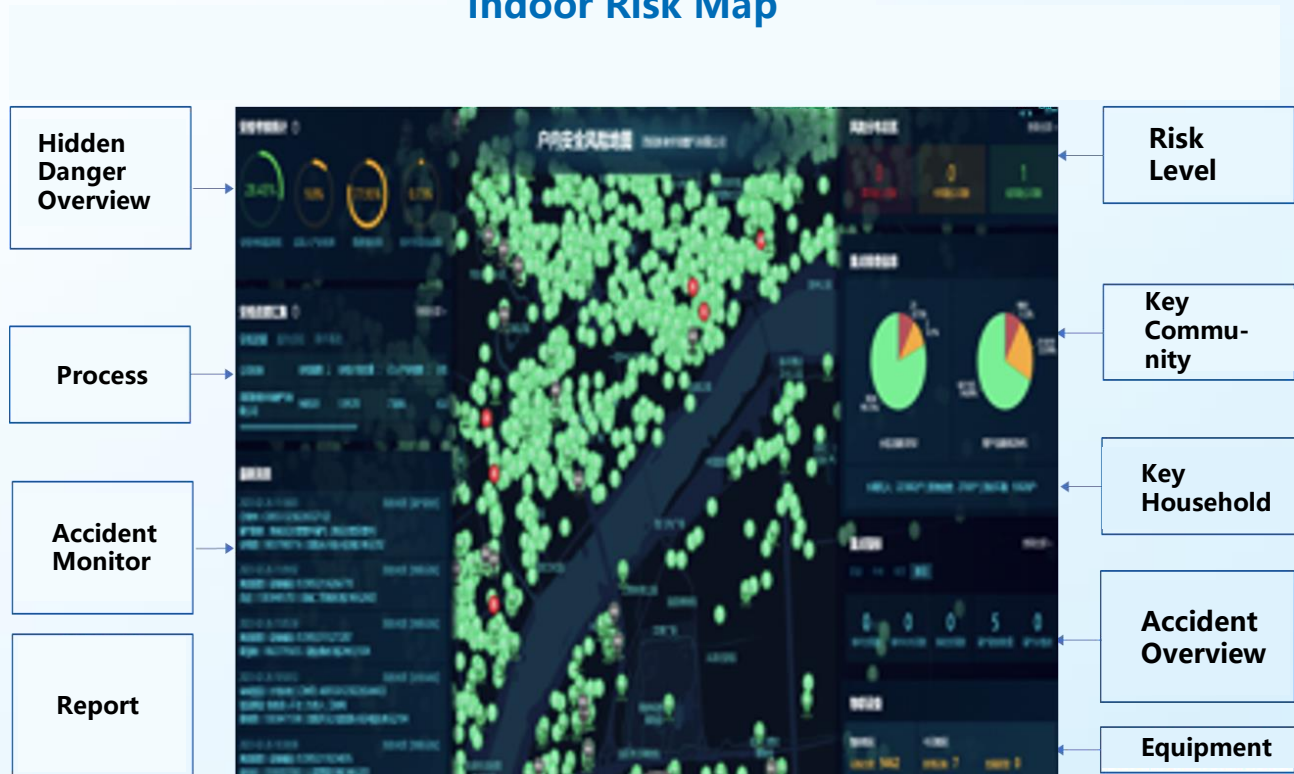
Indoor Risk Map

Video Monitoring on Hazardous Work
Process of hazardous operations are 100% monitored by dome camera



Key focuses:

- Scaffold moving;
- Technical safety measures (supervision and protective wear);
- Personal protective equipment (five-point harness);



ESG Advancement for Sustainable Development

Environment



Carbon emission intensity (Baseline year: 2019)

↓ **27.8%**



Helped society & clients reduce emission

52.69 mil tons
2021: 49.07 mil tons

Society

Occupational injury case/mil hrs reduced to



0.41
2021: 1.09

Investment in operation safety

RMB1.54 bil
2021: RMB1.48 bil

Governance

Compliance Management Systems Certification

ISO37301

Anti-bribery Management Systems Certification

ISO37001

Number of key employees trained in anti-corruption

1,407 persons
2021: 1,130 persons

All-scenario Scope3 Carbon Emissions

- Sorted out **15 categories of scope3 emissions** generated from the value chain and developed scope3 management models and tools;
- ENN Energy is expected to become **the first** natural gas enterprise **disclosing scope3 key category and complete emissions** in China

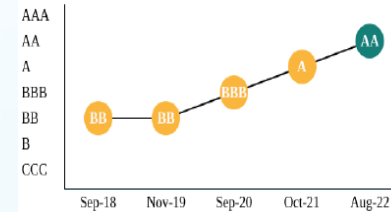
Green finance

- Allocating all **US\$550 mil yield from green bond** to **235** eligible green projects in accordance with Green Finance Framework and green bond issuance commitments and **obtained Certificate of Green Bond Issuance by HKQAA**
- Obtained **two awards** at the “Sustainable Finance and Climate Adaptation” conference in December 2022

ESG Rating Performance

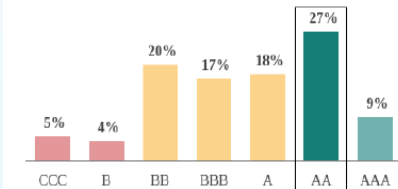
MSCI ESG rating upgraded to “AA”

ESG Rating history



ESG Rating distribution

Universe: MSCI ACWI Index constituents, Utilities, n=139



In 2022, MSCI ESG Rating upgraded ENN Energy's rating from “A” to “AA”, which is the highest rating among peers in the Greater China region.

↗ **AA**

MSCI –ESG Rating

2021: A

↗ **A+**

Hang Seng Sustainability Index

2021: A

↗ **56**

DJSI Sustainability Score
2021: 55

Improved to **26.3**

Sustainalytics Rating

2021: 33.1

Content

1. Results Highlights
2. Financial Overview
3. Development Strategy

IE Business Performance

- Provide customers with low-carbon/zero-carbon energy solutions which are driven by their needs, adaptive to local conditions and prioritising the use of renewables

Revenue

Significant revenue growth raised by increase in utilization rate and the commissions of new projects

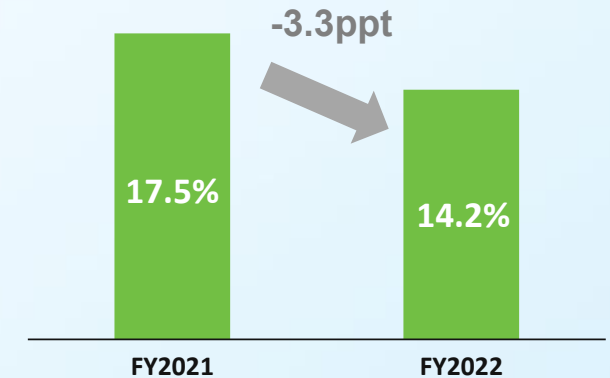
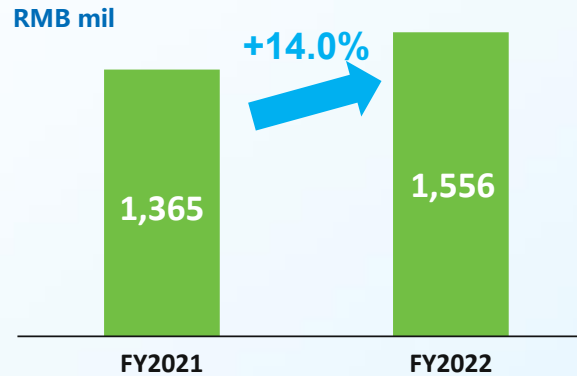
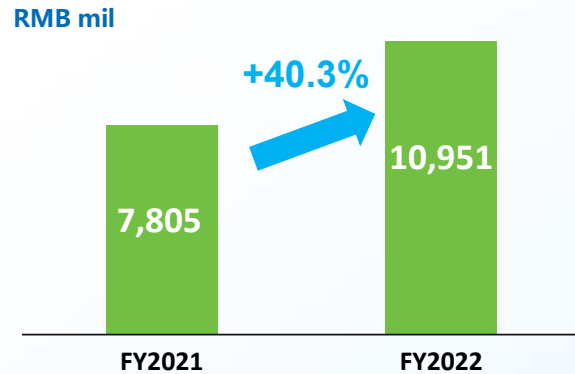
Gross profit

Gross profit recorded **growth** driven by market-oriented business model amid economic downturn and high energy prices

Gross profit margin

Gross profit margin recorded **1.2%** increase whereas that in 1H2022 was **13.0%** under pressure from energy prices and operational costs

Financial performance



Business performance

Operational Under construction



210

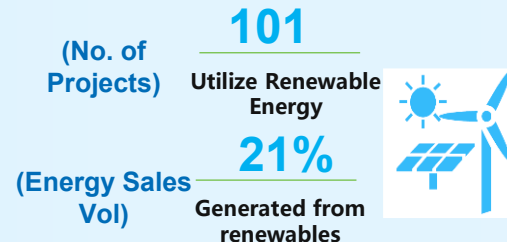
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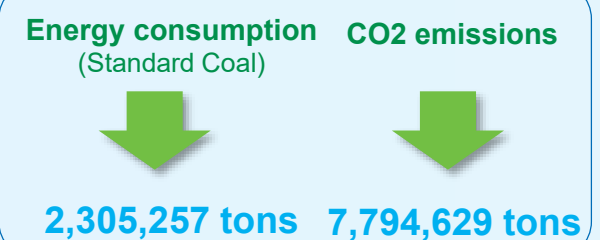
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Energy Sales Potential
>41.7 bil kWh

Adaptive clean energy solutions for customers



Positive environmental impact for customers



IE Business—Customer Demands for Low-carbon Solutions

- Dual-carbon policy as transitioned corporate demand **from high to low** and eventually **zero carbon**. As the economy evolves, the demand also covers production safety and intelligent manufacturing

Low-carbon and Quality Upgrade



Gas

Peaking at about 600 bil m³ in 2040

Safety

Production safety at a scale of approx. RMB500 bil

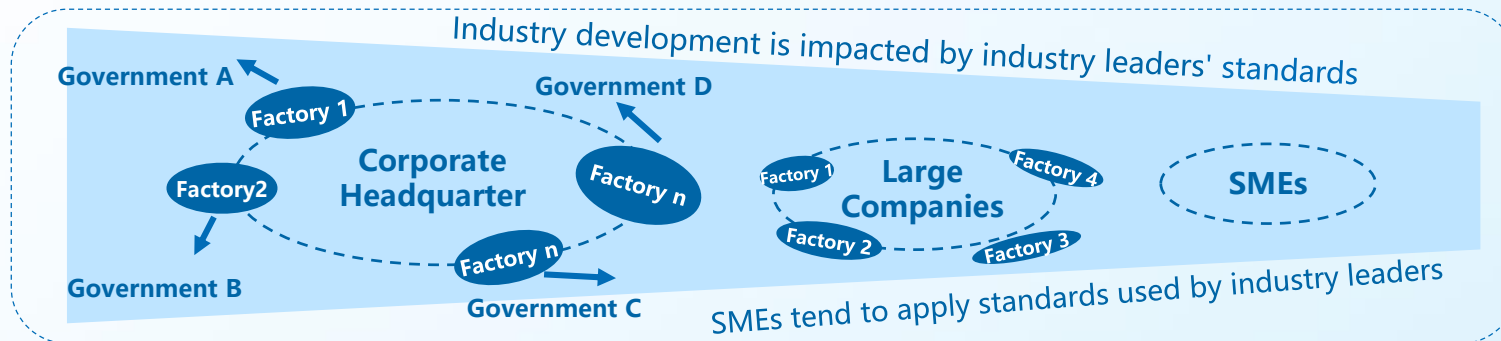
Renewable

The proportion is expected to increase to 25% and 80% in 2030 and 2060 respectively

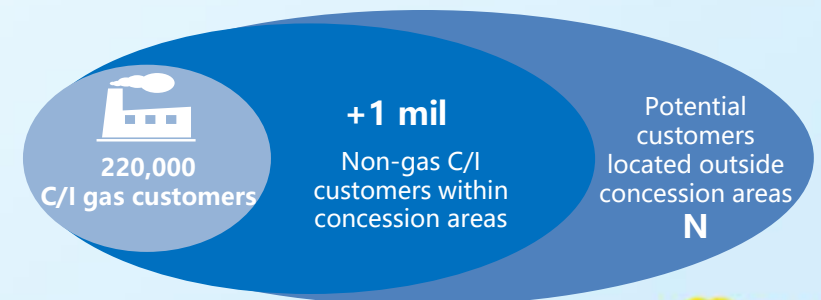
Intelligence

Intelligent manufacturing is taking center stage

- Industry-leading enterprises are driven to incorporate **ESG and low-carbon** conservations by capital, driving growth of SMEs and spearheading socio-economic trends for green and clean energy

