



ENN 新奥

ENN Energy Holdings Limited

2022 Interim Results Presentation

19 August 2022

1H Results Highlights

Sales volume of IE increased by **34.2%** to **10,801 mil kWh**, revenue increased by **46.5%** year-on-year to **RMB5,365 mil**

Retail gas sales volume increased by **5.1%** to **13,065 mil m³**

Developed **9.479 mil m³** installed daily capacity for C/I customers and completed the construction and installation for **0.979 mil** new residential customers

Acquired **29** new integrated energy projects and city-gas projects
Further expanded our operating regions

Gross profit of Value Added Business increased by **33.3%** to **RMB873 mil**

Core profit increased by **10.9%** to **RMB4,118 mil**

Generated positive free cash flow of **RMB689 mil**

Interim dividend declared at **HKD0.64 per share**

ESG Development

Execution of Decarbonisation Action 2030 and emission reduction programs

Methane Emission Control

- Participated in MGP's roundtable and confirmed its **strategy to cover the entire natural gas value chain**. Took part in COGMA's **annual reporting on methane control**.
- Plan to participate in MGP's Research on **Embedding Methane Management Best Practices Across Global Gas Value Initiative** with our city-gas methane emission measurement pilot project which will be launched in 2H22.
- Signed a **strategic agreement** with China University of Petroleum to conduct methane emission measurement in **ENN Qingdao city-gas project** as pilot, and plan to **publish 1-2 research reports** in order to share our experiences.
- Strive to establish **methodologies for methane emission measurement and disclosure** of city-gas industry.

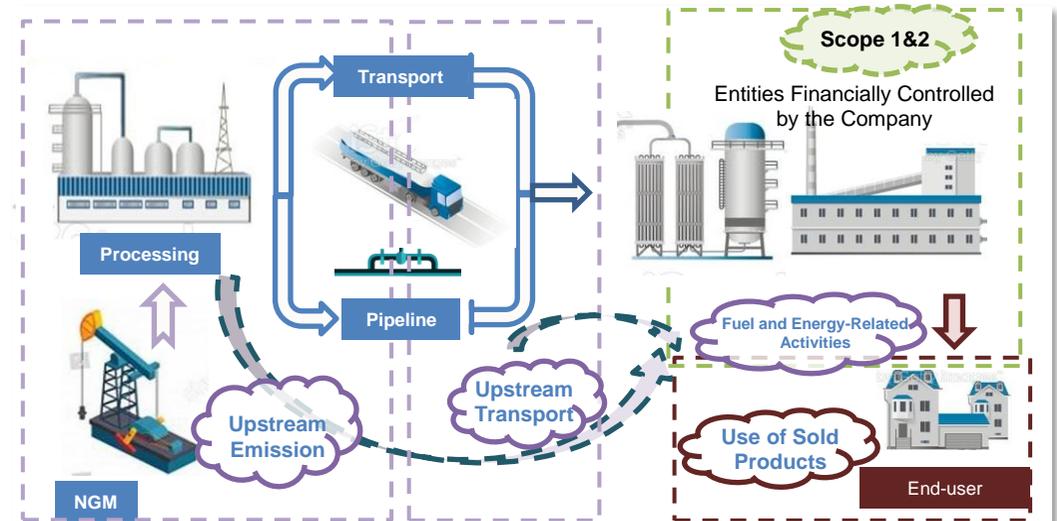


中国油气企业甲烷控排联盟
CHINA OIL AND GAS METHANE ALLIANCE



Scope 3 Emission Calculation

- Sorted out **15 categories of scope 3 emission sources** throughout the Company's value chain and benchmarked with the best practices of international peers.
- Preliminarily **completed the scope 3 data collection of 4 major categories**, including the Group's upstream gas procurement, midstream transportation, fuel and energy-related activities, and the use of sold products.
- The carbon emissions of upstream gas procurement were about **11mil tons**, while emissions of use of sold products were **49.5mil tons** in 2021.
- In the future, we will continue to carry out emission calculation and **measure all 15 categories of scope 3 emission data**.



Increase Safety & Operational Resilience in All Aspects

Create an Industry Leading Brand in Safety

Well-prepared for Safety Inspection

- In 1H, **9 project companies** were inspected by the national inspection team. Among them, Shijiazhuang, Changsha, Guilin, Liaocheng and Luoyang were highly recognized for their safe operation and digital intelligence work



Multiple Measures of Gas Leakage Detection

- Laser methane detectors have covered **42%** of city-gate stations
- Gas leakage inspection vehicles, intelligent laser inspections of electric vehicles, and real-time monitoring by safety dogs can accurately detect hidden risks of pipelines



Strengthened Intrinsic Safety through Regular Governance, Implemented Safety Management on Multiple Fronts

- Completed all-scenario security assessments for **102 enterprises**, identified hidden dangers in a timely manner and made rectifications
- Integrated energy delivered **3,811** operation team key players trainings, and developed **19** integrated energy full-scenario evaluation tools
- The investigation of hidden dangers of all plants and stations was completed, the rectification rate of plants and stations reached **96%**, and the pipeline network leakage detection was carried out for **54,700 kilometers**.
- Established a three-level safety management organization system and urge enterprises to obtain ISO45001 occupational health and safety management certification. At present, **42** member companies have obtained **ISO certification**



- Construction of safety culture system to enhance safety awareness of all employees
- In 1H, employees conducted **215,871 safety training** and **5,685 emergency drills**
- Formulated the contractor safety management system, organized safety management seminars with contractors, **implement the digital and intelligent safety management of contractors, strengthened contractor evaluation, rewards and punishments**, and dismissed unqualified subcontractors
- Through various forms of **gas safety education and publicity for users** to reduce indoor accidents

Digitalized and Intelligent Management System Strengthened Intrinsic Safety

The Qingdao project took the lead in implementing a digital and intelligent safety management project. It sorted out 5 major gas business scenarios and more than 1,200 required actions, equipped with IoT sensing equipment for accurate monitoring, risk detection and rapid response, and successfully built the industry's digital and intelligent safety benchmark. 33 project companies have deployed the system in 1H with a plan to expand to more project companies in 2H

Construction & Engineering

- 26 business sub-scenarios
- Deployed and installed **410 IoT products**



Automatic welding machine Gyro

Pipeline Network

- 49 business sub-scenarios
- Deployed and installed **2,593 IoT products**



Wireless remote transmission detector

City-gate Stations

- 67 business sub-scenarios
- Deployed and installed **291 IoT products**



Laser head Sensors

Customer Sites

- 54 business sub-scenarios
- Deployed and installed **912 IoT products**



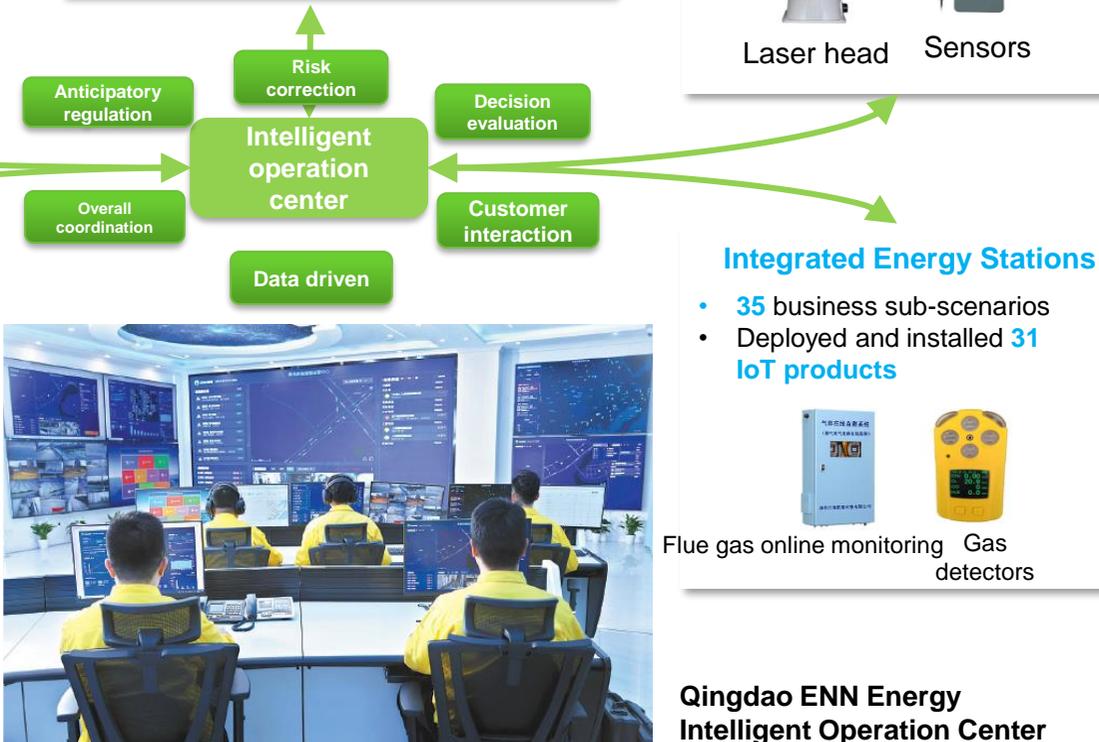
Four-in-one testing equipment Smart gas meter

Integrated Energy Stations

- 35 business sub-scenarios
- Deployed and installed **31 IoT products**



Flue gas online monitoring Gas detectors



The company cooperated with China Classification Society, based on Qingdao ENN's pilot implementation of the digitalized and intelligent safety system, compiled the "ENN's Energy Scenario Safety Digital and Intelligent System Management and Control Standards", and carried out management and control evaluations accordingly, **obtaining the first scene security digital intelligent system management and control certificate in the industry.**



