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新奥能源控股有限公司 ENN Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2688)

PROPOSED ISSUANCE OF US\$ DENOMINATED GREEN SENIOR NOTES

The Company proposes to issue green senior notes, which will be offered to professional investors only. In connection with the proposed Notes Issue, the Company intends to commence a series of presentations to professional investors only beginning on or around 5 May 2022.

The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, Mizuho Securities Asia Limited, Australia and New Zealand Banking Group Limited, BNP Paribas, MUFG Securities Asia Limited, Natixis and Standard Chartered Bank will be the joint bookrunners and joint lead managers of the proposed Notes Issue.

The Company intends to use the net proceeds of the proposed Notes Issue for the refinancing of certain existing indebtedness of the Group to fund and/or refinance capital or operating expenditures, including, without limitations, the research and development, construction, acquisition and operations on new or existing eligible green projects that promote a green and low-carbon economy, improve pollution control and energy efficiency and provide clear environmental sustainability and climate change benefits in accordance with certain prescribed eligibility criteria as described under the green finance framework.

No definitive or binding agreement in relation to the proposed Notes Issue has been entered into as at the date of this announcement, and accordingly, the proposed Notes Issue may or may not materialise. Completion of the proposed Notes Issue is subject to, among other things, market conditions and investors' interests. Accordingly, potential investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Further announcement(s) in respect of the proposed Notes Issue will be made by the Company as and when appropriate.

PROPOSED NOTES ISSUE

Introduction

The Company proposes to issue green senior notes, which will be offered to professional investors only. In connection with the proposed Notes Issue, the Company intends to commence a series of presentations to professional investors only beginning on or around 5 May 2022.

It is intended that the Notes will be the direct, unconditional, unsubordinated and unsecured obligations of the Company and will be denominated in US dollars. Completion of the proposed Notes Issue is subject to, among other things, market conditions and investors' interests. The size and pricing of the proposed Notes Issue will be determined following a book-building process to be conducted by The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, Mizuho Securities Asia Limited, Australia and New Zealand Banking Group Limited, BNP Paribas, MUFG Securities Asia Limited, Natixis and Standard Chartered Bank as the joint bookrunners and joint lead managers of the proposed Notes Issue.

The Notes have not been, and will not be, registered under the Securities Act. Accordingly, the Notes are being offered or sold in the United States only to Qualified Institutional Buyers, as defined in, and in reliance on, Rule 144A under the Securities Act, or outside the United States in reliance on Regulation S under the Securities Act. The Notes will not be offered to the public in Hong Kong or placed to any connected persons of the Company.

An offering memorandum to be distributed to prospective investors of the Notes will contain, among other things, details of the proposed Notes Issue, the terms and conditions of the Notes and risk factors relating to the Group and investing in the Notes.

Proposed Use of Net Proceeds

The Company intends to use the net proceeds of the proposed Notes Issue for the refinancing of certain existing indebtedness of the Group to fund and/or refinance capital or operating expenditures, including, without limitations, the research and development, construction, acquisition and operations on new or existing eligible green projects that promote a green and low-carbon economy, improve pollution control and energy efficiency and provide clear environmental sustainability and climate change benefits in accordance with certain prescribed eligibility criteria as described under the green finance framework.

Listing

The Company will seek a listing of the Notes on the Stock Exchange. The Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. The listing of the Notes on the Stock Exchange and quotation of any Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

General

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Further announcement(s) in respect of the proposed Notes Issue will be made by the Company as and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of directors of the Company
“Company”	ENN Energy Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the US dollar denominated notes proposed to be issued by the Company
“Notes Issue”	the issuance of the Notes by the Company
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States

By Order of the Board
ENN Energy Holdings Limited
WANG Yusuo
Chairman

Hong Kong, 5 May 2022

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Wang Yusuo (Chairman)
Mr. Zheng Hongtao (Vice Chairman)
Ms. Wu Xiaojing (President)
Mr. Wang Dongzhi

Non-executive Directors:

Mr. Wang Zizheng
Mr. Jin Yongsheng
Mr. Zhang Yuying

Independent Non-executive Directors:

Mr. Ma Zhixiang
Mr. Yuen Po Kwong
Mr. Law Yee Kwan, Quinn
Ms. Yien Yu Yu, Catherine

SUMMARY OF CERTAIN MAJOR CORPORATE AND FINANCIAL INFORMATION OF THE GROUP

General Information

The Company was incorporated in the Cayman Islands on 20 July 2000, as an exempted company with limited liability. On 13 August 2010, the English name of the Company was changed from “Xinao Gas Holdings Limited” to “ENN Energy Holdings Limited”. The principal executive office is at Building A, ENN Industrial Park, Xinyuan DongDao, Economic and Technological Development Zone, Langfang City, Hebei Province, the PRC. The registered office is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies.