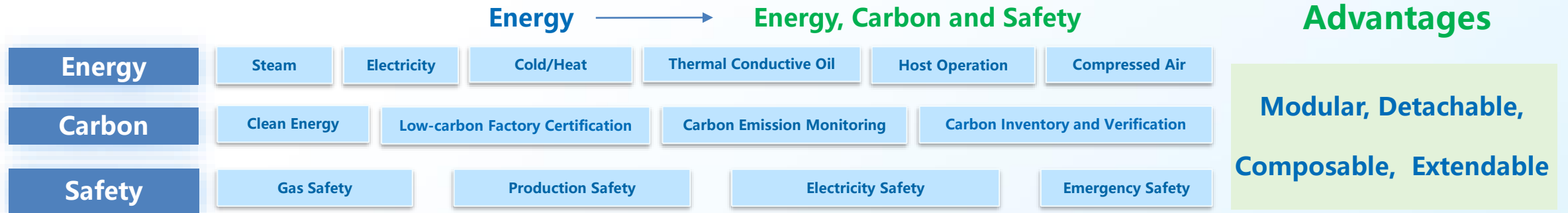


Customer Scale



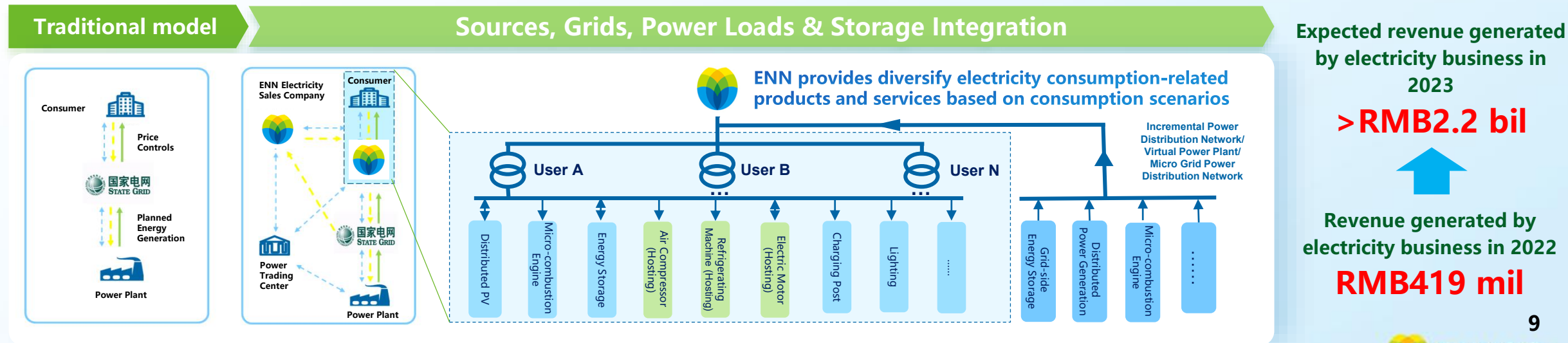
IE Business—Multi-products for Speedy Business Development

- Developing product portfolios for energy, carbon and safety management solutions



IE products: gas boilers, biomass boilers, thermal conductive oil boilers, photovoltaic, electricity sales, power distribution, power grid, energy storage, air compressor, carbon management, digital intelligence platform, etc.

- Diversified IE products to support electricity business development: more than a trillion kWh electricity consumption demands of communities located in ENN Energy's concession areas, indicating a huge potential for business growth



IE Business—Scenario-based Project Conversion

- Effectively grasped business opportunities as annual energy consumption of contracted customers exceeded **18 billion kWh** in 2022

Low-carbon Industrial Parks	Low-carbon Factories	Low-carbon Buildings	Low-carbon Transportation
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27 new contracted industrial park projects which energy sales potential reached **2.3 bil kWh**

Huzhou Nanxun Linghu Industrial Park



- ✓ Energy sales potential: 280 mil kWh
- ✓ Energy type: steam + electricity
- ✓ Industries: fine chemicals, biopharmaceuticals, new textiles, new materials
- ✓ Estimated annual revenue: RMB110 mil

1,382 new contracted factory projects with **15.2 bil kWh** energy sales potential

Jiangsu Nantong Leda Textile Project



- ✓ Energy sales potential : 104 mil kWh
- ✓ Energy type: electricity + heat
- ✓ Industries: textile, printing and dyeing
- ✓ Estimated annual revenue: RMB31.8 mil

270 new contracted public building projects lead to **1.03 bil kWh** energy sales potential

Zhejiang Jinhua Yibai Project



- ✓ Energy consumption: 46 mil kWh
- ✓ Energy type: cold + heat + electricity
- ✓ Industries: commercial, hotels, office buildings
- ✓ Estimated annual revenue: RMB30.16 mil

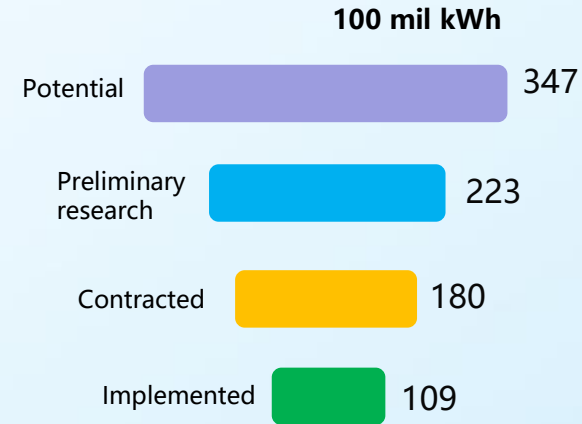
5 battery-swap stations in operation with **25** stations under construction. **Over 100** potential business opportunities

Quanzhou Exhibition City Exchange Station



- ✓ Average daily power exchange times: over 200
- ✓ Average daily power exchanged: over 6,000kWh
- ✓ Estimated annual revenue: over RMB3 mil
- ✓ Annual carbon reduction: 1,100 tons

IE Opportunities



Shortened project conversion cycle from **12 months to 6 months**

Business opportunity conversion rate exceeds

50%

Based on Four Scenarios to Develop **9** City-level Projects

Typical IE Project

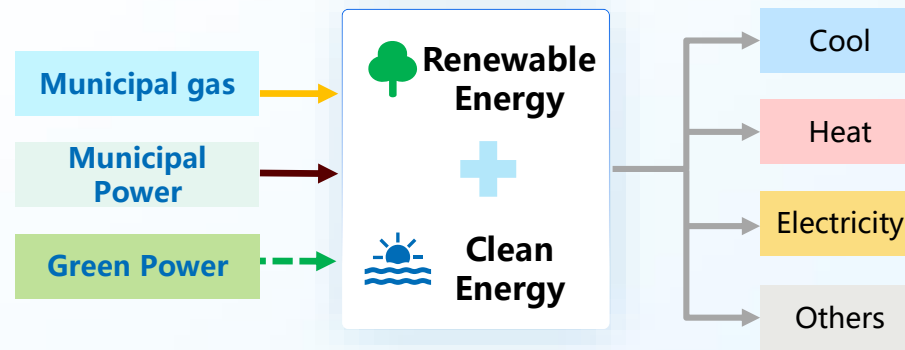
Beijing Daxing International Airport Economic Zone

Overview: A 100 km² industrial cluster of "aviation logistics, technology innovation, service guarantee and high-end service"

Solution: Geothermal Heat Pump+Electric Refrigerating Machine+Distributed PV+ Digital Intelligence Platform, etc.



Carbon Neutral City

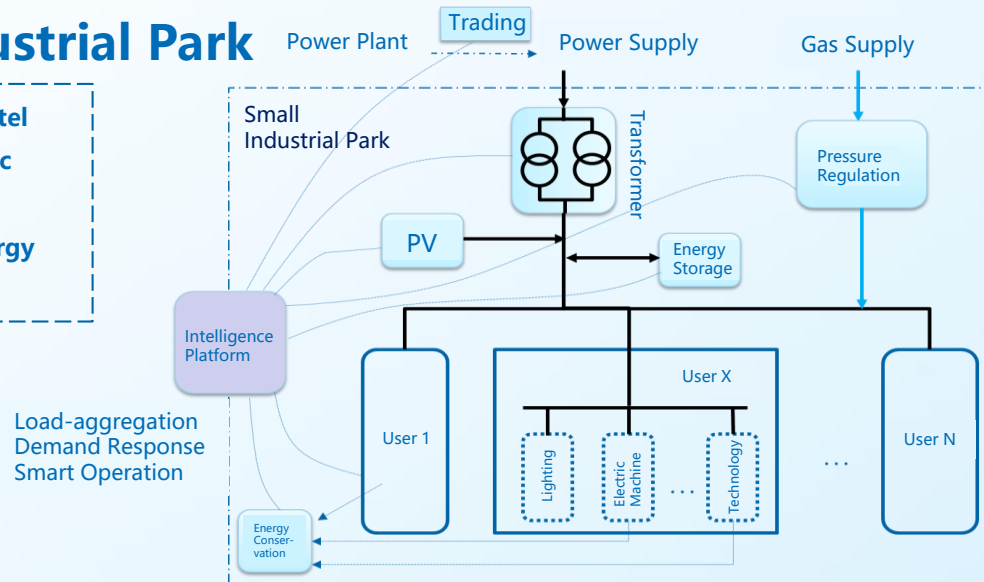


- Comprehensive energy saved: **30%**
- Percentage of local renewable energy used: **15%**
- Comprehensive energy efficiency: **80%**
- Percentage of clean energy used: **100%** (transportation excluded)

Jiangsu Zhonghui Food Industrial Park

Overview: Small food processing enterprises, five-star hotel suppliers, central kitchen clean dishes, seafood and aquatic products, etc.

Solutions: Gas supply + Distribution Network + PV + Energy Storage + Digital Intelligence Platform, etc.



- Comprehensive energy saved: **35%**
- Percentage of local renewable energy used: **21%**
- Comprehensive energy efficiency: **90%**
- Percentage of clean energy used: **97%**

Natural Gas Business Performance

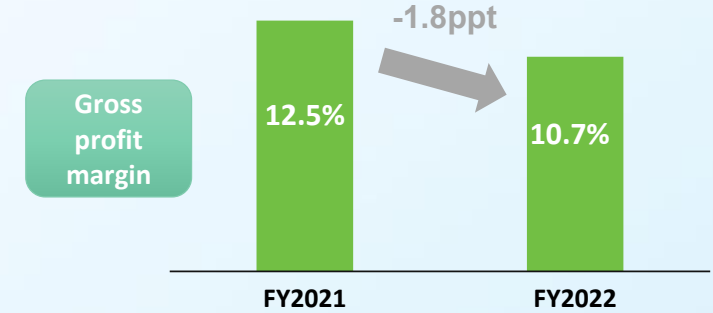
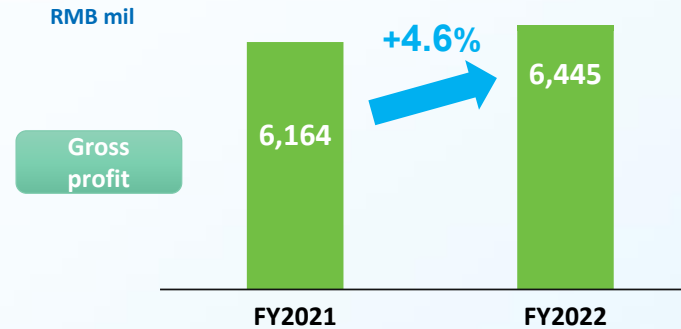
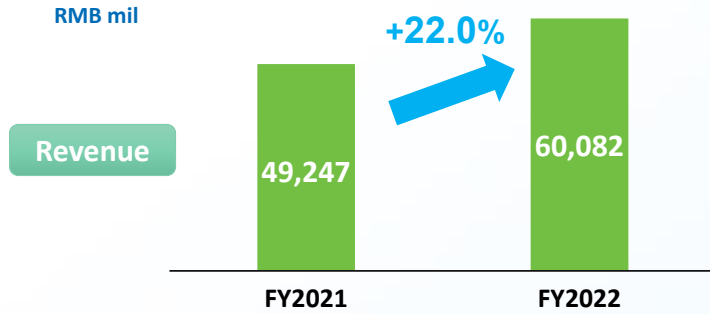
- Residential gas volume grew steadily, while C/I gas volume slowed down due to the pandemic and economic downturn