Qingdao ENN Energy Intelligent Operation Center

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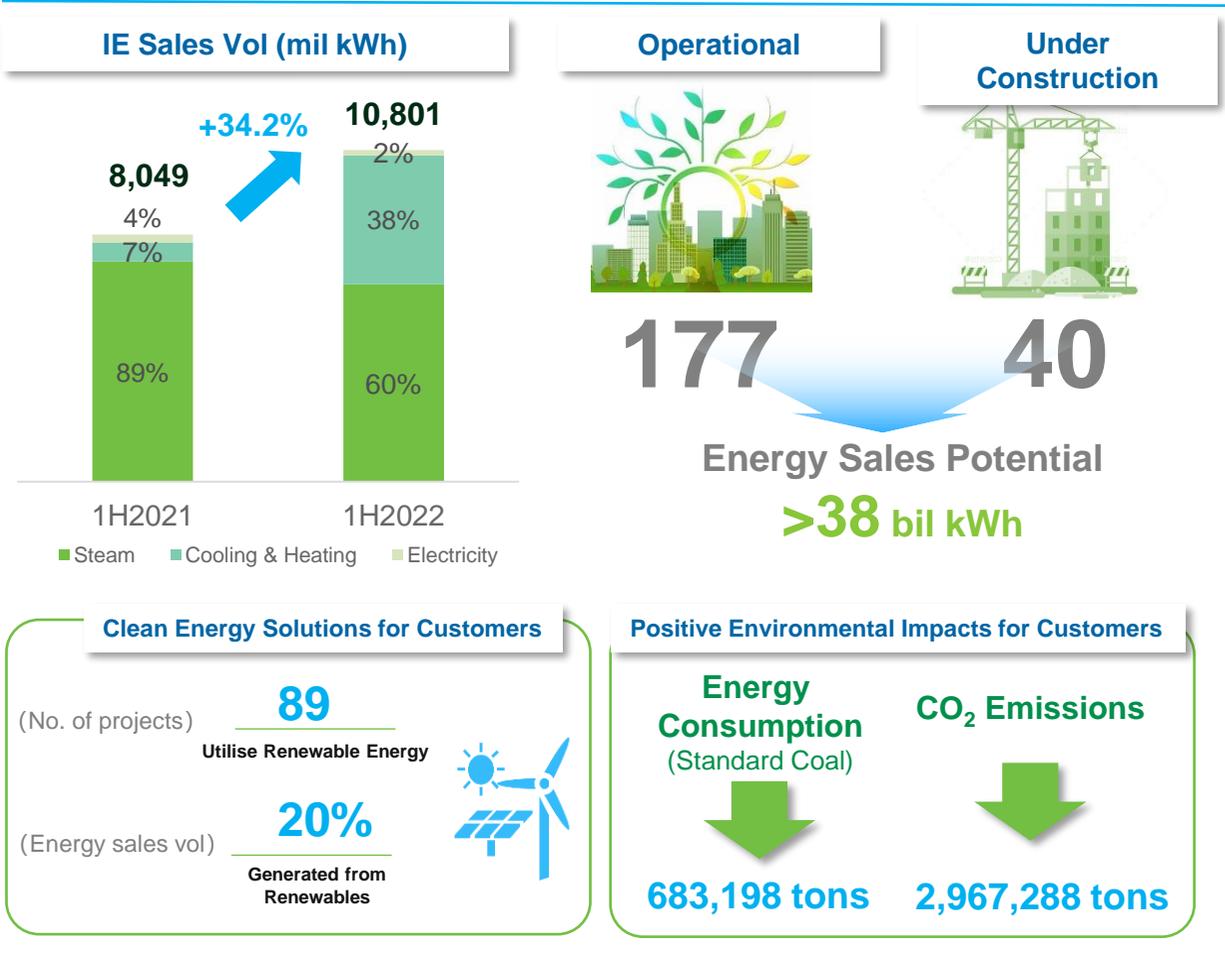
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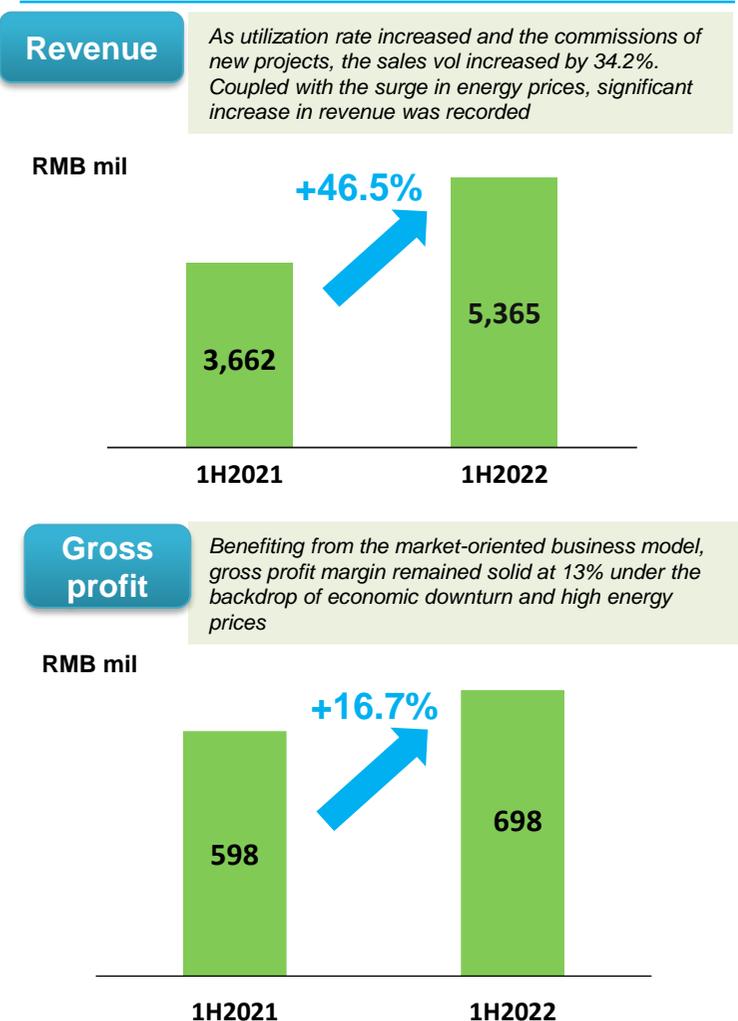
IE Business

Dual carbon policy and high energy prices fueled the growth of IE business which facilitates the energy transition of customers and reduces their energy bills

1H Performance



Financial Performance



IE Business

Promoted low-carbon solutions and developed new customers under various service scenarios

Low-carbon Industrial Park

14 Newly-signed Industrial Park Projects
Energy Consumption Potential > 1 bil kWh
Projects with 37.7 bil kWh Potential in Due Diligence



The newly-signed **Guangzhou Huangpu Knowledge Innovalley Project** can provide IoT and Intelligent System Management to achieve effective energy management and provide low-carbon solutions.

Low-carbon Factory

456 New Factory Projects were Signed
Energy Consumption Potential of 6.9 bil kWh

The **Xiamen Hithium New Energy Project**, which is a typical low-carbon factory project, can provide energy solutions to customers by integrating electricity, cooling, compress-air, PV, intelligent Products, etc.



Low-carbon Building

Newly-contracted 46 Public Building Projects
Energy Consumption Potential of 230 mil kWh



The **Anhui Bengbu Government Building Project** is a typical low-carbon building project. It combines energy supply, equipment hosting, energy-saving renovation and intelligent operation to reduce energy costs and provide efficient and low-carbon energy solutions.

PV and Electricity Sales

Installed PV Capacity with Grid Connection 226 MW
PV Projects Completed Investment Review 584 MW

The 16MW **Fujian Kuncai Distributed PV Project** has been installed and connected to the grid in 1H. The project makes use of the factory roof to build a digital technologies integrated PV system and satisfy customer demands.



PV

Electricity

Distribution Network

Power Distribution

Steam Boiler

Biomass Boiler

Refrigeration

Air Compressor

Power Storage

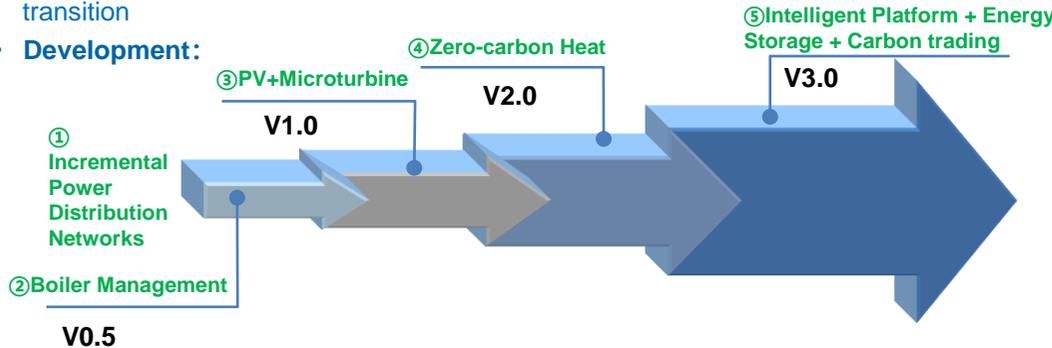
Diversified IE Products Series

IE Business

Continued to dig deep into customer needs and increase project returns

Case: Anhui Xuancheng Economic Development Zone

- **Overview:** The main industries are new energy and materials, food and medicine production with 71.8km² area.
- **Demand:** Energy consumption and intensity control, energy management, and low-carbon transition
- **Development:**



Boiler management, PV and energy storage services are added to the original incremental power distribution service

Electricity Sales Vol **+7%**
 Project Revenue **+49%**
 IRR **+2.27ppts**

Case: Henan Kelong New Energy

- **Overview:** Energy consumption scale can reach 150,000 tons of steam, 80 mil kWh of electricity per year and gas consumption of 13,500 m³ / day
- **Demand:** 1) Stable and Cost-effective Energy; 2) Intelligent construction and professional operation; 3) Green Factory
- **Development:**



From the construction and operation of gas boilers, to the addition of PV and microturbine to expand electricity sales

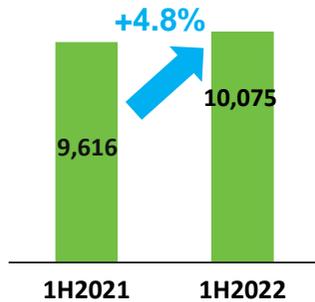
Gas Sales Vol **+40.5%**
 Electricity Sales Vol **+11.12 mil kWh**
 Project Revenue **+122%**
 IRR **+13ppts**

Retail Gas Sales Business

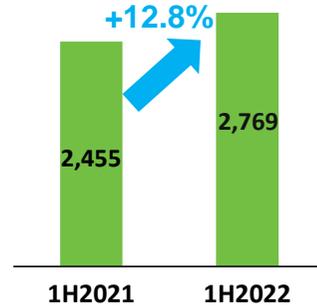
Residential gas sales volume has grown steadily, while the gas sales volume of C/I and refuelling stations has slowed down due to the epidemic and economic downturn

1H Performance

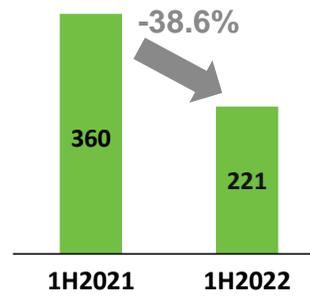
C/I Vol
(mil m³)



Residential Vol
(mil m³)



Vehicle Gas Refueling Vol
(mil m³)



Changes in Dollar Margin

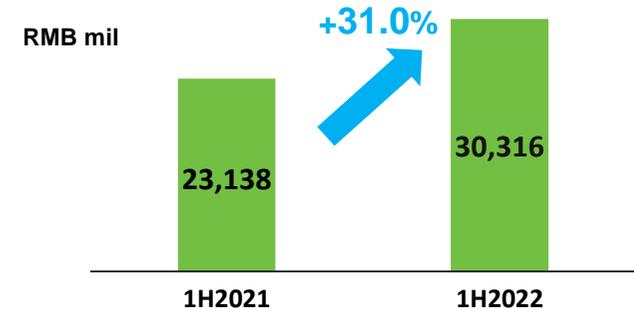
(RMB/m ³)	1H2022	FY2021	1H2021
Residential	3.23	2.93	2.93
C/I	3.52	3.17	2.93
Vehicle gas station	5.20	4.04	3.78
ASP	3.49	3.15	2.95
Avg. cost	2.95	2.60	2.34
Dollar margin (ex. VAT)	0.50	0.51	0.56

- ✓ Citygate price hikes in Q1 and April were significantly higher than the same period last year
- ✓ LNG purchase price increased by more than 60% compared with last year
- ✓ The share of large C/I customers increased

Financial Performance

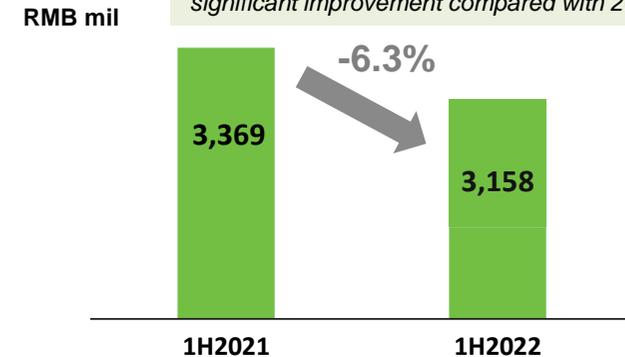
Revenue

Retail gas sales volume increased by 5.1% to 13,065 mil cubic meters, and the increase in gas price led to a significant increase in revenue