Business Overview

The Group is one of the largest privately-owned clean energy distributors and integrated energy solutions providers in China. The principal business of the Group is the sale and distribution of piped gas, LNG and other multi-energy products, and the investment in, and the constructions, operation and management of, gas pipeline infrastructure, vehicle/ship refuelling stations and integrated energy projects. The Group also conducts value added business, including the sales of gas-related appliances, energy-saving products, home safety and security products, and the provision of value added services that assist its customers in transitioning towards a low-carbon lifestyle and improving their quality of life.

The Group commenced operations in 1993 and has since developed into one of the leading privately-owned gas operators in the PRC. As of 31 December 2021, the Group had a total of 252 operational locations with a total connectable urban population of 124.3 million in China. The Group operates its piped gas distribution infrastructure on an exclusive basis, typically for periods ranging from 15 to 30 years, in cities and urban areas located in 20 provinces, municipalities and autonomous regions in China.

The Group typically applies for and obtains exclusive rights from the local governments in China to distribute piped gas. The Group may also acquire exclusive rights by entering into joint ventures with existing local piped gas distributors. In addition, the Group constructs and maintains city piped gas networks in locations where the Group has acquired exclusive rights through the above-mentioned means to supply piped gas. The Group charges construction and installation fees from property developers, residential customers and C&I customers according to local government’s regulations. The Group receives recurring gas usage charges from connected customers based on the tariffs negotiated and determined within the price cap set by the local governments.

The Group intends to grow organically by increasing the penetration rates and the number of connected customers for its existing operational locations while continuing to develop new projects and expanding its concessions in China (including, without limitation, to add more operational locations and to acquire certain industrial park projects close to the existing operational locations), with a particular focus on the commercial and industrial zones of emerging cities. In 2019, 2020 and 2021, the number of city-gas projects managed by the Group increased by 30, 18 and 17, respectively, in China.

Apart from focusing on city-gas projects, the Group adheres to the principle of integrated energy development, explores and utilises the most competitive low-carbon energy sources based on different local conditions, and develops integrated energy projects serving customers including industrial parks, factories, buildings and transportation. As of 31 December 2021, the Group had 150 integrated energy projects in operation and 42 projects under construction. The sales of integrated energy including cooling, heating, electricity and steam is expected to reach 36 billion kWh upon full operation over the next few years. With the direction to develop integrated energy business, the Group will be able to further diversify its business risks and explore more business opportunities including value added business.

For the years ended 31 December 2019, 2020 and 2021, the revenue of the Group was RMB70,183 million, RMB71,617 million and RMB93,113 million, respectively, and the net profit of the Group was RMB6,861 million, RMB7,331 million and RMB8,995 million, respectively. As of 31 December 2019, 2020 and 2021, the total net assets of the Group were RMB31,020 million, RMB36,172 million and RMB42,150 million, respectively.

Summary of Certain Operational Information

	For the year ended / as of 31 December		
	2019	2020	2021
Key operating data			
Number of city-gas projects in China.....	217	235	252
Urban population coverage (thousand).....	103,880	112,331	124,271
New natural gas customers developed during the year:			
— residential households (thousand).....	2,397	2,293	2,622
— C&I customers (sites).....	27,656	28,367	25,331
— installed designed daily capacity for C&I customers (thousand m ³).....	18,156	17,078	21,036
Accumulated number of piped gas customers:			
— residential households (thousand).....	20,920	23,213	25,835
— C&I customers (sites).....	148,761	177,128	202,459
— installed designed daily capacity for C&I customers (thousand m ³).....	124,709	141,787	162,822
Piped gas penetration rate (%).....	60.4	62.0	62.4
Retail gas sales volume (million m ³).....	19,924	21,953	25,269
Wholesale of natural gas sales volume (million m ³).....	7,039	7,616	7,828
Combined daily capacity of natural gas processing stations (thousand m ³).....	147,802	155,264	181,464
Total length of existing intermediate and main pipelines (km).....	54,344	63,096	72,849
Accumulated number of integrated energy projects in operation..	98	119	150
Integrated energy projects under construction.....	22	24	42
Sales volume of integrated energy (million kWh).....	6,847	12,042	19,065

Competitive Strengths of the Company

The Group believes that its position as a leading integrated energy supplier in China is largely attributed to the following competitive strengths:

- Leading integrated energy supplier satisfying strong growth in customers' demand for energy and value added services;
- Well-positioned in the fast-growing natural gas and integrated energy markets in China driven by favourable environmental policies;
- Diversified business portfolio that enables the Group to secure a stable and sustainable profitability;
- Continue to experience low-risk and strong organic growth; and
- Proven track record and experienced management team with strong execution capability.

Business Strategies of the Company

The Group intends to maintain its position as a leading gas operator in China by focusing on the development of its core business of retail gas sales while growing its integrated energy, wholesale of gas, construction and installation and value added businesses to achieve synergistic development.

The Group intends to achieve its strategic objectives by:

- Develop integrated energy business to expand business scale and improve service quality;
- Expand and strengthen gas distribution business;
- Improve the safety and distribution capacity of pipeline network, increase efficiency and reduce costs by leveraging digital intelligence technologies; and
- Upgrade the business model of the Group's value added business.