Financial Performance

Retail gas volume increased by 2.7% to 25.94 bil m³, with significant revenue growth driven by higher gas prices

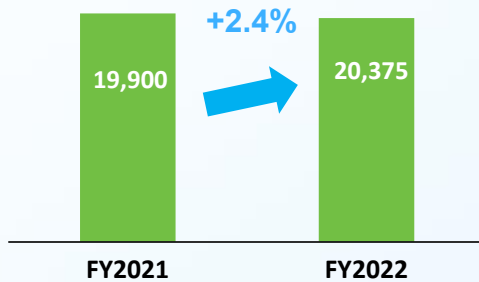
Steady growth in gross profit under flexible and innovative business model

Gross profit margin decreased due to higher operating expenses and slower pass through

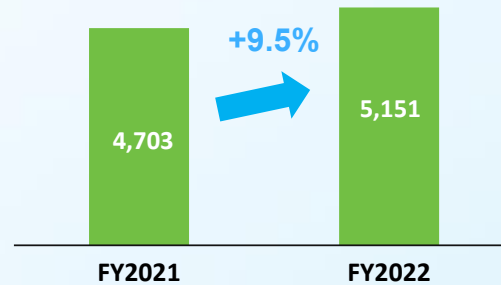


Operational Performance

C/I vol (mil)



Residential vol (mil)



Changes in Dollar Margin

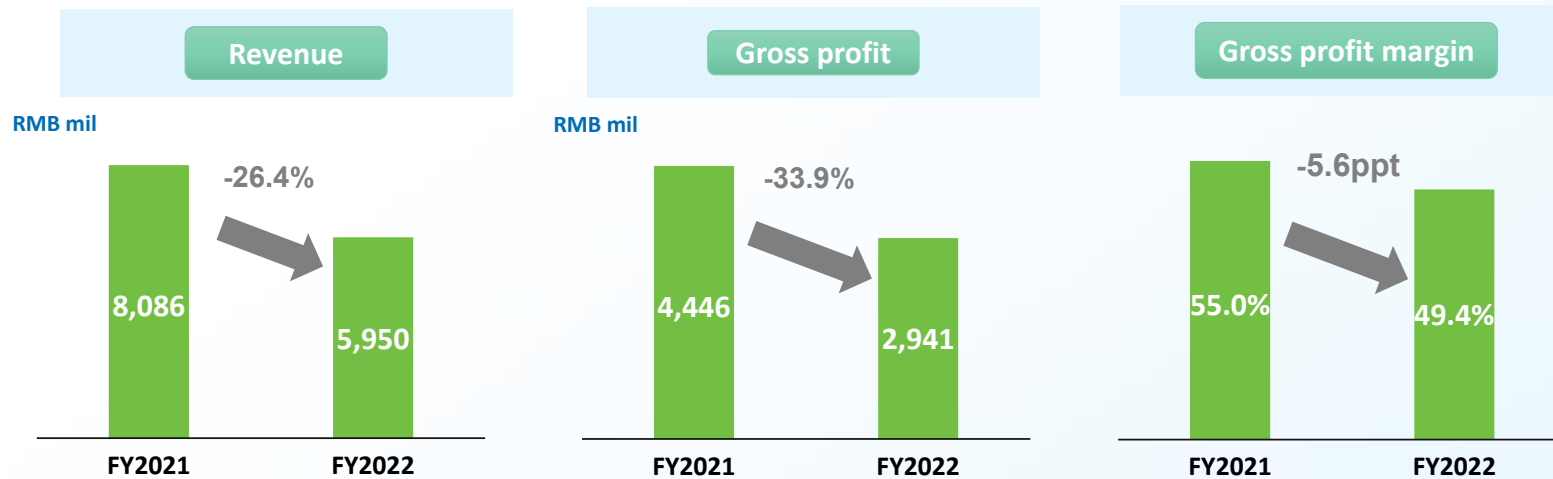
(RMB/m ³)	2021	2022
Residential	2.93	3.24
C/I	3.17	3.65
Vehicle gas stations	4.04	5.16
ASP	3.15	3.59
Average cost	2.60	3.06
Dollar Margin (ex.VAT)	0.51	0.48

Natural Gas Business—New Customer Development

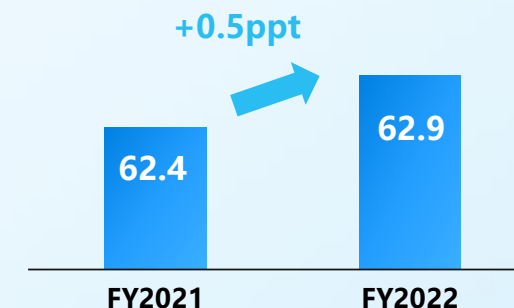
- Residential connections slowed down due to the weak real estate market and pandemic

- Urbanization development trend and piped gas penetration rate were effectively supporting new customer development

Financial Performance



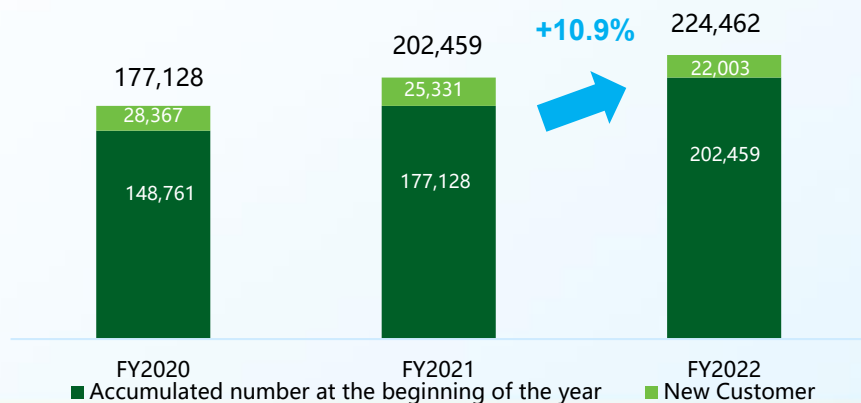
Piped gas penetration rate (%)



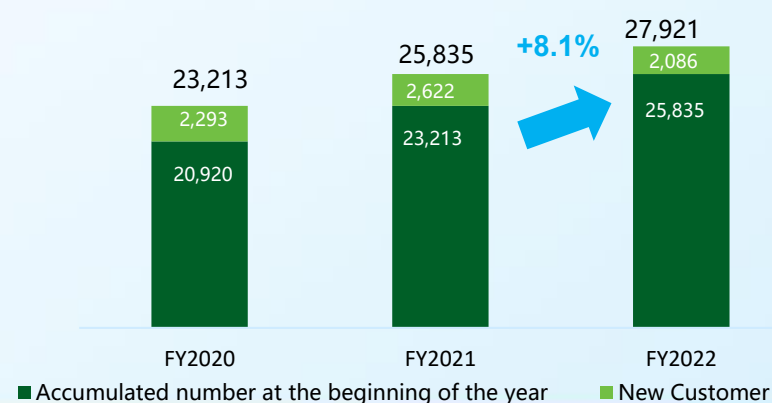
- The increasing customer numbers has solidated business development foundation

Customer Scale

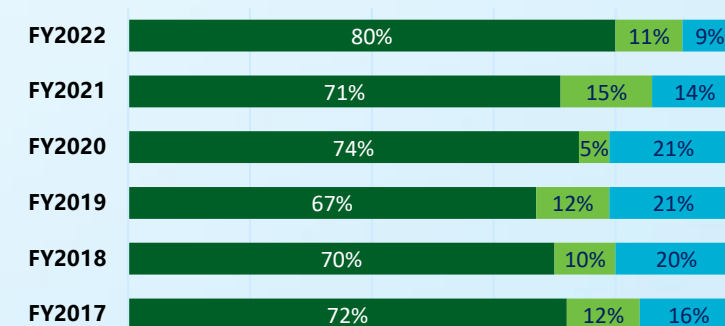
Accumulated Number of C/I Customer (sites)



Accumulated Number of Residential households (000')



New Residential Customers Breakdown



■ New building ■ Existing building ■ Rural

Natural Gas Business—Stable Residential Gas Supply

- Stabilize residential gas consumption and provide safety management services to enhance customer trust

Customer Understanding

- Guarantee gas vol and price for residential users
- Growth rate of residential gas users vol was greater than C/I users in the past five years
- Significantly impacted by the weather changes, making it challenging to match supply with demand
- Complicate residential gas consumption scenario leads to challengeable rescue



Response Measures

Demand-supply Adjustment



- Upstream policies management
- Temperature/gas volume-based demand prediction model
- Cooperation with heat power Company
- Pre-resources management plan

Gas Price Management



- Optimize pricing mechanism
- Develop subsidy mechanism
- Discover other residential demands

Customer Satisfaction Management



- Hidden danger investigation and rectification
- Gas consumption suggestions by IoT technologies
- Quick service response

Operating Results

- Adjusted residential gas prices
- Obtained gas subsidies
- Increased contracted gas vol for residential users
- Higher customer satisfaction
- 0 safety accidents occurred

Natural Gas Business—Innovative Service to Meet C/I Users Demands

- Expand the scale of customer to increase gas sales vol and stabilize dollar margin

Customer Understanding

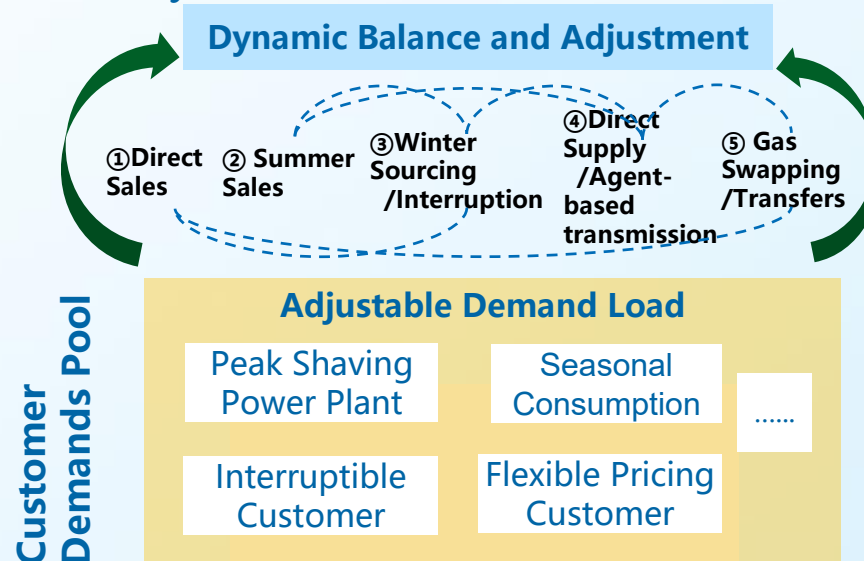
- Customer demand fluctuates more frequently
- High terminal gas prices, experiencing high customer cost pressure
- Safety production and compliance supervision of enterprise customers are becoming stricter
- Coal-to-industrial gas conversion transfer bring new growth demand



Demand Response to Customers

Creating value by discovering new demands

- Established a customer demands pool
- Addressed potential demands from the pool through flexible service adjustment methods



Operating Results

- **Completed C&I Users Pass through**
- **Dollar margin increased yoy**
- **Innovative service mode**
- **Foundation of IE business**

Natural Gas Business—Stable Resource Structure

- Stable gas supply by sourcing quality upstream gas and diversifying self-managed resources

Three Majors

- Guaranteed annual contract vol
- Source for quality and stable resources
- Stable gas volume

LNG

- Connection of Zhoushan terminal facilitated LNG resource
- 1.44 mil tons of LNG long-term contracts