Gross Profit

Dollar margin decreased by 6 cents year-on-year, affecting the gross profit. With the gradual completion of cost pass-through, there was a significant improvement compared with 2H21



Innovated Market-oriented Business Strategies to Unleash the Value of Resources

Adopted innovative business models which is adaptive to local conditions, flexible sales and pricing strategies to tackle challenges of high gas price, so as to achieve cost pass-through and maximize the value of resources

Business Model Innovation

Adaptable sales strategy

- ✓ Set up cost price linkage mechanism for new customers in advance
- ✓ Purchase price + monthly negotiated fee
- ✓ Review existing customers, reduce or cancel discount when appropriate
- ✓ Change to agent-based purchase and transmission model for customers with pass-through difficulties

Market-oriented pricing

- ✓ Customized pricing for major customers
- ✓ LNG price linkage, incremental gas market-based pricing

Optimized metering and settlement

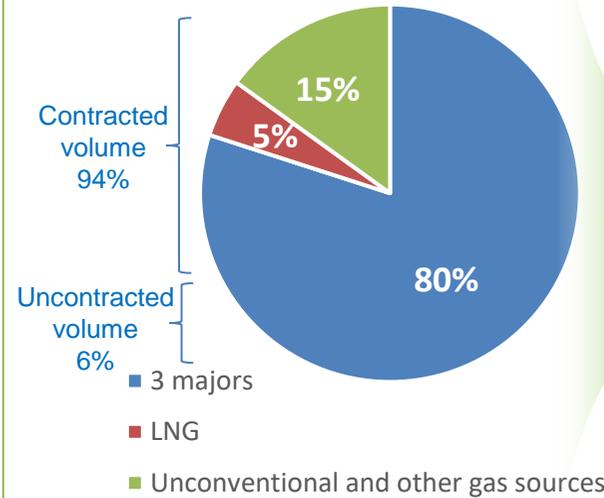
- ✓ Appropriately measure and settle by calorific value or volume taken into account the characteristics of resources
- ✓ Customers (those only require transmission service) to bear transmission loss

Executed price linkage mechanism

- ✓ Obtained government approval to raise selling prices
- ✓ Continuation of winter peak-season gas price during the off-season

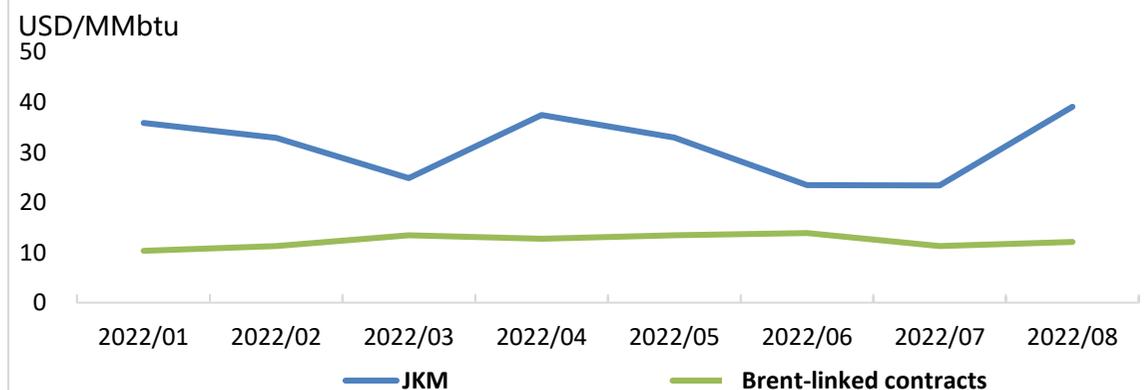
Resource Planning and Optimization

Diversified gas source structure



- ✓ The base volume of 3 oil majors has **increased steadily**
- ✓ Obtained unconventional resources of around **3 mil+ m³ per day**
- ✓ **Swapping gas resources** with upstream suppliers, pipeline companies and other gas companies leveraging on the flexibility of our resource pools
- ✓ Deployed internal and external gas storage facilities to allocate resources flexibly, i.e. **storing gas in summer and extracting in winter, gas leasing**
- ✓ The total gas storage capacity has reached **560 mil m³**

Distinctive advantage of our LT LNG import contracts vs international gas price

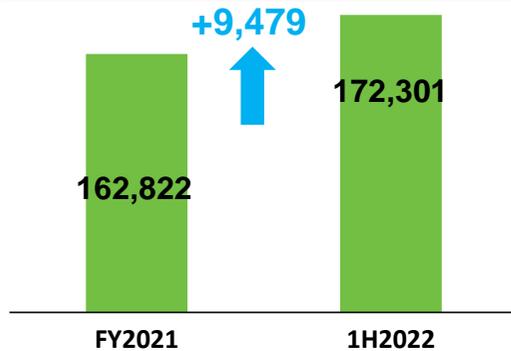


Construction & Installation

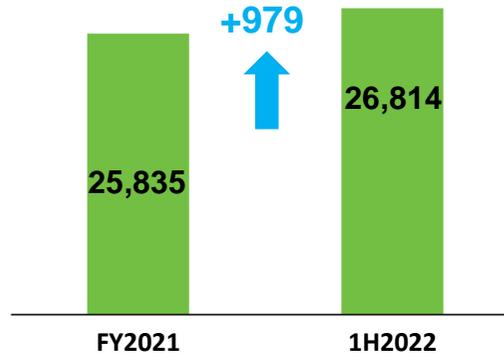
Continued to explore new C/I users leveraging the opportunity of coal-fired boiler replacement and pollution control policies for energy-intensive industries; seized the opportunity of welfare housing and old areas re-development to maintain stable residential user development

1H Performance

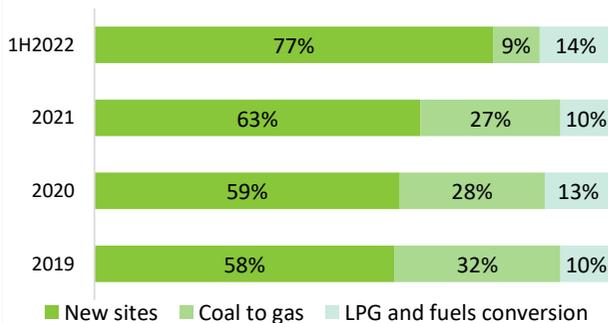
Cumulative C/I installed capacity ('000 m³/day)



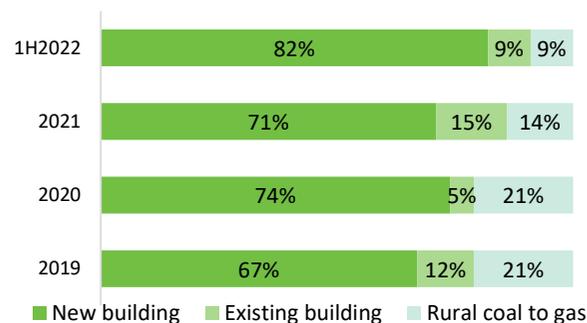
Cumulative residential customers ('000 households)



New C/I customers breakdown



New residential customers breakdown

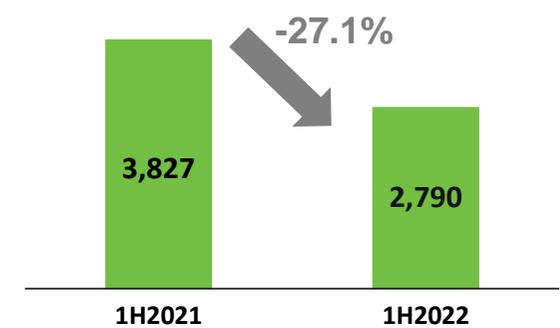


Financial Performance

Revenue

Development progress in line with our annual guidance, although the number of new users decreased yoy affecting the revenue

RMB mil



Gross profit

Under the backdrop of pandemic and slowdown in property market, the number of new residential connections declined coupled with higher installation cost, gross profit declined

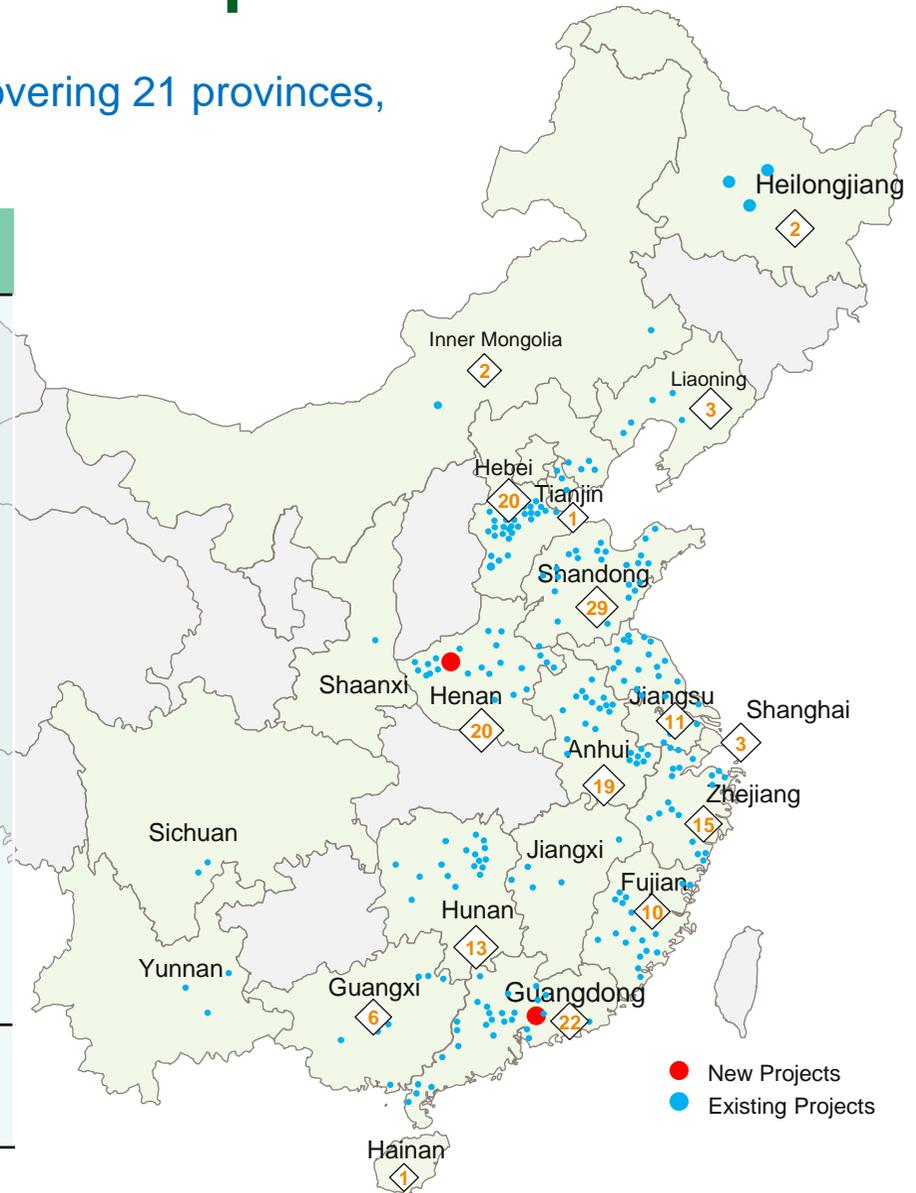
RMB mil



Continued to Expand Operation Footprint

Added **29** integrated energy and city-gas projects, covering 21 provinces, municipalities and autonomous regions

Total Projects	New Projects	
Integrated Energy Projects 177 ◇	<ol style="list-style-type: none"> Langfang Daxing Airport Economic Zone Project Luoyang YTO Group Project Qingdao China Railway World Expo City Project Luoyang CITIC Heavy Industry Project Shijiazhuang Weixian Junlebao Project Qingdao CSSC Project Jining Food Industrial Park Project Qingdao Ocean Smart Town Project Qingdao Lingshan Bay Project Qingdao Royal Villa Linfeng Project Qingdao Ganghua Textile Project Shijiazhuang Taihang Dairy Project Weifang Changle Rike Energy Project Liaocheng Haixinda Project 	<ol style="list-style-type: none"> Linyi Kangdu Porcelain Industry Project Liaocheng Xinshenhao Smart Project Qingdao Xinao Jiaocheng Project Shijiazhuang Yiling Pharmaceutical Project Chizhou Guixing Project Linyi Yisheng Aluminum Industry Project Fuzhou Kuncai Technology Phase I Project Fuzhou Kuncai Technology Phase II Project Quanzhou Qiaodong New Material Project Haian Le Yida Textile Project Daqing Dongcheng Water Plant Project Zhaoqing Jinna Textile Project Taizhou Xinghua Fenjie Nonferrous Metals Project
City-gas Projects 254 ○	<ol style="list-style-type: none"> 17 townships under Huaiji County 	<ol style="list-style-type: none"> Ruzhou City Zhifang Town, Xiaotun Town, Mangchuan Town

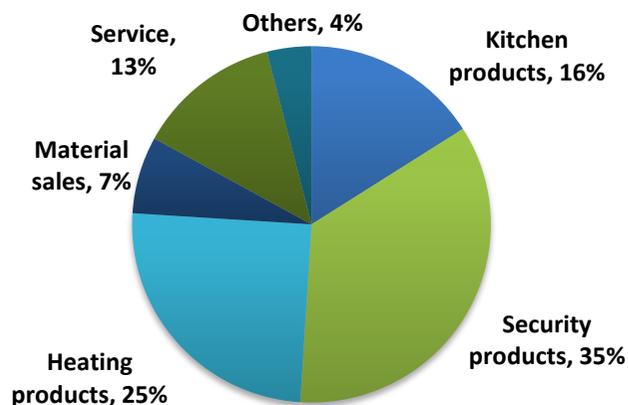


Value Added Business

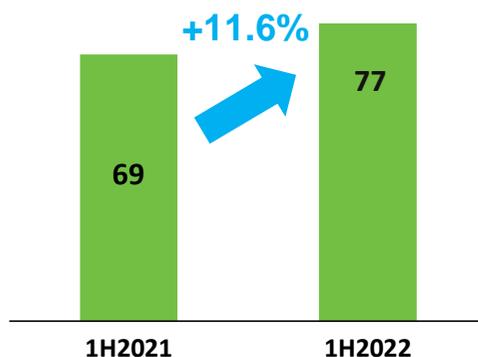
Capitalized on superior customer services and enriched product portfolio to provide one-stop solutions for customers, to strengthen our positioning as a “Lifestyle Ecosystem Operator” and enhance per customer value

1H Performance

Revenue Breakdown



Value Creation per Household (RMB)



Rising Penetration Rate

New customers

29.6%

1H2021: 19%

Existing customers

9.5%

1H2021: 8%

Financial Performance

Revenue

Diversified product portfolio and household services enhanced per customer value

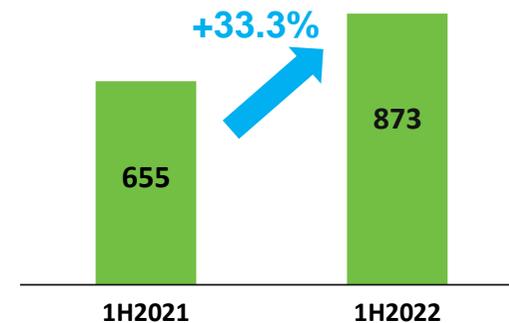
RMB mil



Gross profit

Asset-light business model created higher value, gross margin remained solid at 74.9%

RMB mil



Upgraded Value Creation Model with Core Products

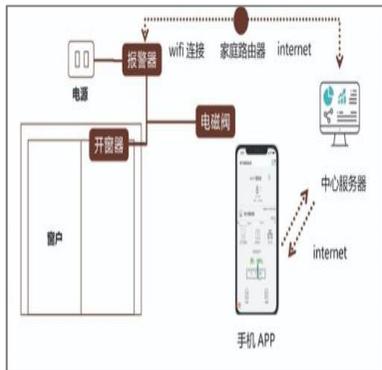
Centred on customer personalized needs for safety, low-carbon and comfort to create a smart service platform, integrating ecosystem partners to facilitate their improvement of lifestyle

Safe Home

- Vigorously promote the sales of security products such as metal pipes, alarms, self-closing valves and pipeline concealed installations
- Based on government supporting policies to promote ancillary products installation for new property, promote the installation of gas alarm safety devices in commercial catering industry
- **Security product** revenue increased by

↑115%

in the first half of the year



Window alarm linkage system



Self-closing valve

Green Home

- Promote energy-saving gas appliances, low-carbon heating products, green building materials and other products
- Integrate ecological resources, rely on the "Smart Home" platform, build a low-carbon market, improve "online + offline" channels, and increase the market penetration rate of household customers
- Revenues from **low-carbon heating products** grew by

↑50%

in the first half of the year



Air source heat pump



Solar heating system

Smart Home

- Accelerate the sales of digital and intelligent products such as smart gas meters, LoRa IoT products and NFC debit cards to promote smart home applications
- Promote the intelligent upgrade of kitchen auxiliary facilities and the application of IoT products in the house
- Alarm systems, IoT meters, heating stoves, gas stoves and other equipment are connected to the IoT platform to realize remote control and emergency response



Smart thermostat

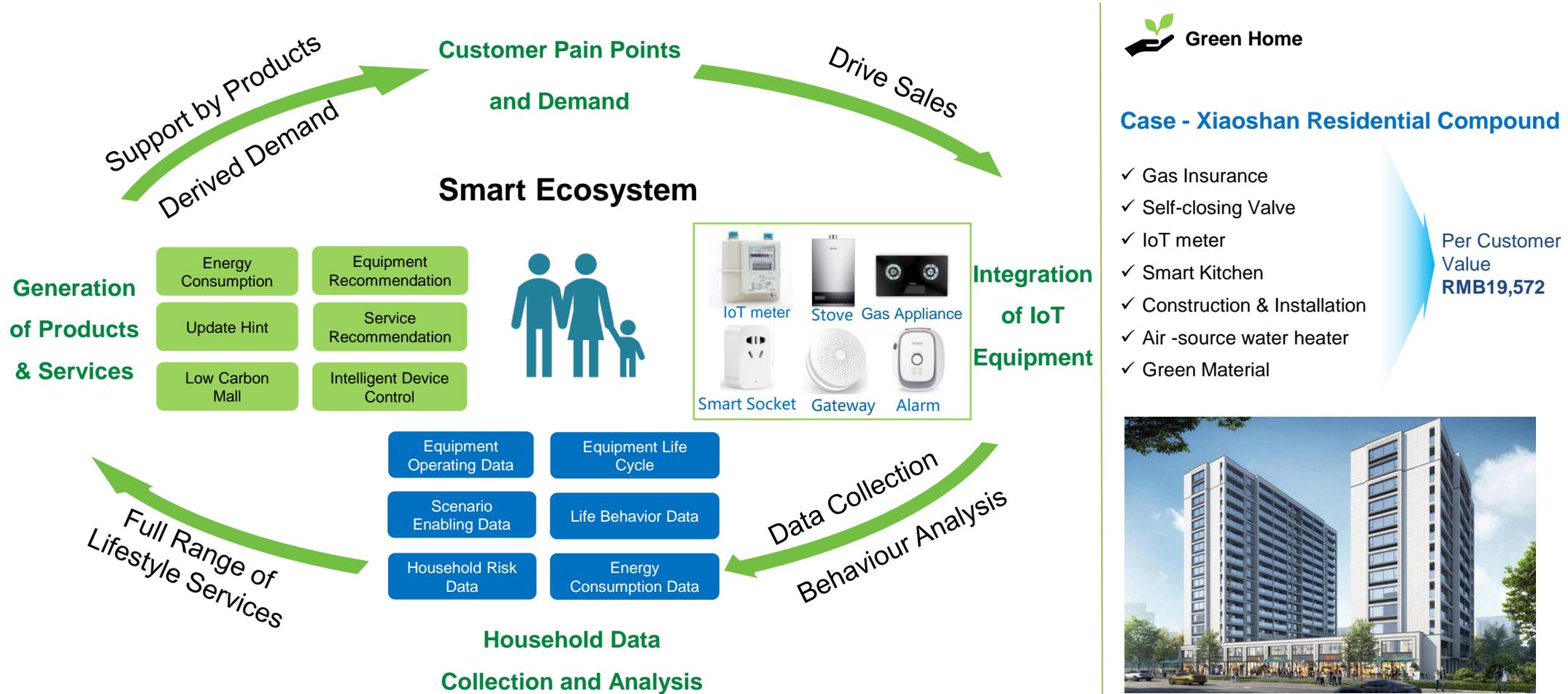
Water heater, heating furnace external cold water circulation pump



Smart gas meter

Established an Ecosystem for Value Added Products & Services

Provide diversified services for household customers to satisfy their pursuit of quality lifestyle via persistent upgrade of products and solutions, and energy consumption data collection



Case - Xiaoshan Residential Compound

- ✓ Gas Insurance
- ✓ Self-closing Valve
- ✓ IoT meter
- ✓ Smart Kitchen
- ✓ Construction & Installation
- ✓ Air-source water heater
- ✓ Green Material

Per Customer Value
RMB19,572



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Resilient Set of Results

(RMB mil)	1H2021	1H2022	Changes
<u>Key Financial Data</u>			
Revenue	41,232	58,332	+41.5%
<i>Segment Revenue</i>			
<i>Retail gas sales</i>	23,138	30,316	+31.0%
<i>IE business</i>	3,662	5,365	+46.5%
<i>Value added business</i>	837	1,165	+39.2%
<i>Wholesale of gas</i>	9,768	18,696	+91.4%
<i>Construction& installation</i>	3,827	2,790	-27.1%
Gross Profit	7,042	6,894	-2.1%
EBITDA [^]	7,129	7,401	+3.8%
Profit attributable to Shareholders	3,765	3,104	-17.6%
Core Profit*	3,713	4,118	+10.9%
Core EPS (RMB)	3.29	3.65	+10.9%

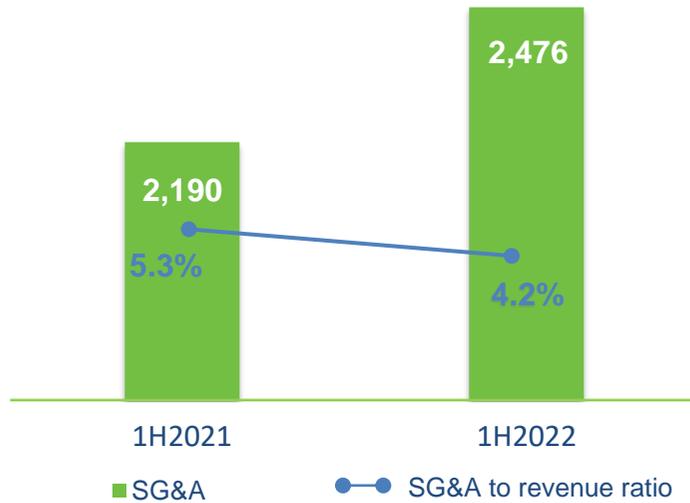
[^] EBITDA = Includes JCE, Asso but excludes one-off items

*Core Profit = Profit attributable to shareholders - other gains and losses (excluding net settlement amount realised from commodity derivative contracts) – deferred tax arose from unrealised gain / (loss) of commodity derivative contracts and share-based payment expenses