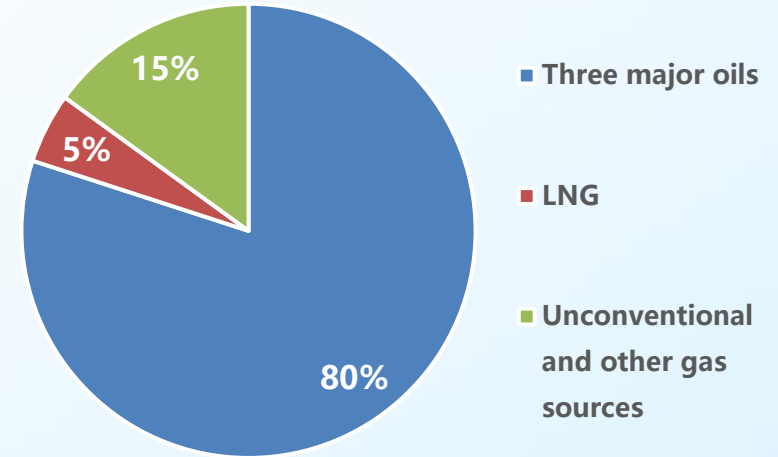
Unconventional

- Sourced coalbed methane, shale gas, etc.
- Regional resource supplement mechanism
- 3 mil m³ unconventional resource per day

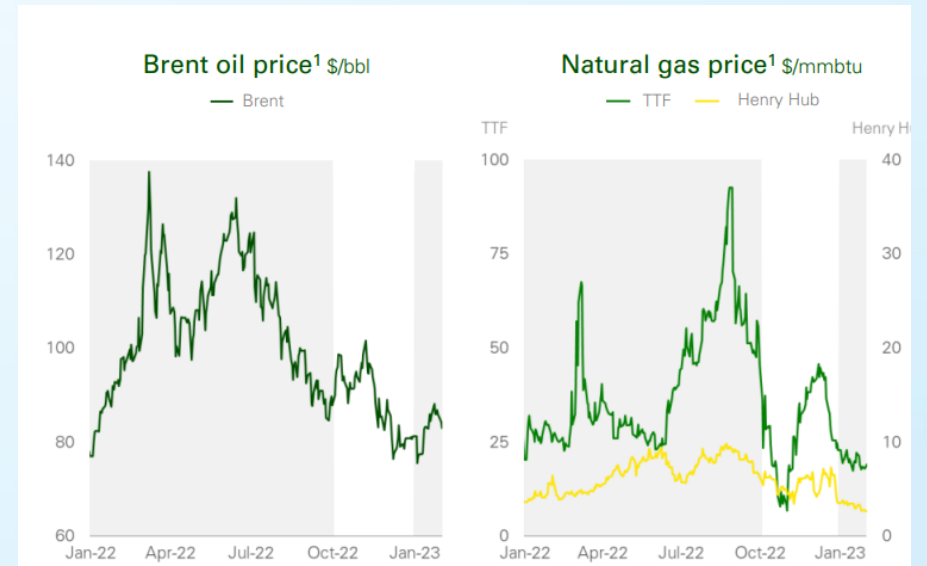
Gas Storage

- Storage in summer and extraction in winter, and gas leasing mechanism
- Increased transfer capabilities
- Gas storage capacity reached 560 mil m³

Resource Coordination



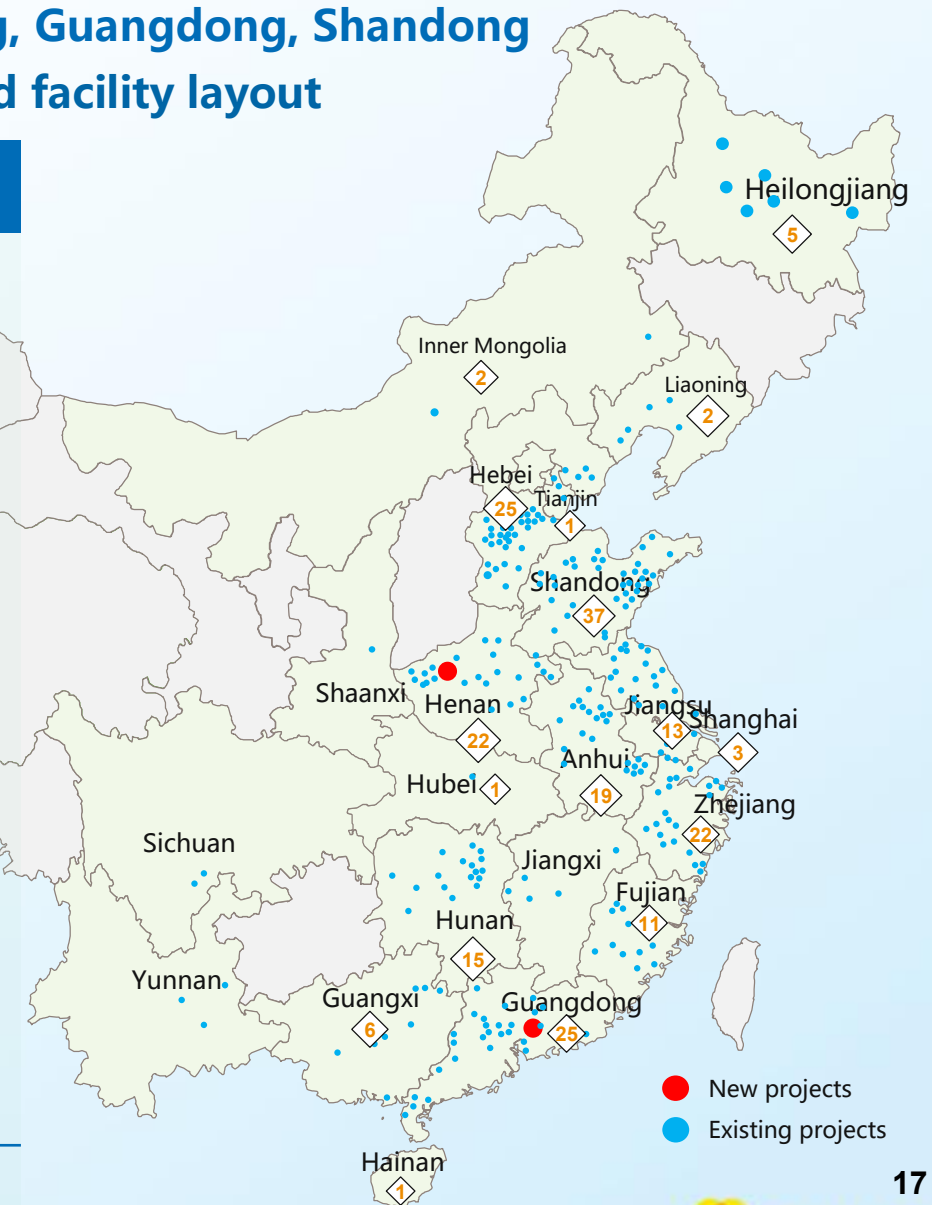
International Energy Price Trends



Expansion of Operating Regions

- 62 new projects located in 14 provinces included Jiangsu, Zhejiang, Guangdong, Shandong
- Pay attention to IE project development, citygas project M&As, and facility layout

Total Projects	New Projects		
IE projects 210	1. Langfang Daxing Airport Economic Zone Project	21. Fuzhou Kuncai Technology Phase I Project	41. Daqing Linyuan Project
	2. Luoyang YTO Group Project	22. Fuzhou Kuncai Technology Phase II Project	42. Fengqi Lanyue Project
	3. Qingdao China Railway World Expo City Project	23. Quanzhou Qiaodong New Material Project	43. Emerald Light Project
	4. Luoyang CITIC Heavy Industry Project	24. Haian Leyida Textile Project	44. Guangdong Liwen Power Plant Project
	5. Shijiazhuang Weixian Junlebao Project	25. Daqing Dongcheng Water Plant Project	45. Quanguang Billion Petrochemicals Project
	6. Qingdao CSSC Project	26. Zhaoqing Jinna Textile Project	46. Linkong No.1 Integrated Energy Station Project
	7. Jining Food Industrial Park Project	27. Taizhou Xinghua Fenjie Nonferrous Metal Project	47. Kangda Jiangshanyue Heating Project
	8. Qingdao Ocean Smart Town Project	28. Harbin Rongchuang Snow and Ice Project Photovoltaic Project	48. Ocean Smart Town Heating Project
	9. Qingdao Lingshan Bay Project	29. Guangxi Shenguan Ruisheng PV Project	49. Luoyang Longsheng Community Project
	10. Qingdao Royal Villa Linfeng Project	30. Harbin Rongchuang Huixin PV Project	50. Kaishan Cylinder Liner Project
	11. Qingdao Ganghua Textile Project	31. Wuxing District Agricultural Products Wholesale Market PV Project	51. Grand Valley Heating Project
	12. Shijiazhuang Taihang Dairy Project	32. Zhejiang Tongxinyinhua Industrial Park PV Project	52. Jinquan Metropolis Phase I Project
	13. Weifang Changle Rike Energy Project	33. Huanggang Yili Dairy Old Plant PV Project	53. Taikang Community Project
	14. Liaocheng Haixinda Project	34. Hairong Cold Chain PV Project	54. Zhongxing Yuhefu Heating Project
	15. Linyi Kangdu Porcelain Industry Project	35. Langfang Sanye Homeland Heating Project	55. Customs Heating Station Project in Lingkong Comprehensive Bonded Zone
	16. Liaocheng Xinshenhao Smart Project	36. Xifa Yingxing Villa Heating Project	56. Hunan Xiangwang Project
	17. ENN Qingdao Jiaocheng Project	37. Qingdao Kangda Kaiyuan Mansion Heating Project	57. Pingxiang Huilong Technology Project
	18. Shijiazhuang Yiling Pharmaceutical Project	38. Yancheng Dafeng Port Project	58. Dongguan Xuji Food PV Project
	19. Chizhou Guixing Project	39. Sensen Group Photovoltaic Project	59. Huacheng Metal PV Project
	20. Linyi Yisheng Aluminum Industry Project	40. Dongguan Everlite Lighting Photovoltaic Project	60. Dongguan Minglida PV Project
Citygas 254	1. 17 townships under Huaiji County	2. Ruzhou City Zhifang Town, Xiaotun Town, Mangchuan Town	

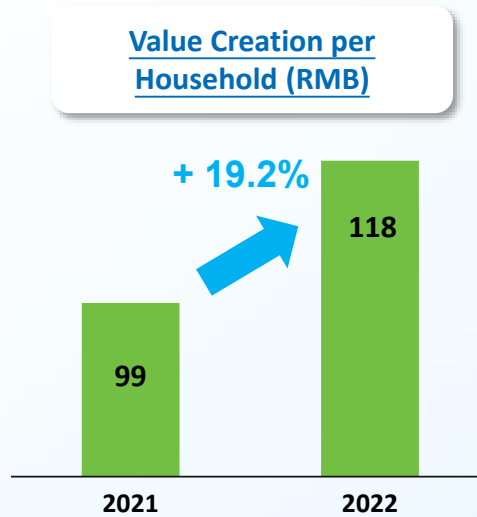
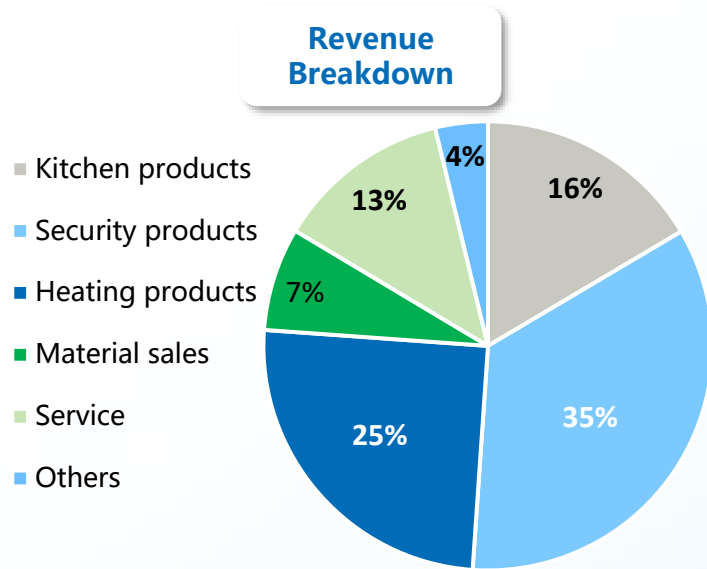


● New projects
● Existing projects

Value Added Business Performance

- Promotion targeted quality to increase value creation per household and penetration rate