Robust Financial Performance

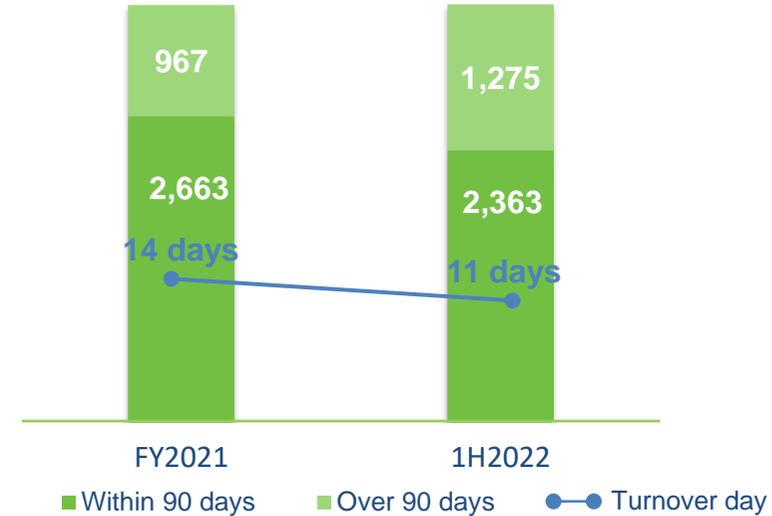
SG&A and SG&A Margin

(RMB mil)



Account Receivables & Turnover Days

(RMB mil)



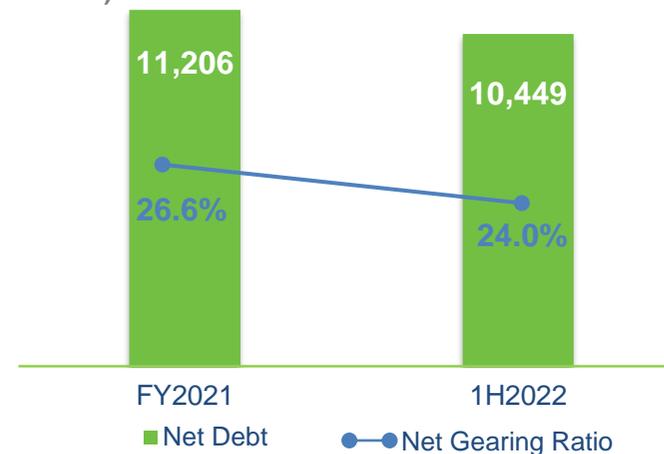
Total Debt

(RMB mil)



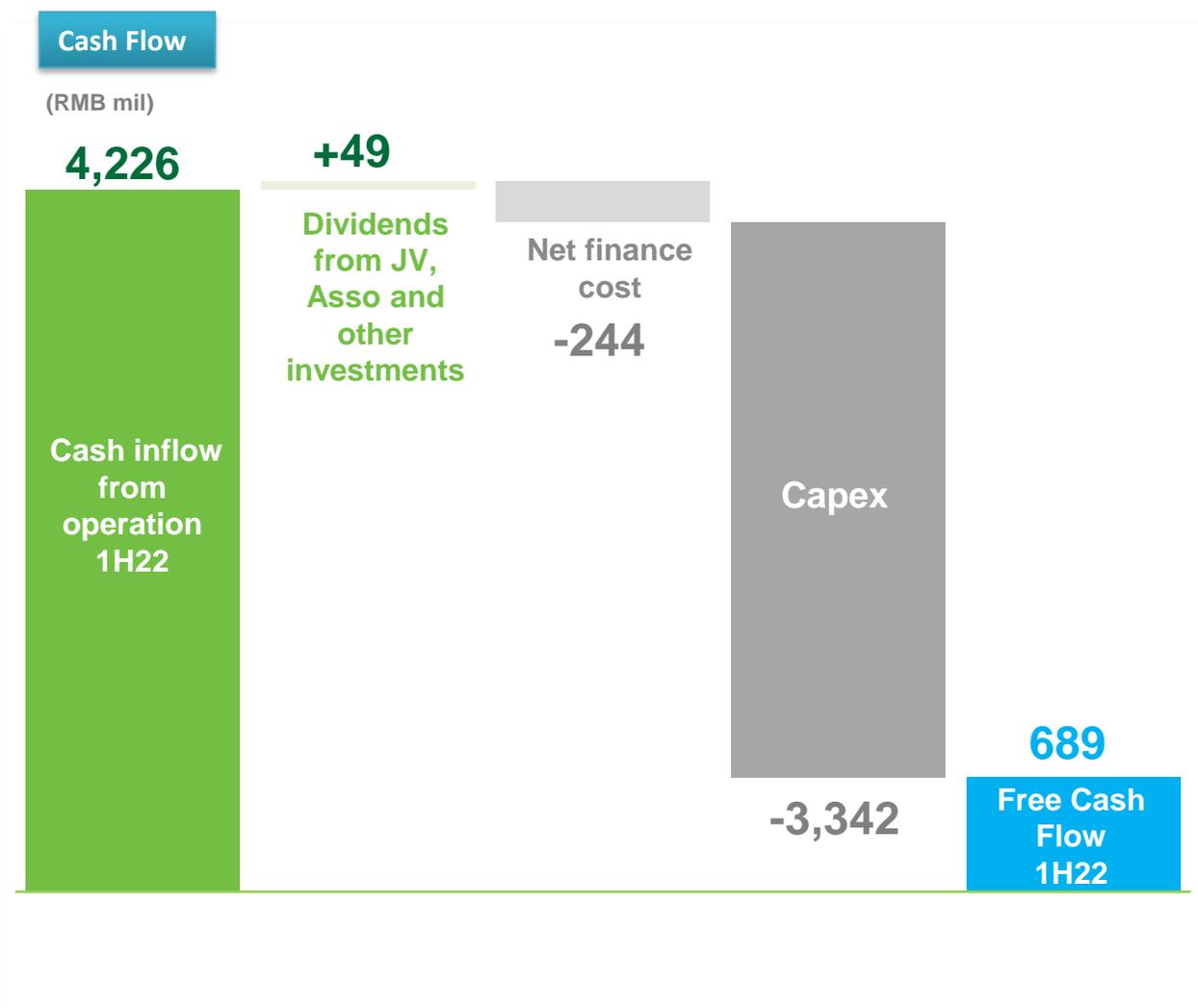
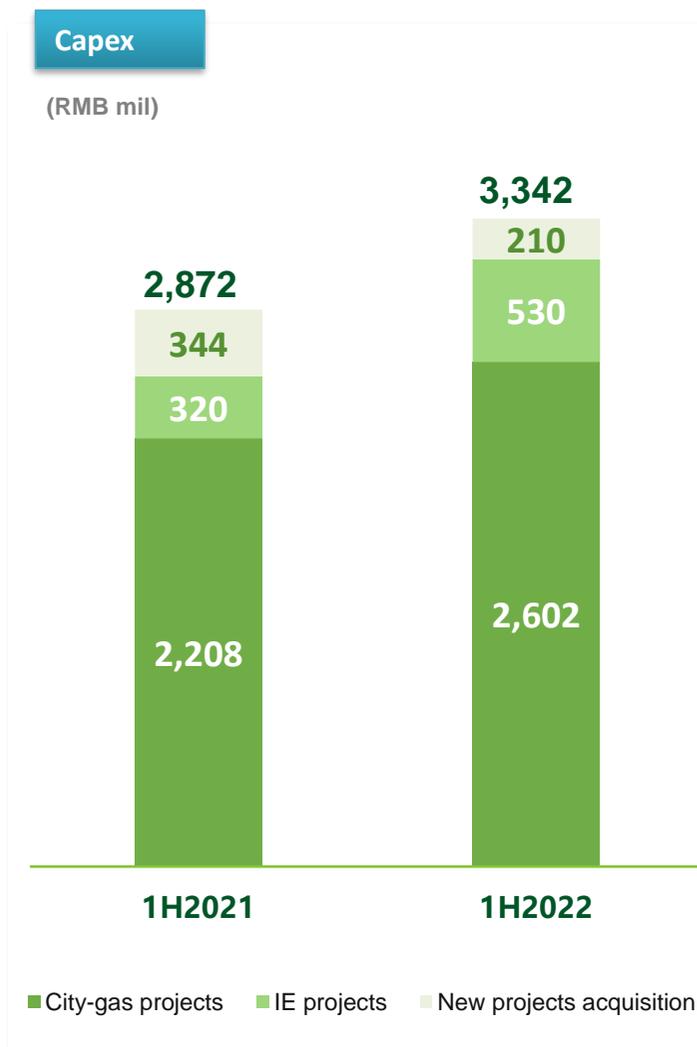
Net Gearing Ratio & Net Debt

(RMB mil)



Capex & Cash Flow Analysis

Thanks to prudent financial management and the steady growth of core businesses, the Group generated positive free cash flow of **RMB689 mil**



Ample Financial Resources & Liquidity

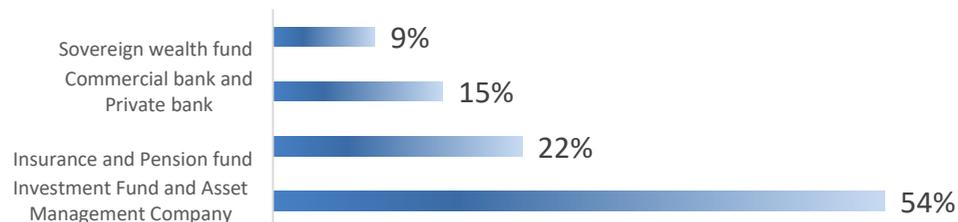
Credit ratings by S&P, Moody's and Fitch are **BBB+**、**Baa1**、**BBB+** respectively

Average financing cost in 1H was 3.63%, low financing costs coupled with strong financial resources ensure the sustainable development of the Group's business

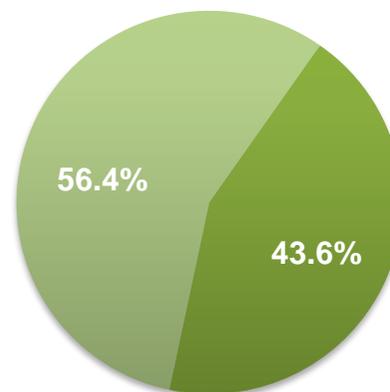
Successfully issued the Green Bond on 11May seizing an advantageous window

Issue size	Maturity	Final price	Coupon
USD550 mil	5 years	T+180 bps	4.625%

High quality investor structure

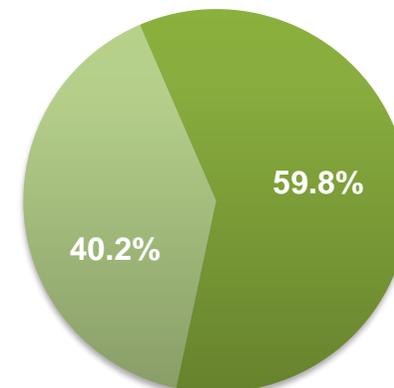


Debt structure (by currency)



■ USD bonds ■ RMB debt & loans

FX risk exposure management – long-term USD debt



■ Hedged ■ Unhedged

Sensitivity analysis of dollar appreciation in 2H

Appreciation rate	Interest expense(RMB)	Principal amount(RMB)
1%	+1.32 mil	+74.85 mil
5%	+6.57 mil	+374.27 mil