Operational Performance



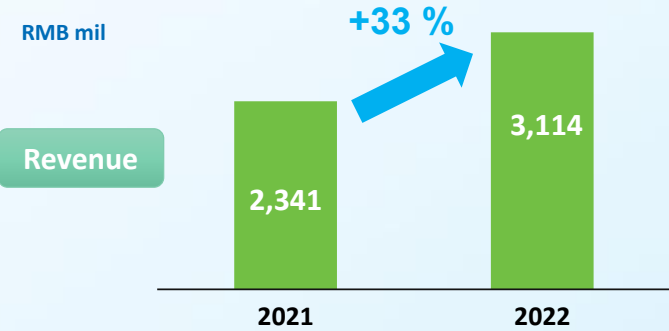
Rising penetration rate

New customers
27.2 %
 2021: 21.3%

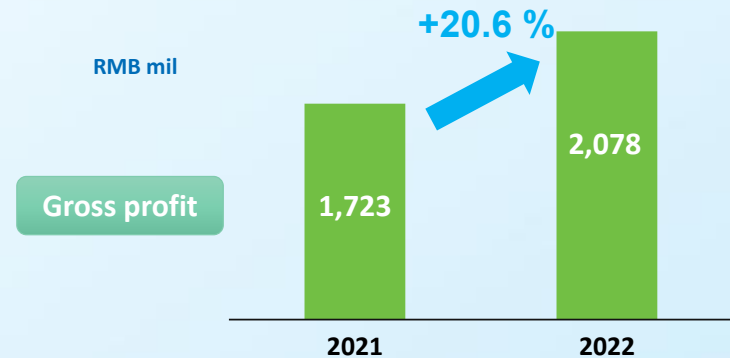
Existing customers
10.1 %
 2021: 8.7%

Financial Performance

Enriched VAB product portfolio and created key products



Rapid growth of gross profit driven by enhanced profitability

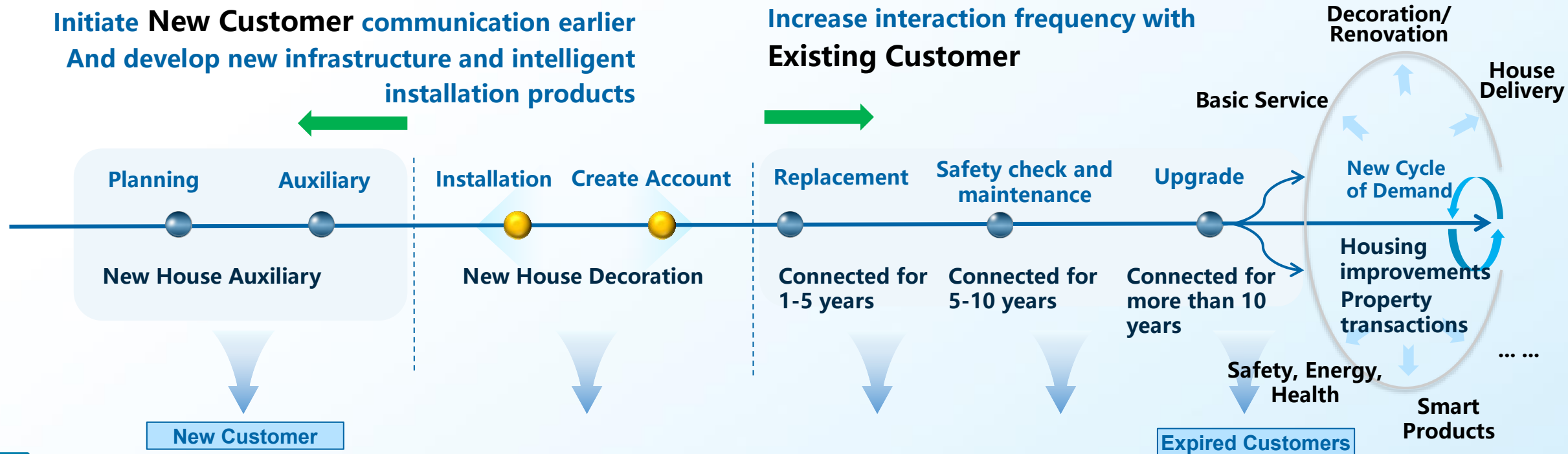


Value Added Business—Satisfying Quality Livelihood

- Understanding and addressing the full-cycle needs of customers
- Enriching customer interactions and increasing service frequency

Initiate **New Customer** communication earlier
And develop new infrastructure and intelligent installation products

Increase interaction frequency with
Existing Customer



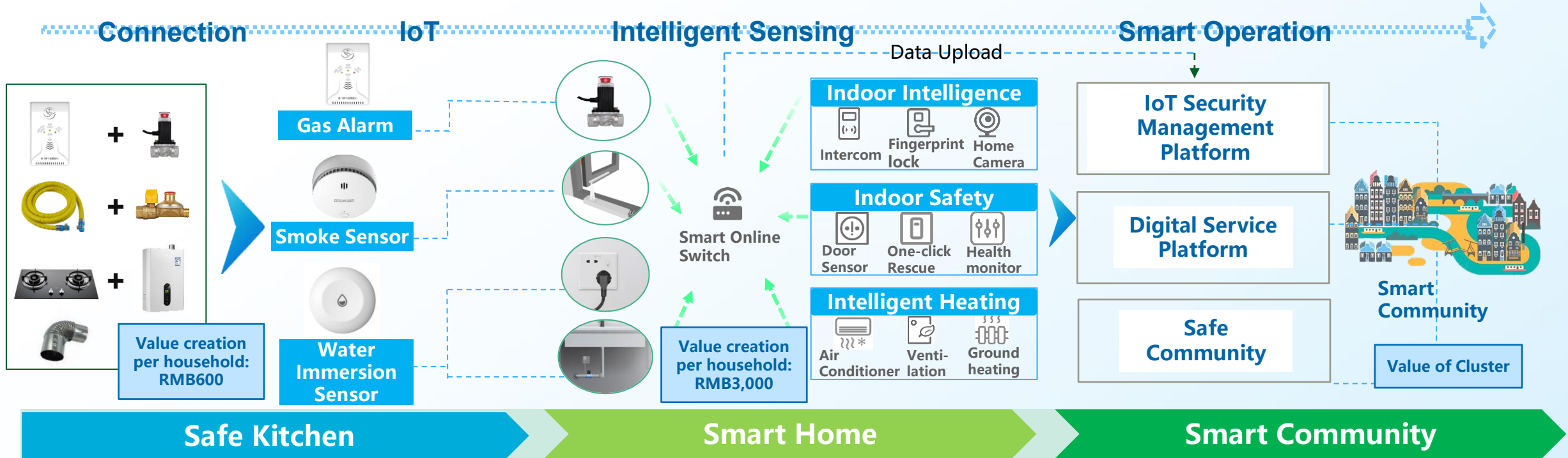
Opportunity

- Access to new house auxiliary opportunities
- Access to infrastructure auxiliary opportunities
- Gas Safety
- Smart Kitchen and restroom, smart appliance, smart living...
- Safety: Environmental safety, personal safety...
- Energy: Heat, electricity, green and low-carbon...
- Health, travel, intelligence...
- Appliance and kitchen product upgrade
- Energy supply and energy-saving
- Intelligence...
- 7 mil + customers connected for more than 10 years presents a valuable opportunity for their second renovation.
- Danger management and replacement can rise product penetration rate.

Multi-scenario, Full-cycle, Wide Contact and In-depth One-stop Service

Value Added Business—Safety-related Service Opportunities

- Provide safe kitchen, smart home and other solutions to improve penetration rate and create service opportunities of existing customers



- Seize the opportunity of old community renovation to improve product conversion rate and value creation goals
- Acquire safety products auxiliary opportunities during indoor safety investigation
- The targeted penetration rate in 2023 is 50%+**

- Develop diversified **smart home** products with eco-partner
- Provide product lifecycle services including distribution, installation, delivery and operation
- From a single product to a portfolio** in 2023

- Realize data interconnection with gas safety digital intelligent products
- Access at least 10 community renovations** for old communities, new high-end communities or smart property management communities
- Develop, promote and replicate smart community model

Content

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2. Financial Overview
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Maintain Growth in Adversity

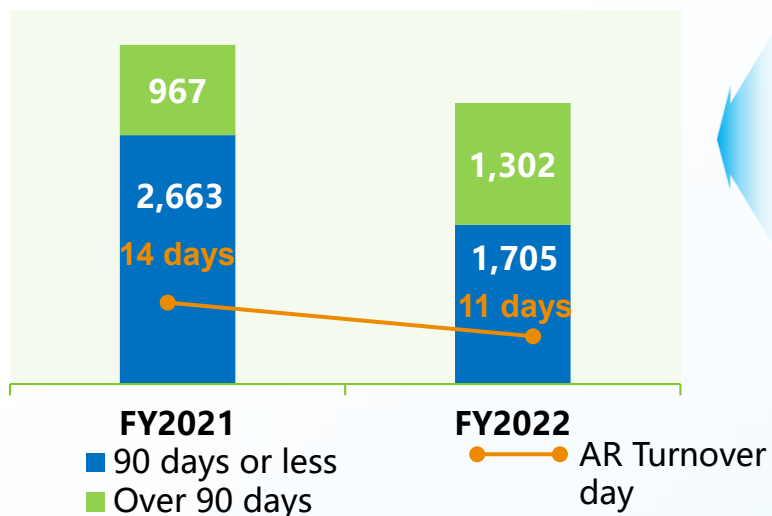
(RMB mil)	FY2021	FY2022	Change
<u>Key Financial Data</u>			
Revenue	93,113	110,051	+18.19%
<i>Segment Revenue</i>			
<i>Retail gas sales</i>	49,247	60,082	+22.0%
<i>IE business</i>	7,805	10,951	+40.3%
<i>Value added business</i>	2,341	3,114	+33.0%
<i>Wholesale of gas</i>	25,634	29,954	+16.9%
<i>Construction & installation</i>	8,086	5,950	-26.4%
Gross Profit	14,056	15,756	+12.09%
EBITDA [^]	13,631	14,426	+5.8%
Profit attributable to Shareholders	7,755	5,865	-24.4%
Core Profit*	7,154	7,964	+11.3%
Core EPS (RMB)	6.35	7.06	+11.2%

[^] EBITDA = Includes JV, ASSO but excludes one-time items

*Core Profit = Profit attributable to Shareholders excluding other gains and losses (excluding net realised settlements on commodity derivative contracts), deferred tax relating to unrealised (losses) gains on commodity derivative contracts and share-based payment expenses

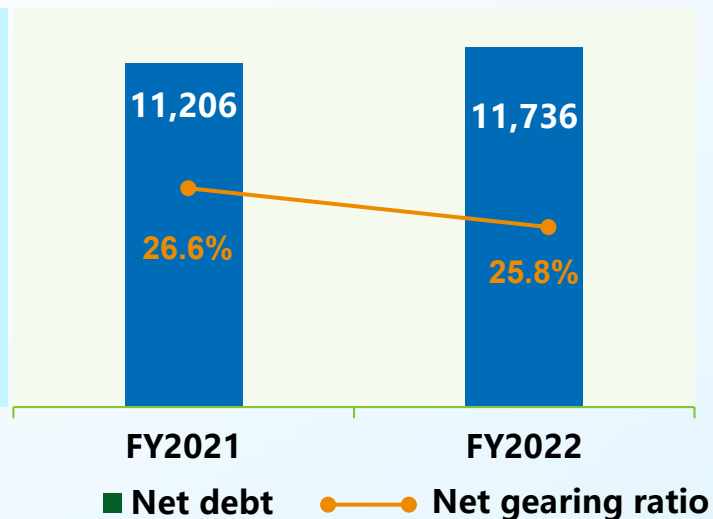
Financial Management

AR & Turnover Day (RMB mil)



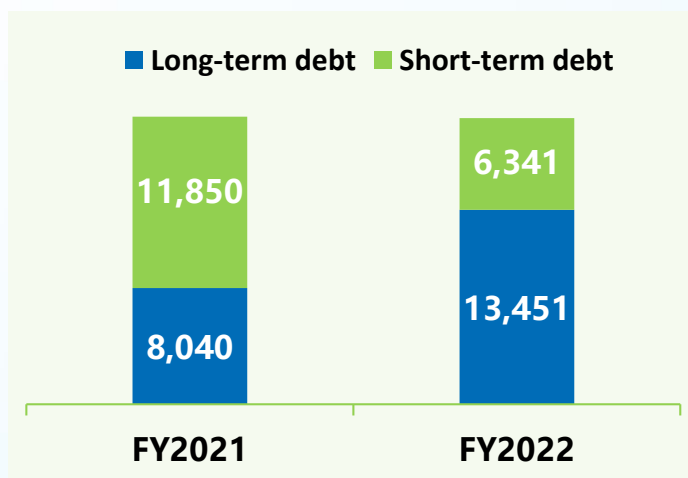
Applied stricter risk management mechanism, conducted dynamic customer evaluation, and accelerated the collection of accounts to reduce the risk of bad debts, thus stabilizing AR turnover days