Ample Financial Resources

RMB mil	Amount
Cash on hand	11,570
Unutilised credit facilities	19,970

*USD/CNY exchange rate at 6.7114 on June 30, 2022

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Challenges & Opportunities

Macro Economy

- China's economy has shown signs of recovery, thanks to the fiscal and monetary policies implemented by the Chinese government to boost economy and internal demand. However, it is still at the stage of adjustment, energy demand has just started to recover
- More targeted approach to prevent the pandemic will lessen impact on the economy

Customer Demand

- While businesses are facing pressure from weak demand, the "dual-carbon" policy and EU's carbon boarder tax (CBAM) will stimulate C/I customer's demand for energy-saving, cost-saving and carbon reduction solutions
- The pursuit of quality of life by household customers will create new demands for safe, comfort, cost-efficient and smart products and services

Resources Uncertainty

- High energy prices suppress demand
- Dynamic coordination of diversified resources is essential to withstand intensifying price fluctuation of domestic and international energy sources

Industry Regulations

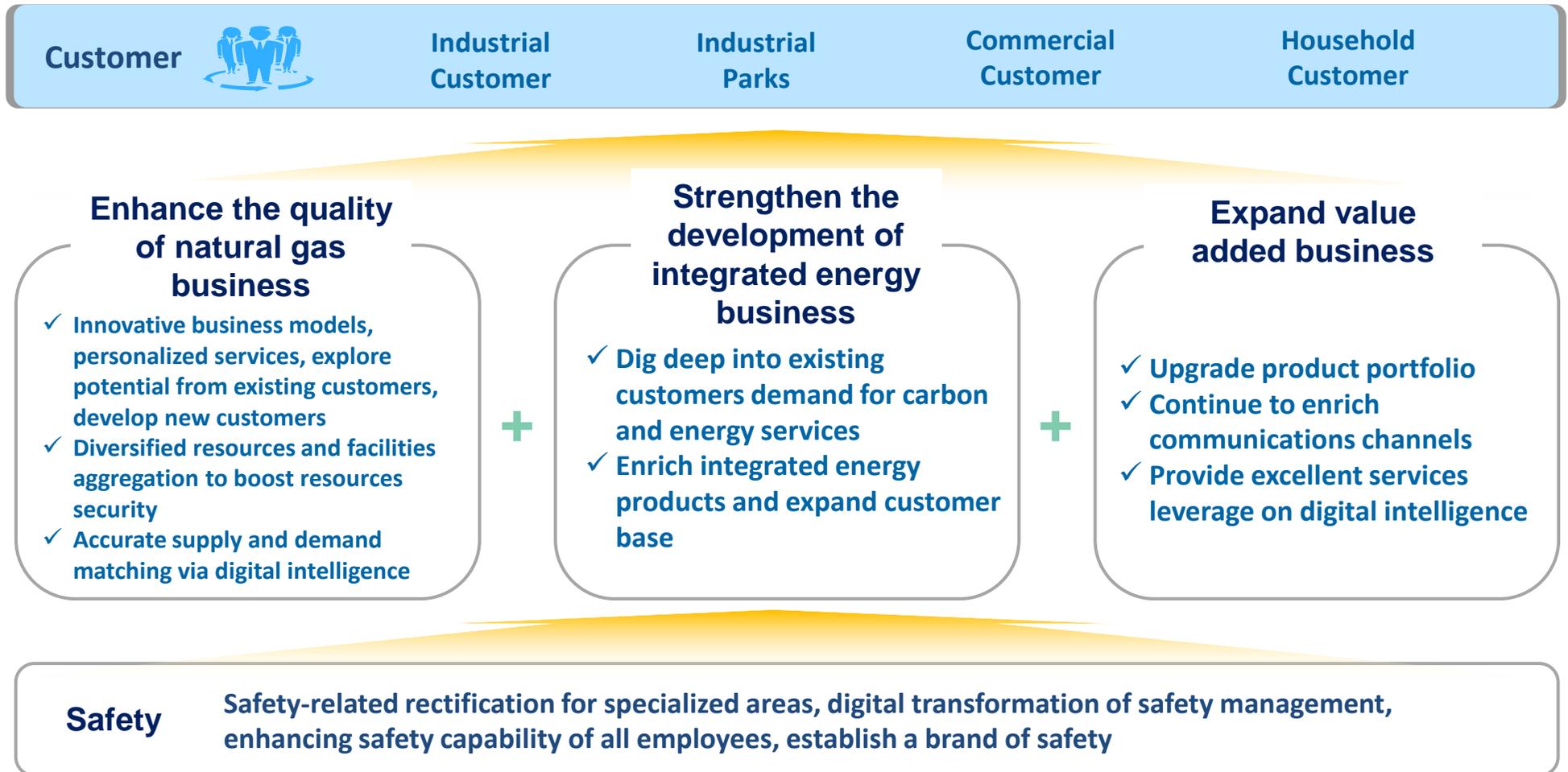
- Gas safety has received unprecedented attention, proactive upgrade on safety operation is inevitable
- Higher standards are required by the government during concession rights evaluation and old pipelines retrofitting

Smart & Digitalization Development

- New industry trends emerge: industrial internet, IoT, smart matching of supply and demand, platforms aggregation into a ecosystem
- The evolution of energy and carbon market leads to rising demand for accurate forecast, matching, trading and operation, which require data intelligence

Development Strategy

Expand core businesses based on customer demand, leverage on digitalization to unleash customer value, with safety operation our top priority



Harness Supply and Demand with the Support of Digitalization to Enhance the Quality of Gas Sales Business

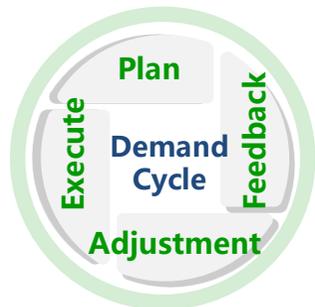
Enhancing demand-side management, coordination of resources and digitalization of products to improve supply-demand matching

Customer

- Provide tailor-made services including peak-shaving, interruptible and pre-ordered gas consumption plans based on customer characteristics
- Innovative pricing mechanism, automatic pass-through, flexible pricing mechanism for large customers
- Provide gas+muti-energy service plans based on customer diversified energy needs

Resources

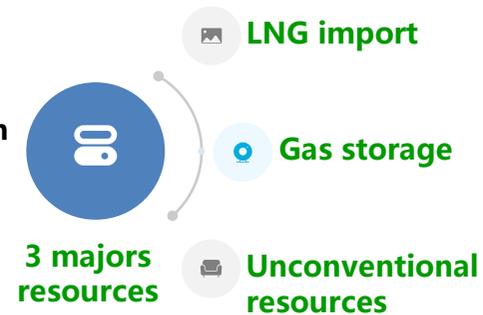
- Maximize gas supply from the 3 majors
- Enhance resources flexibility via PipeChina's gas leasing and gas storage services
- Obtain unconventional gas resources
- Strengthen pipelines interconnection, innovate gas swapping models
- Lock-in winter gas sources from storage & LNG plants in advance



Closed-loop management
Accurate forecast

Supply-demand matching

Multifaceted coordination
Targeted supply

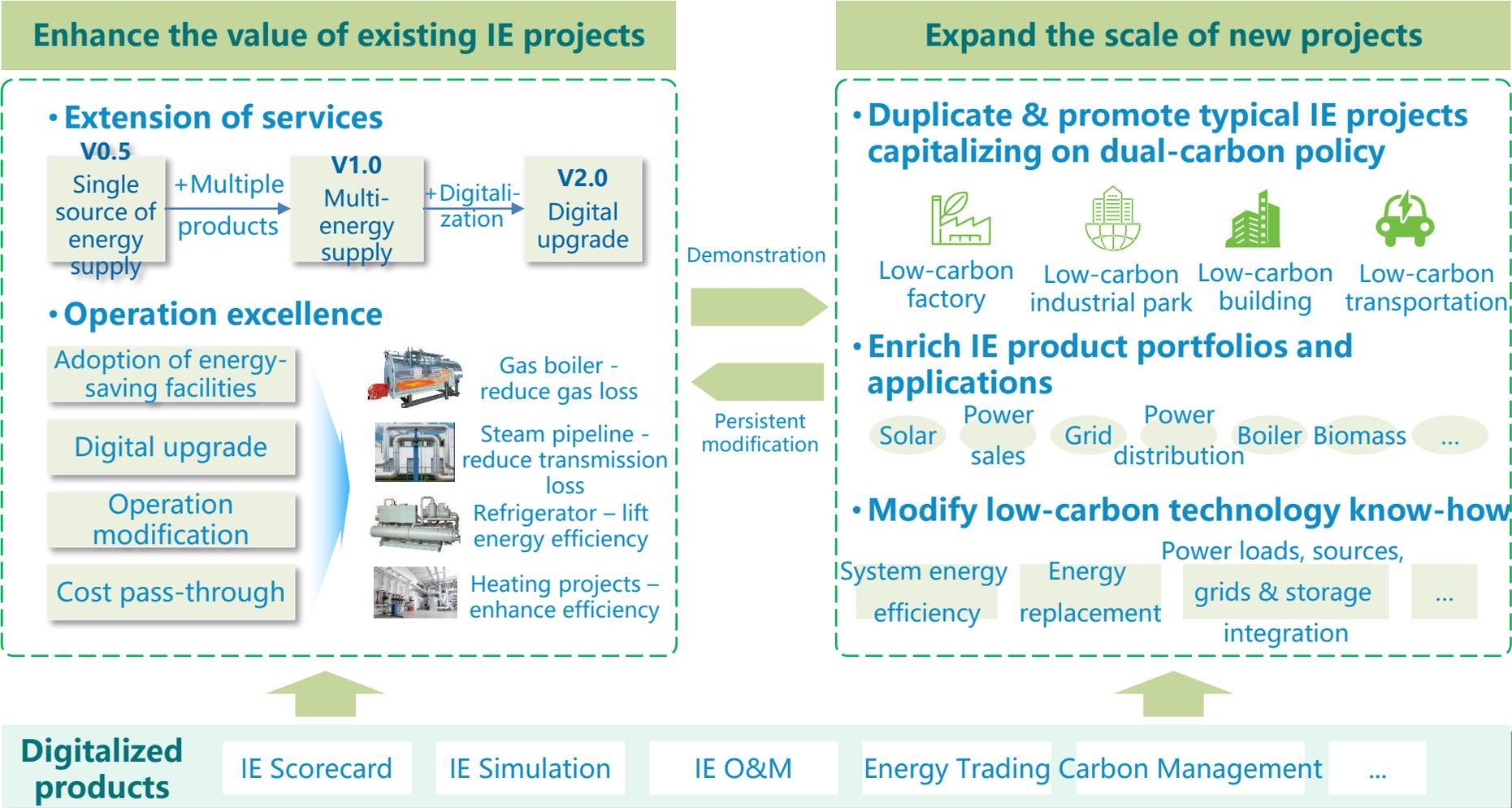


Digitalized products



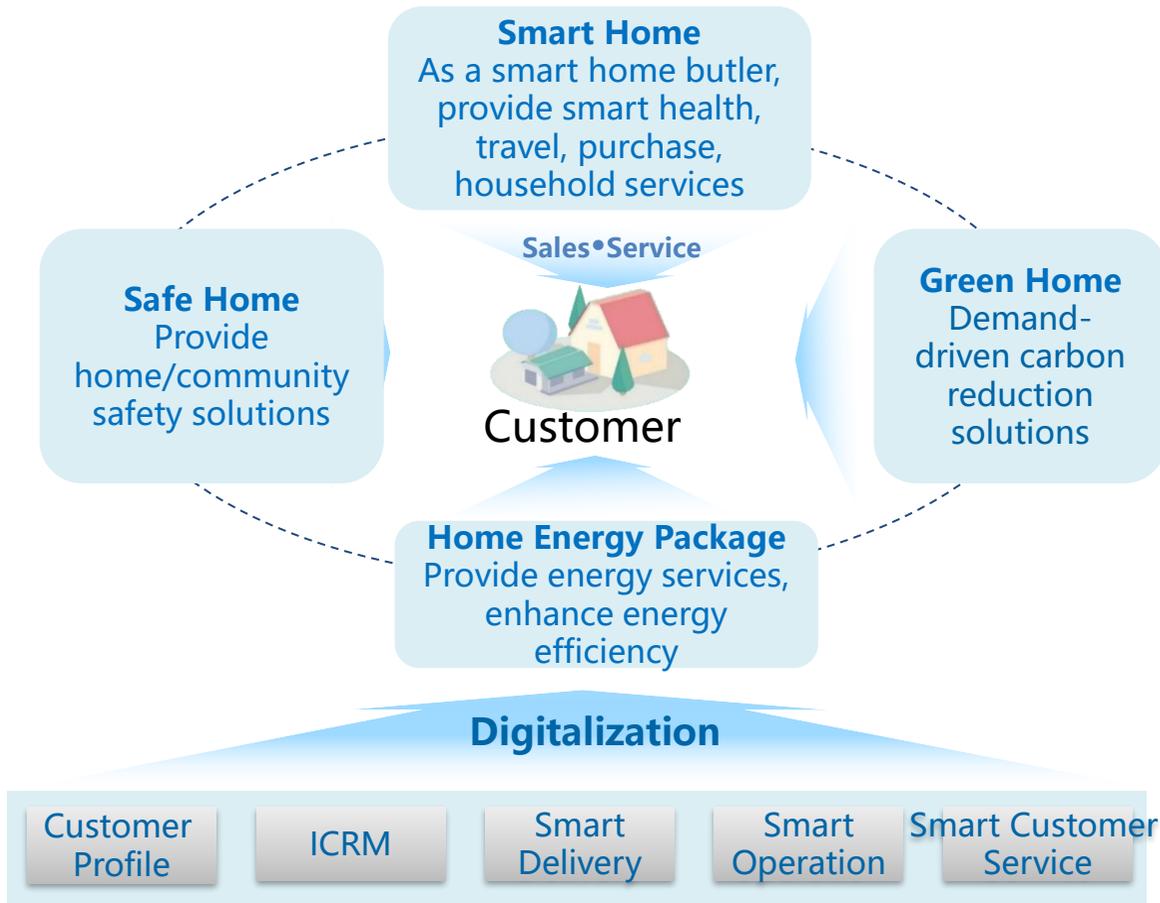
Expand Integrated Energy Business

Maximize the value of existing IE projects and develop new projects leveraging on digitalization, diversified IE products and technological know-hows



Develop Value Added Business

Focus on the needs of household customers to enhance their quality of life through the provision of smart and low-carbon products and services



Integrate internal and external ecosystem partners to expand various product lines



Upgrade O2O marketing channels



Consolidate internal and external resources and provide trainings to enhance employees' all-rounded capability to conduct VAB



Extensive promotion of LoRa IoT system, improve customer experience via digitalized products

Guidance for FY2022

	Guidance
IE Business Revenue	+50%
VAB Gross Profit	+30%
Retail Gas Sales Volume	+5-8%
Dollar Margin	RMB0.5/m ³
New C/I Development	20mil m ³ /day
New Residential Development	2.4mil households
New Projects (IE & City-gas)	50
Core Profit	+12-15%

Content

1. Results Review
2. Financial Highlights
3. 2H2022 Outlook
4. Appendix

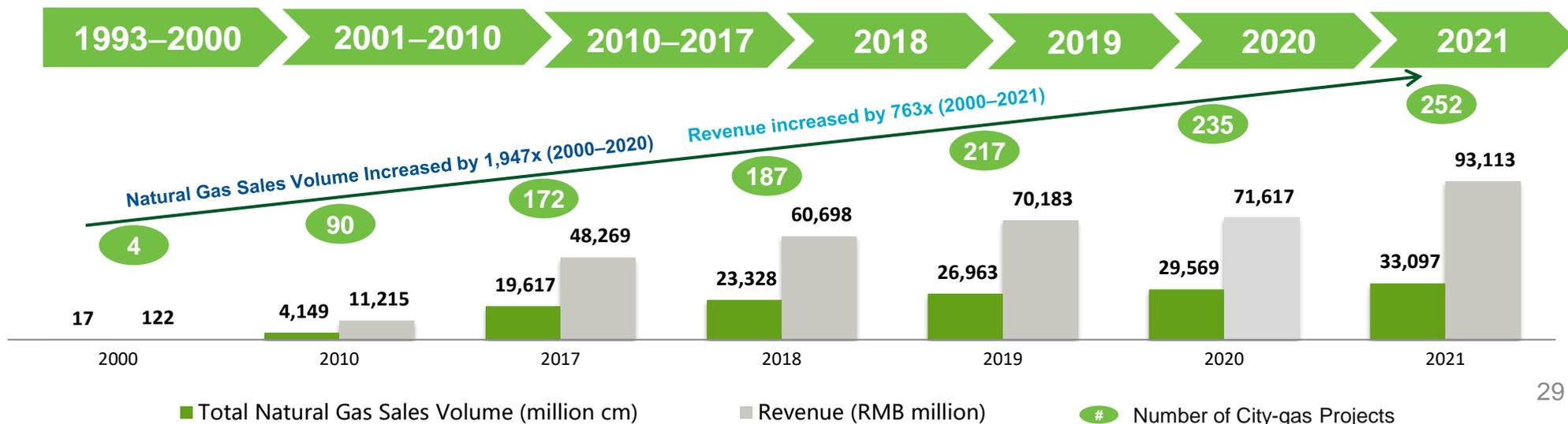
ENN – To Build an Industry-leading Integrated Energy Service Provider

Company Profile

- Established in 1993, ENN is one of the leading private-owned clean energy distributor in China.
- ENN's principal business includes investment in, and the operation and management of gas pipeline infrastructure, vehicle/ship gas refueling stations and IE stations, sales and wholesale of piped gas, LNG and other energy, integrated energy business, sales and distribution of piped gas, LNG and multiple energy forms. It also develops integrated energy business and wholesale of gas business, while providing other energy-related value added business.
- ENN was listed on the GEM in 2001 and transferred to the Main Board of HKEX (stock code: 2688.HK) in 2002

Key Business Segments

Retail Gas Sales Business	Integrated Energy Business	Wholesale of Gas	Construction & Installation	Value Added Business
				
<ul style="list-style-type: none"> • Sell piped gas to residential households and C/I customers • Construct and operate CNG/LNG gas refueling stations 	<ul style="list-style-type: none"> • Based on customers' need, provide multi-energy products according to energy sources available locally, and customize integrated energy solutions 	<ul style="list-style-type: none"> • Conduct natural gas wholesale business to fully utilize its 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 customers 	<ul style="list-style-type: none"> • Provide energy-saving technology, retrofitting services, and inspection and maintenance services • Provide gas-related products and material sales



ENN ENERGY DECARBONISATION ACTION 2030 PANORAMA

City Gas Business

Methane Emission (ME) Management 1

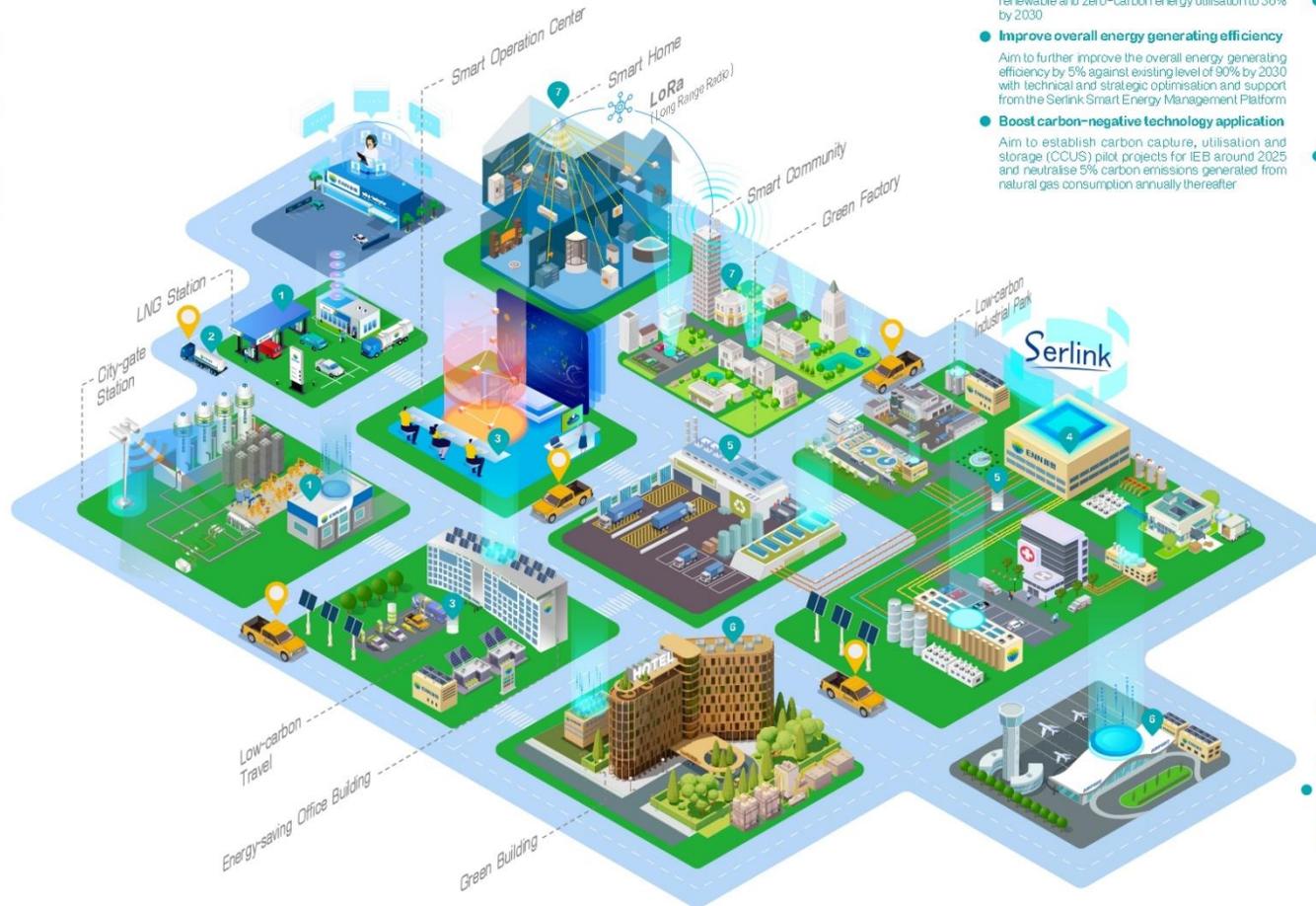
- **Align with international standards and improve transparency**
Joined the Methane Guiding Principles (MGP) in 2021, we aim to adopt best practices for identification, monitoring and reporting of ME, and to disclose ME data align with international standards in 2023 and continuously improve transparency afterwards
- **Improve ME management policies and measures**
Integrate methane management into daily operations, deploy continuous emission reduction measures, and gradually link performance related to ME management with remuneration
- **Promote the application of onsite detection technology**
Aim to equip all city-gate stations with the onsite detection devices such as Pan-Till-Zoom (PTZ) 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 taking advanced technologies and improving disclosure transparency