Net Gearing Ratio & Net Debt (RMB mil)



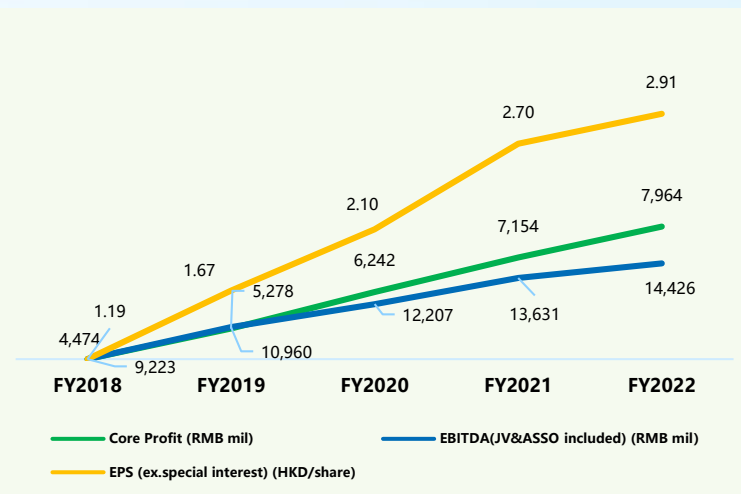
Net gearing ratio continued to decline
Ample financial flexibility to safeguard business development

Total Debt (RMB mil)



Issued US\$550 million 5-year green senior notes to replace short-term loans and optimize debt structure

Profit and Dividends



Steady increase in EBITDA demonstrated the Company's profitability with rising core profit over past years

CAPEX & Cash Flow Analysis

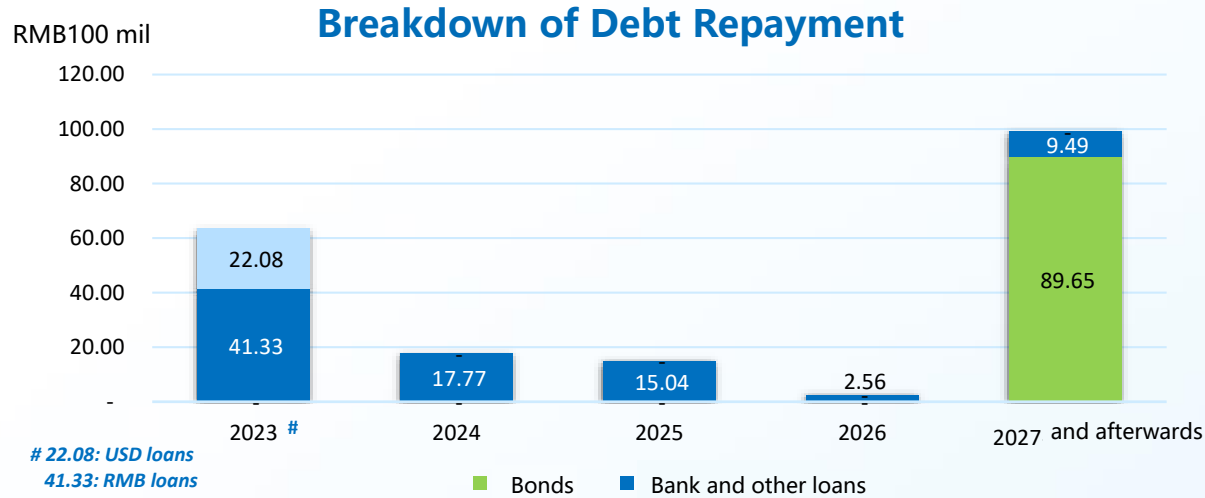
- Steady growth of our core businesses coupled with prudent financial management, continued to generate positive free cash flow

CAPEX (RMB mil)

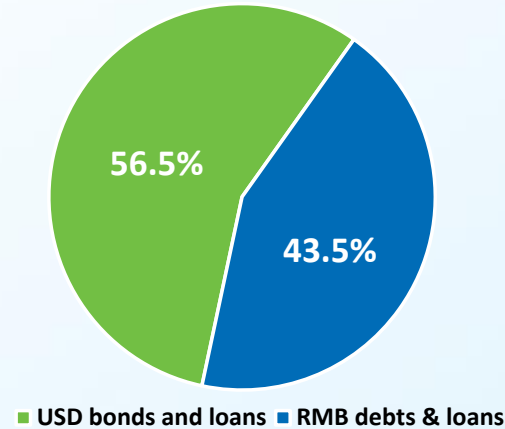


Ample Financial Resources and Liquidity

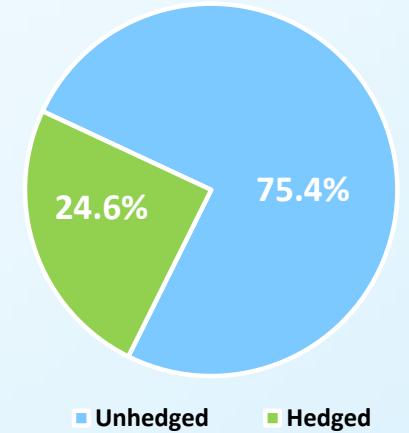
- Credit ratings from S&P, Moody's and Fitch: **BBB+**, **Baa1** and **BBB+**
- Average financing cost was **3.72%**. Low financing cost and ample financial resources ensure continuous business expansion



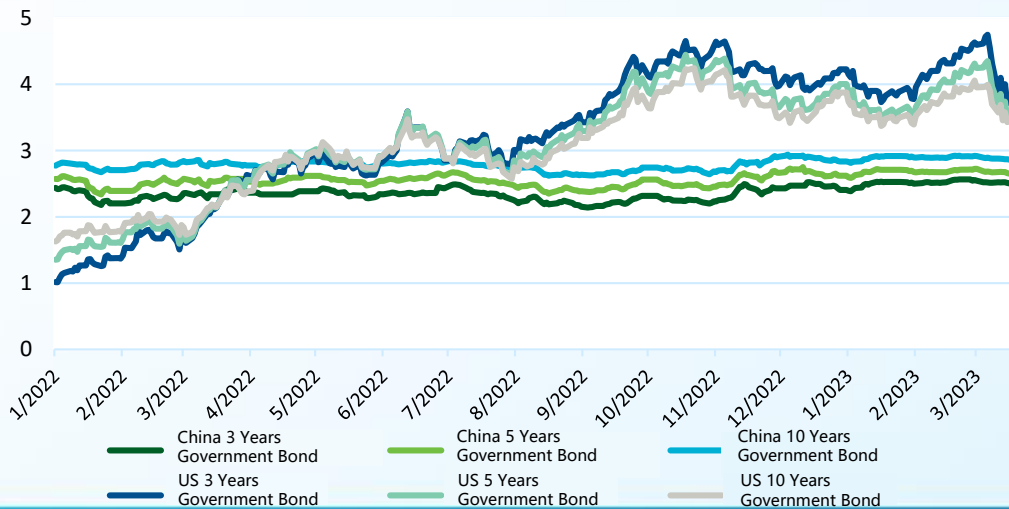
Debt Structure (by currency)



FX Risk Management – Long-term USD Bonds



Chinese/US Treasury Bond Yield in 2022



Ample Financial Resources

RMB	Amount
Cash on hand	8.056 bil
Unutilised credit facilities	15.1 bil

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Opportunities and Challenges

- Amid customers, resources and policies uncertainties, the Company is well-positioned to capitalize on opportunities by maintaining clear development focuses

Opportunities & Challenges



IE business

- Increased **green** and **low-carbon** demands from SMEs customers
- Customers need **cleaner, affordable energy** and **services**



Natural gas business

- Deepened citygas reform to bring coordinated resources in an open way
- Dual carbon policy creates increments for coal-to-gas and gas-to-electricity, **with incremental volume of over 180 bil m³ in 2030**
- Urbanization boosts citygas growth (**over 40 bil m³ of incremental gas volume by 2030**)



Value added business

- People's living needs have been upgraded to **quality living**, generating demands for product diversification
- Household scenarios to become a new development focus

Development focus

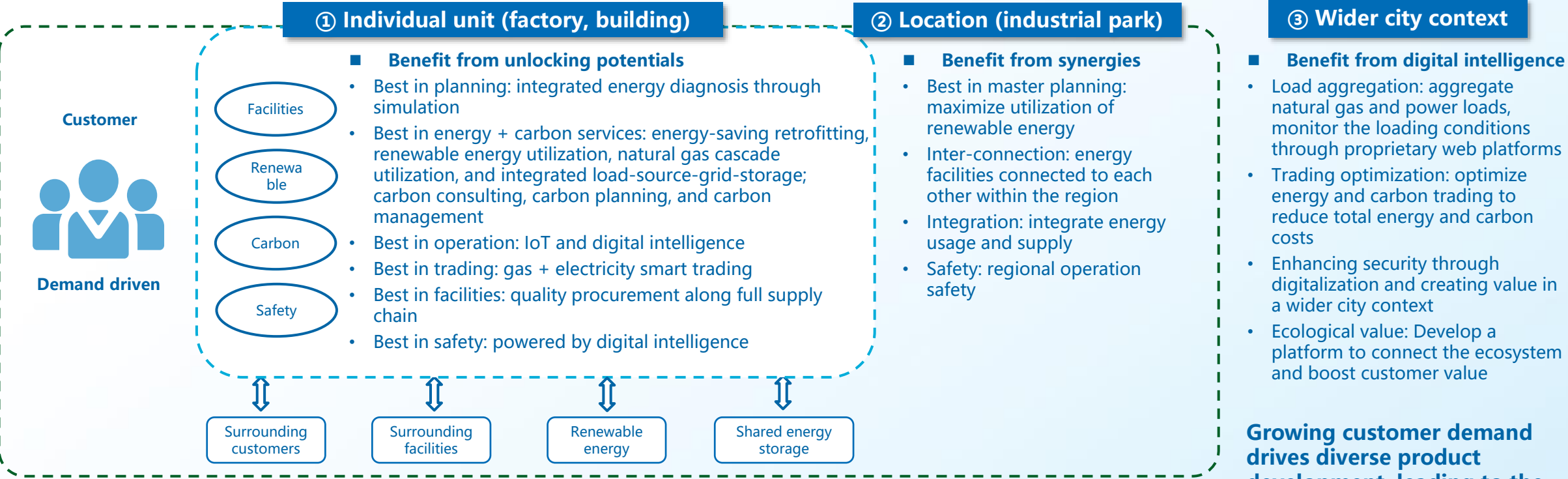
- Transformation of traditional industries brings opportunities for integrated services
- Industry clustering brings opportunities for whole industry chain development
- Group development opportunities exist for the top customers
- Industrial shift brings new market development opportunities

- Seize opportunities for M&A to expand the natural gas foundation
- Consolidate resources
- Optimize gas distribution prices, price linkage, flexible terminal pricing

- One-time implant opportunities from new house facilities
- Gas safety and smart product application opportunities from new house renovation
- Existing customers' demands for security, energy and health improve, creating intelligent upgrade opportunities

Development Plan for IE Business

- ENN's best practice in IE business: To maximize customer value, we tailor the best solutions based on individual building unit conditions, industrial park location, and the wider city context.



Company

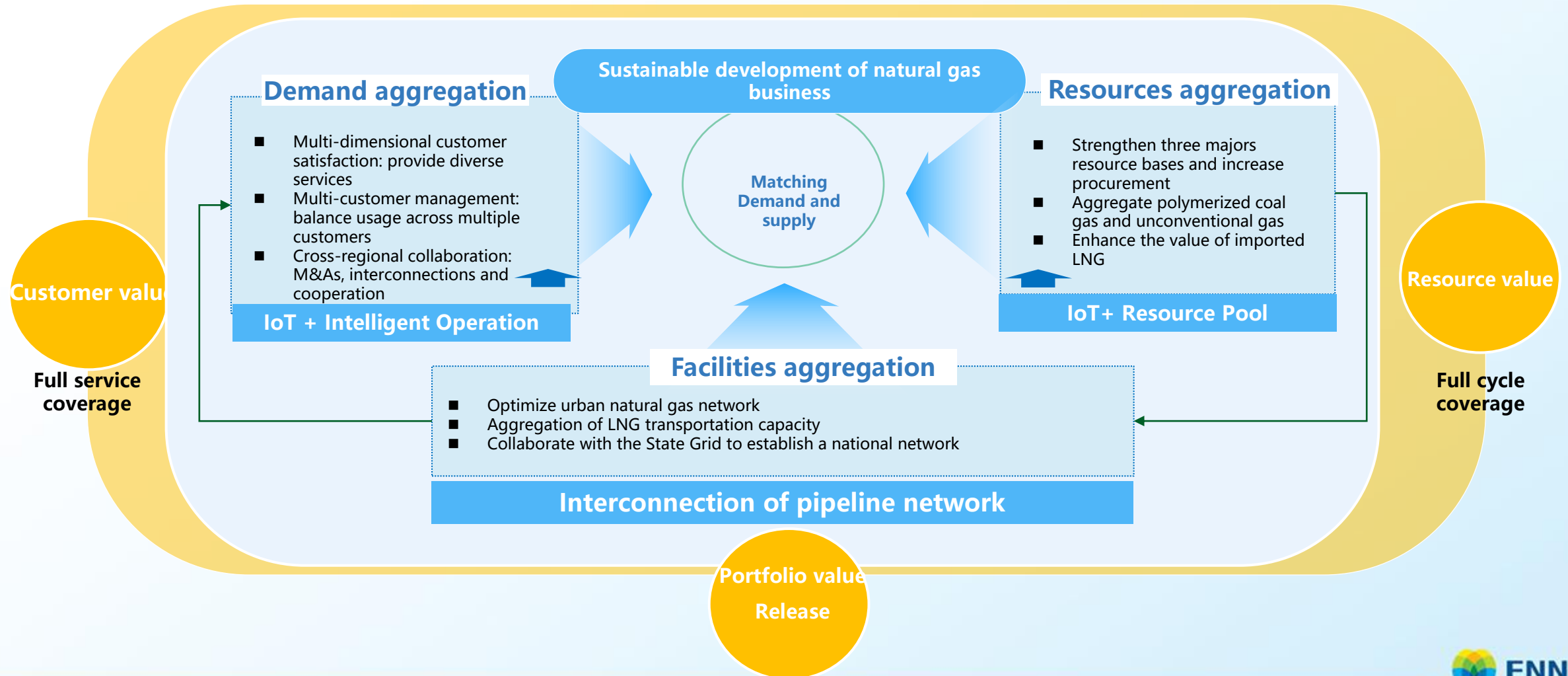
Park

City

Growing customer demand drives diverse product development, leading to the emergence of more value creation scenarios

Development Plan for Natural Gas Business

- Understand and address collective customer demands : adjust customer distribution and consider M&As when appropriate
- Acquire quality resources: obtain long-term, stable resources from three majors and unconventional sources
- Establish pipeline connections between regions and corporations to manage peak and valley demands



Development Plan for Value Added Business

Smart home strategic vision: Utilizing a digital intelligence platform, we will provide a full range of accurate services to create a green, safe, intelligent, warm high-quality family life



Aggregate customers

Understand the whole scenario of customer consumption and the whole life cycle of "housing" and aggregate customer resources and needs

Build ecology

Build an ecological system relying on the preferential selection of ecological resources and the establishment of various mechanisms

Build channels

Build efficient sales and delivery channels by relying on customer scenarios and ecological resources

Innovative products

Build innovative products (services) and combinations to build core products as a independent brand

Excellent services

Based on digital intelligence empowerment, create a standard and excellent service system and reputation

2023 Guidance

	2023 Targets
IE business revenue	+ >40%
Retail gas sales volume	+10%
Dollar margin	RMB0.5/m³
New C/I development	20 mil m³/day
New residential development	1.8-2 mil
New project(Citygas & IE project)	50+
VAS gross profit	Approx. +30%
Core profit	+ >10%

THANK YOU

谢谢!

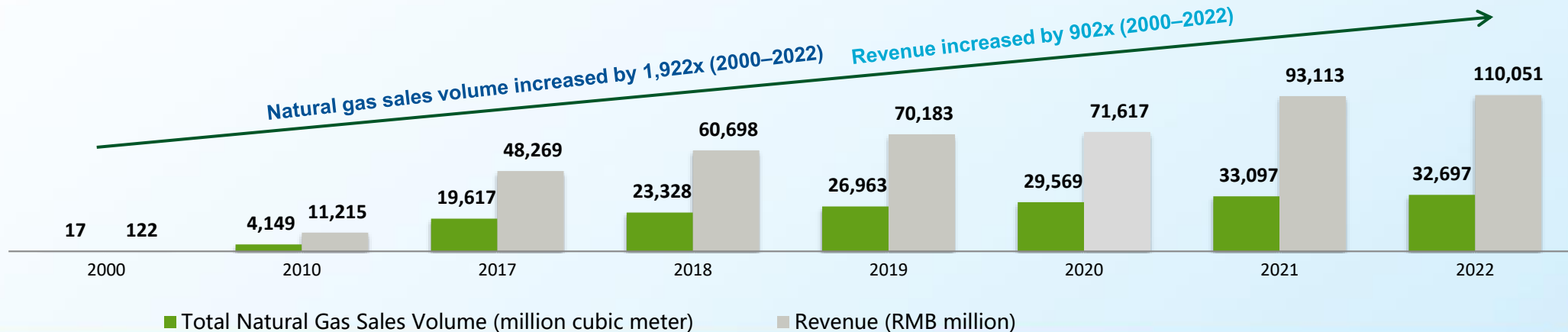
ENN—Empowering families with quality living and businesses with safe, efficient and low-carbon energy solutions in the digital city

Company Profile

- Established in 1993, ENN is one of the leading private clean energy distributor in China
- ENN's principal business includes investment in, and operation management of gas pipeline infrastructure, vehicle/ship gas refueling stations and IE stations, sales and distribution of piped gas, LNG and other energy forms, integrated energy business, energy trading business and other energy supply-related value added business within the PRC
- ENN was listed on the GEM in 2001 and transitioned to the Main Board of HKEX (stock code: 2688) in 2002

Key Business Segments

Retail Gas Sales Business	Integrated Energy Business	Energy Trading	Construction & Installation	Smart Home Business
				
<ul style="list-style-type: none"> • Sell piped gas to residential and C/I users • Construct and operate CNG/LNG gas refueling stations 	<ul style="list-style-type: none"> • In accordance with customers' requirements, offer diverse energy products derived from locally accessible sources, and tailor integrated energy solutions 	<ul style="list-style-type: none"> • Develop energy trading business by capitalizing on the advanced dispatch system, logistics fleet and upstream resources 	<ul style="list-style-type: none"> • Conduct gas pipeline construction and installation for residential and C/I users 	<ul style="list-style-type: none"> • Provide energy-saving technology, retrofitting services, and inspection and maintenance solutions • Sales of gas-related products and materials



City Gas Business

Methane Emission (ME) Management

- Align with international standards and improve transparency**

Aimed the methane (including scopes 1&2) in 2021, we aim to adopt best practices for identification, monitoring and reporting of ME, and to disclose ME data along with our related emissions in 2023 and continuously improve transparency afterwards.
- Improve ME management policies and measures**

Integrate methane management into daily operations, double construction and action measures, and gradually link performance indicators to ME management and with risk assessment.
- Promote the application of active detection technology**

Aim to equip all city-gate stations with the probe detection devices, such as Flare-TB-Zone (FTZ) by end of 2022, so as to improve quality and accuracy of ME data.
- Encourage eco-partners to take actions**

As a founding member of the China Oil and Gas Methane Alliance, we pledged to achieve the common goal of the alliance and advocate for more eco-partners to take actions on ME management, including using advanced technologies and improving disclosure transparency.

Energy Transportation Decarbonisation

- Adopt clean fuels for self-owned vehicles**

Aim to achieve carbon emission reduction of 20.3% for self-owned transportation vehicles by replacing clean-powered vehicles by end of 2022, and switching to zero-carbon fuels such as hydrogen by 2030.
- Enhance efficiency and reduce emissions with intelligent approaches**

Continuously implement digital and smart technologies including Yunyi Cloud System and smart dispatching to optimize route and increase the driving rate, so as to improve efficiency and reduce carbon emissions.
- Promote low-carbon operations of eco-partners**

Aim to include low-carbon transportation as a core criterion for supplier assessment from 2023.

Green office

- Energy Decarbonisation in Office Buildings**

Use of renewable energy

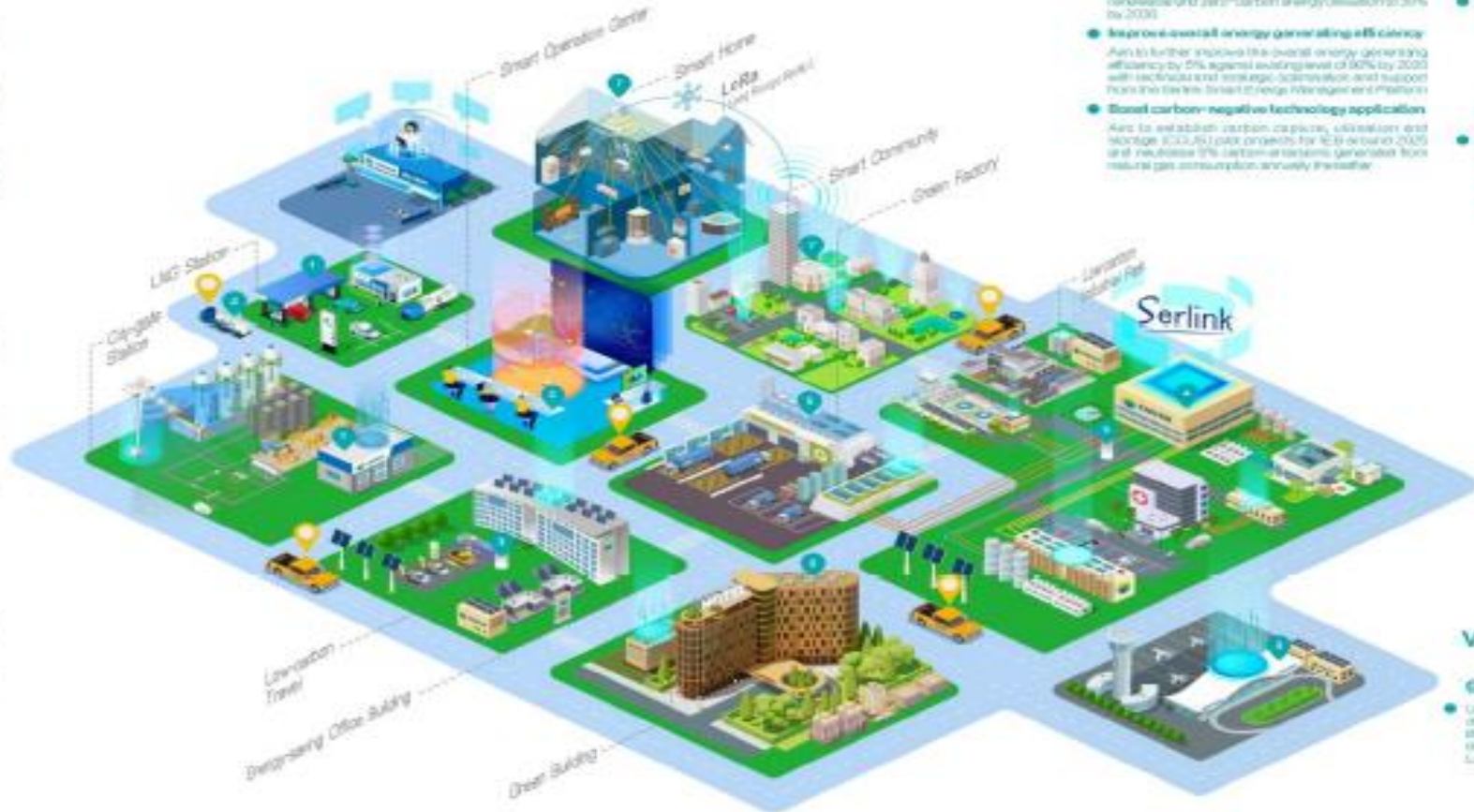
Aim to fully apply photovoltaic for self-owned office buildings, with solar power generation accounting for 5% of electricity consumption by 2025.