Energy Transportation Decarbonisation 2

- **Adopt clean fuels for self-owned vehicles**
Aim to achieve carbon emission reduction of 28.3% for self-owned transportation vehicles by eliminating diesel-powered vehicles by end of 2025, and switching to zero-carbon fuels such as hydrogen or bio-fuels around 2030
- **Enhance efficiency and reduce emission with intelligent approaches**
Continuously implement digital and smart technologies including Yunlu Cloud System and smart dispatching to optimise route and minimise the idling rate, so as to improve efficiency and reduce carbon emissions
- **Promote low-carbon operations of eco-partners**
Aim to adopt low-carbon transportation as a core criterion for supplier assessment from 2026

Green office 3

- **Energy Conservation in Office Buildings**
Use of renewable energy
Aim to fully deploy 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 conditions
 - ◆ Paperless office
 - ◆ Green building standards for office buildings construction
 - ◆ Intelligent management of energy utilisation
- **Low-carbon Travel**
Aim to replace 50% of self-owned administrative vehicles with new energy vehicles by 2025



Integrated Energy Business (IEB)

Energy Generating Facilities of IEB 4

- **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 utilisation to 36% by 2030
- **Improve overall energy generating efficiency**
Aim to further improve the overall energy generating efficiency by 5% against existing level of 90% by 2030 with technical and strategic optimisation and support from the Serlink Smart Energy Management Platform
- **Boost carbon-negative technology application**
Aim to establish carbon capture, utilisation and storage (CCUS) pilot projects for IEB around 2025 and neutralise 5% carbon emissions generated from natural gas consumption annually thereafter

Low-carbon Industrial Parks and Green Factories 5

- To assist the 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 2030, the number of green factories and low-carbon industrial parks developed for customers will increase to 200 respectively

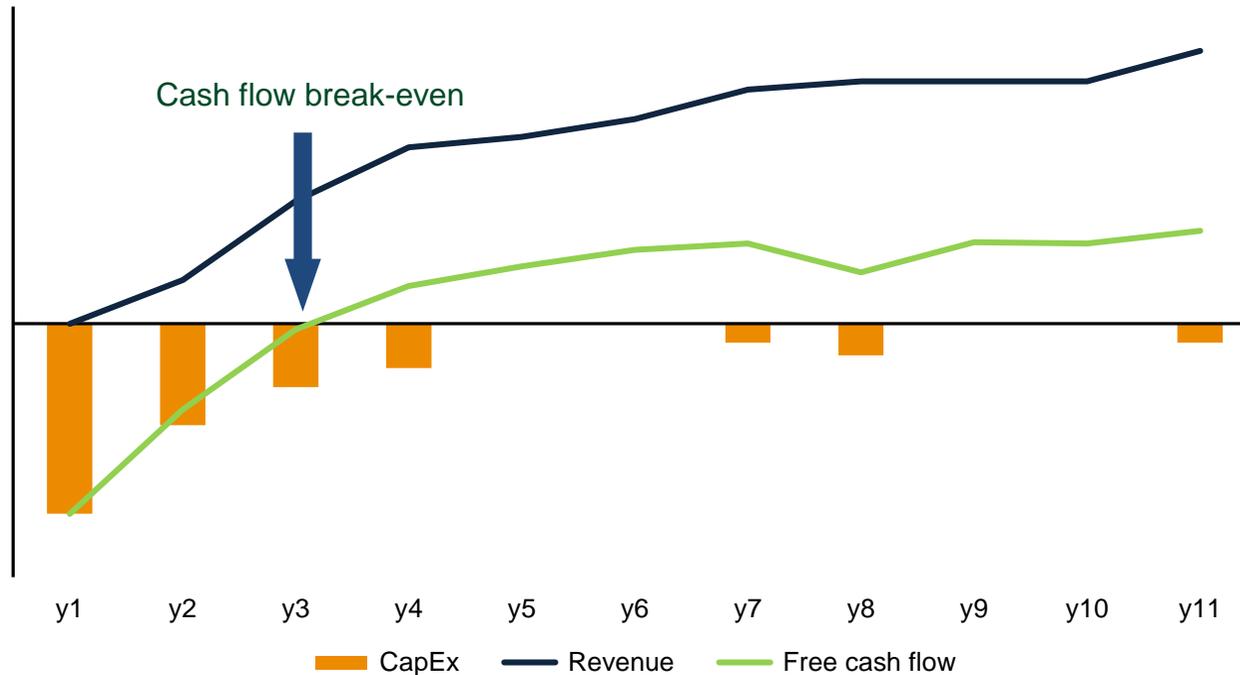
Green Buildings 6

- Leveraging on our enriched technological know-hows on integrated energy and experience of energy management for customers, we provide green buildings solutions and building energy-saving services for architectural customers such as hospitals, hotels, airports, office buildings, etc.

Value Added Business 7

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

Typical Industrial Park IE Project - Cash Flow Projection



1. Stable & Recurring Income

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

2. Rapid Cash Flow Generation

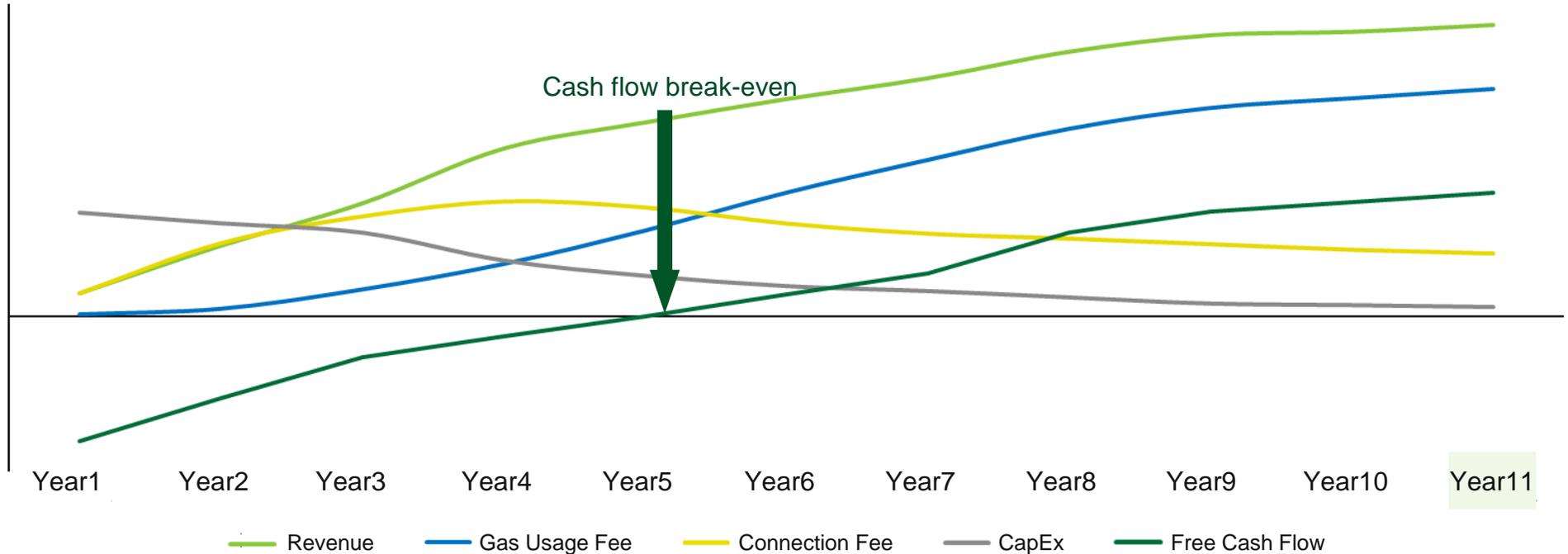
- Capex are invested by stages depending on the number of customers and their energy consumption scale
- Our projects are mostly industrial parks with existing customers, once the energy stations completed, energy sales can be generated
- Payback period: **7-8** years

3. Low Risk

- Diversified customer base in industrial parks helps reduce cyclical risks of certain industry
- Sign minimum energy offtake volume and establish automatic passthrough mechanism with customers
- Market-oriented business model with low regulatory risk

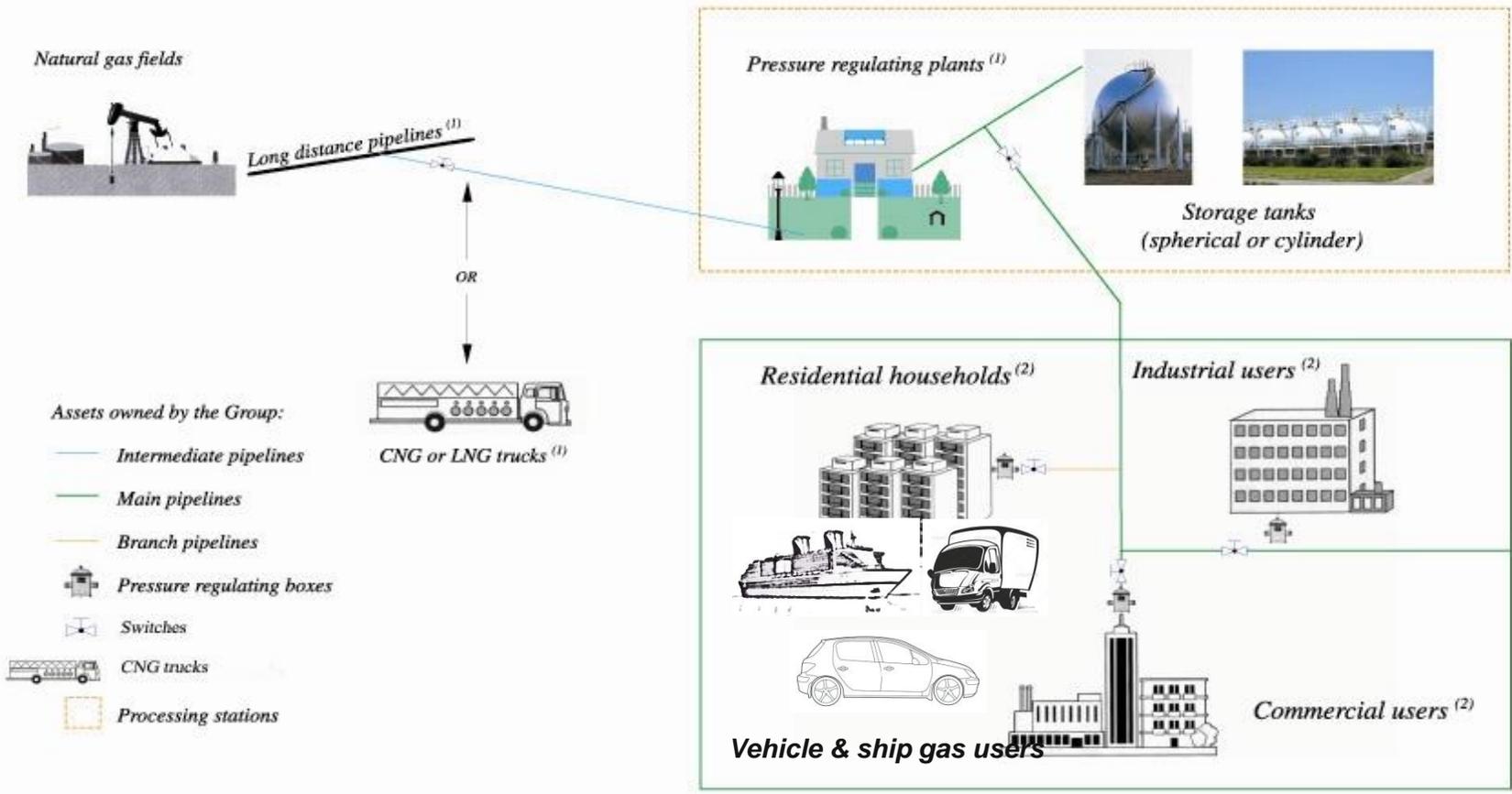
Simplified Model for a Typical City-gas Project

Revenue/Cost



- 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 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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