Energy-saving management of office buildings

Aim to reduce energy consumption per unit area of office buildings by 10% by 2025.

 - Energy-efficient lighting fixtures and air conditioners
 - Paperless office
 - Green hunting standards for office buildings: green water
 - Integrate the requirement of energy situation
- Low-carbon Travel**

Aim to replace 30% of self-owned administrative vehicles with new energy vehicles by 2025.



Integrated Energy Business (IEB)

Energy Generating Facilities of IEB

- Promote the use of renewable energy**

By accelerating solar, biomass, geothermal and other renewable energy use, and introducing hydrogen after 2025, we aim to increase the proportion of renewable and zero-carbon energy utilization to 30% by 2030.
- Improve overall energy generating efficiency**

Aim to further improve the overall energy generating efficiency by 5% against existing level of 90% by 2020 with technical and strategic optimization and support from the State Smart Energy Management Platform.
- Expand carbon-negative technology application**

Aim to establish carbon capture, utilization and storage (CCUS) pilot projects for IEB around 2025 and to reduce 1% carbon emissions generated from natural gas consumption annually thereafter.

Low-carbon Industrial Parks and Green Factories

- To accelerate green development of industrial parks and customers, we aim to help them build 50 green factories and 50 low-carbon industrial parks by 2025.
- By 2025, the number of green factories and low-carbon industrial parks developed for our areas will increase to 200 respectively.

Green Buildings

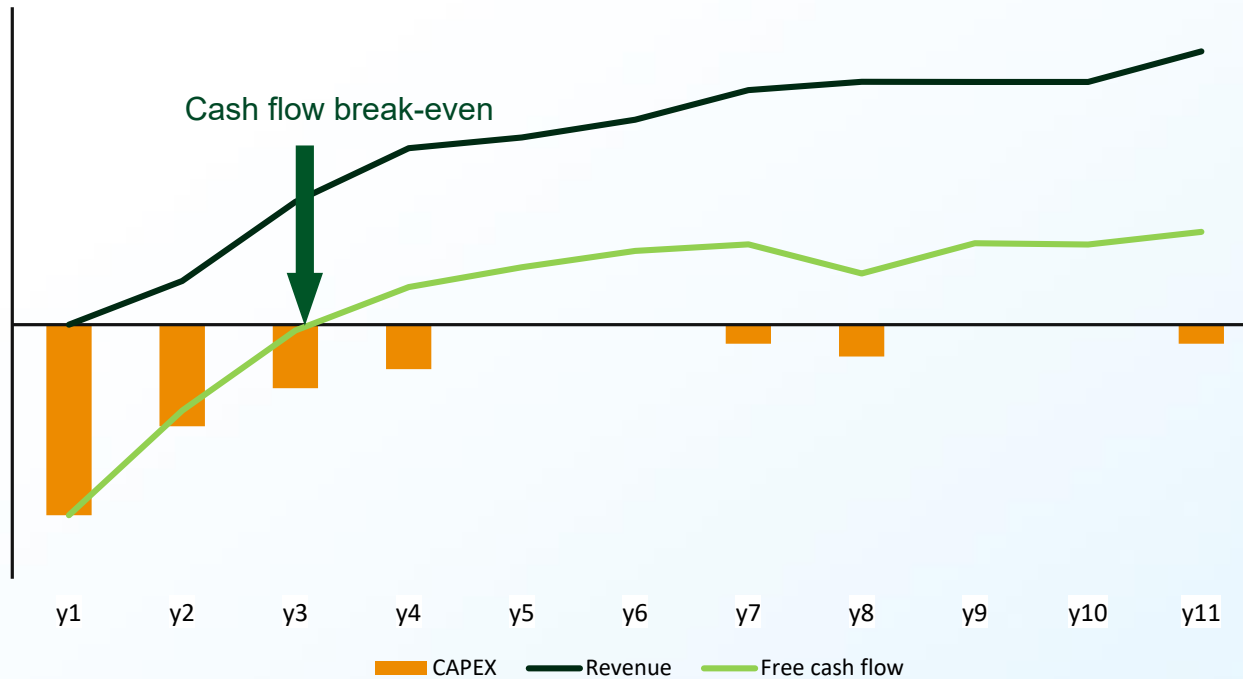
- Leveraging on our advanced technological know-how in integrated energy and experience of energy management for our projects, we provide green buildings and services that bring energy-saving benefits for residential customers such as hospitals, hotels, schools, office buildings, etc.

Value Added Business

- Green Households**

Understanding the household customers' pursuit of smart energy usage, safety and low-carbon benefits, we will serve them leveraging the use of digital and intelligent technologies (such as LoRa, LoT, big data, etc.).

Typical Industrial Park Project - Cash Flow Projection



1. Stable & Recurring Income

- Integrated energy solutions reduce customers' aggregate energy expenditures by **↓10%**
- Selling the types of energy customer need increases their stickiness

2. Rapid Cash Flow Generation

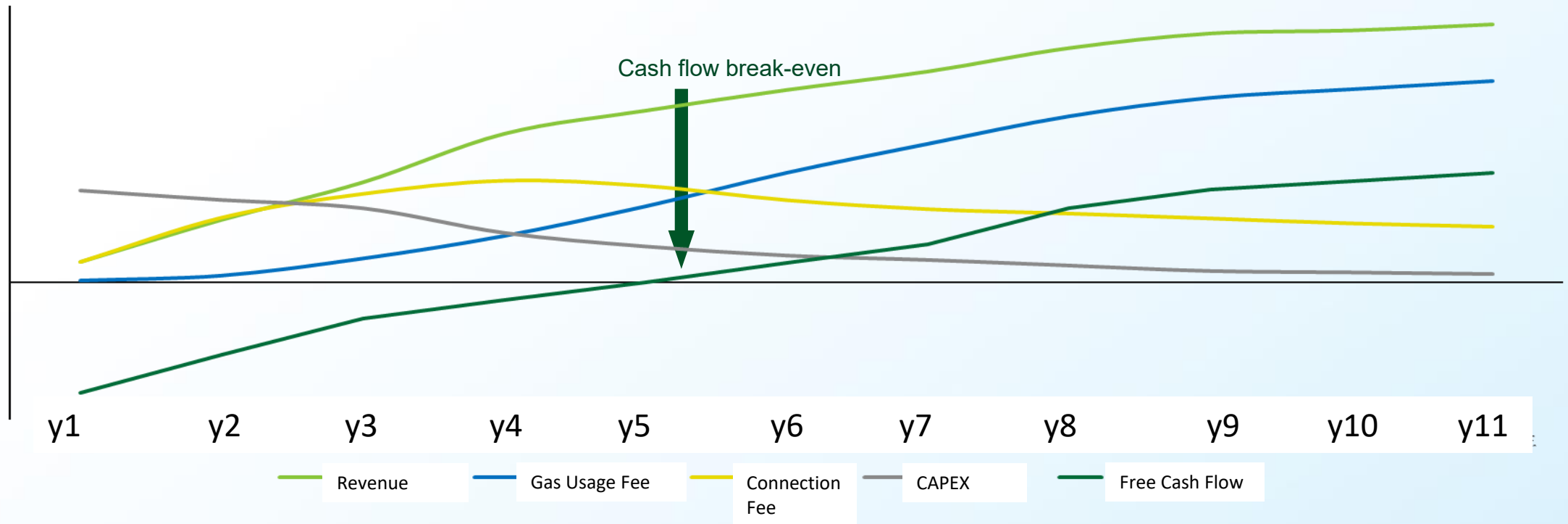
- Capex are allocated incrementally, depending upon the quantity of clients and their energy consumption magnitude
- Our integrated energy projects are existing industrial parks; upon completion of the energy facilities, energy revenues may be produced
- Payback period: **7-8** years

3. Low Risk

- Diversified clientele within industrial parks mitigates cyclical risks of specific industries
- Secure minimum energy offtake quantity and establish automatic passthrough mechanism with customers
- Market-oriented business model exhibiting minimal regulatory risk

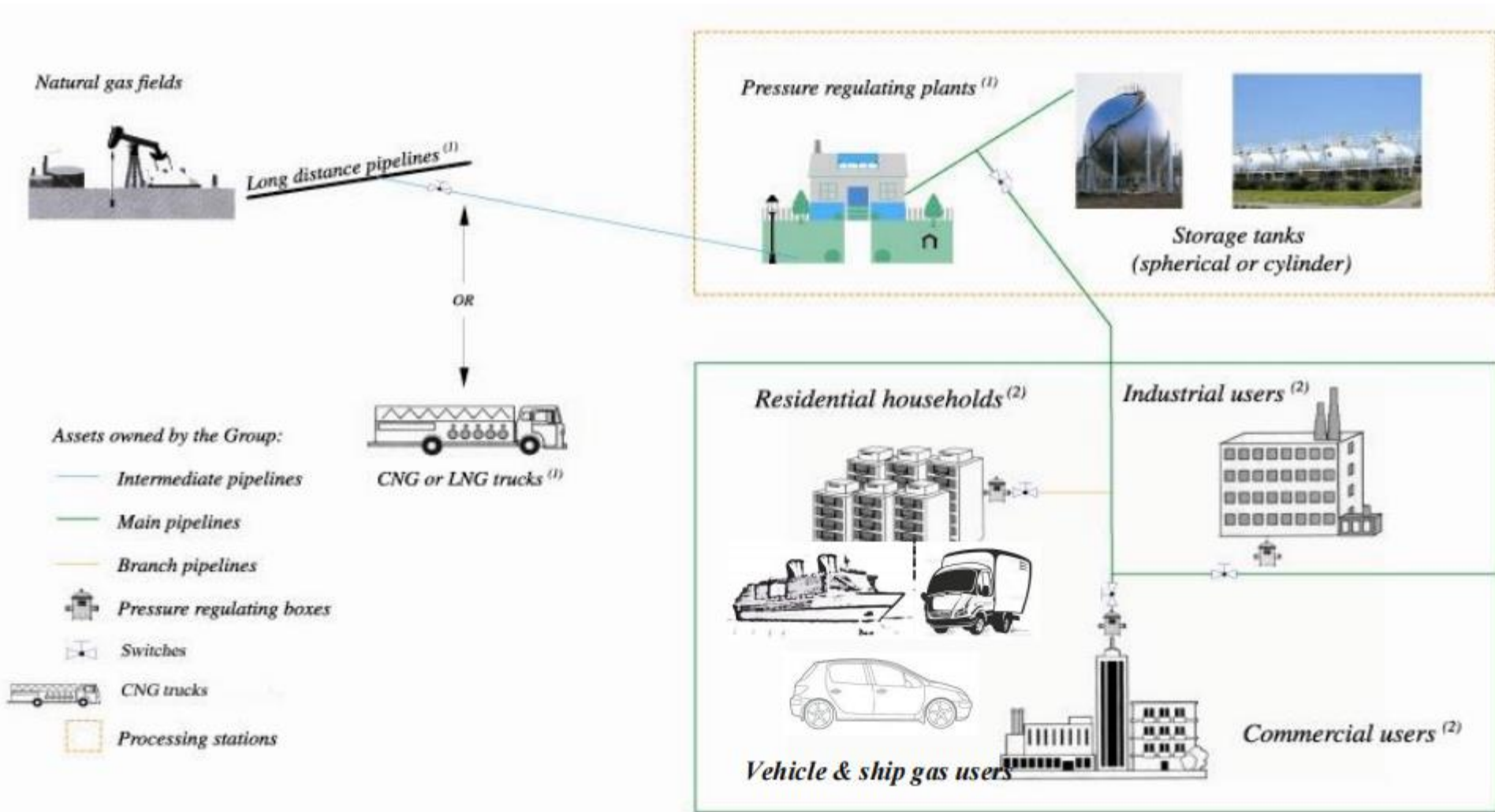
Simplified Model for a Typical Citygas Project

Revenue/Cost



- Connection fee prevails in initial years as project companies acquire new clients
- Gas consumption escalates as projects advance, evolving into the primary source of recurring income
- Prior to the completion of the pipeline network in cities, revenue will materialize as gas supply emerges in specific districts. Each connection contract typically requires 6–12 months for completion
- In general, gas projects would yield positive free cash flow after 5 years of operation

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.

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