



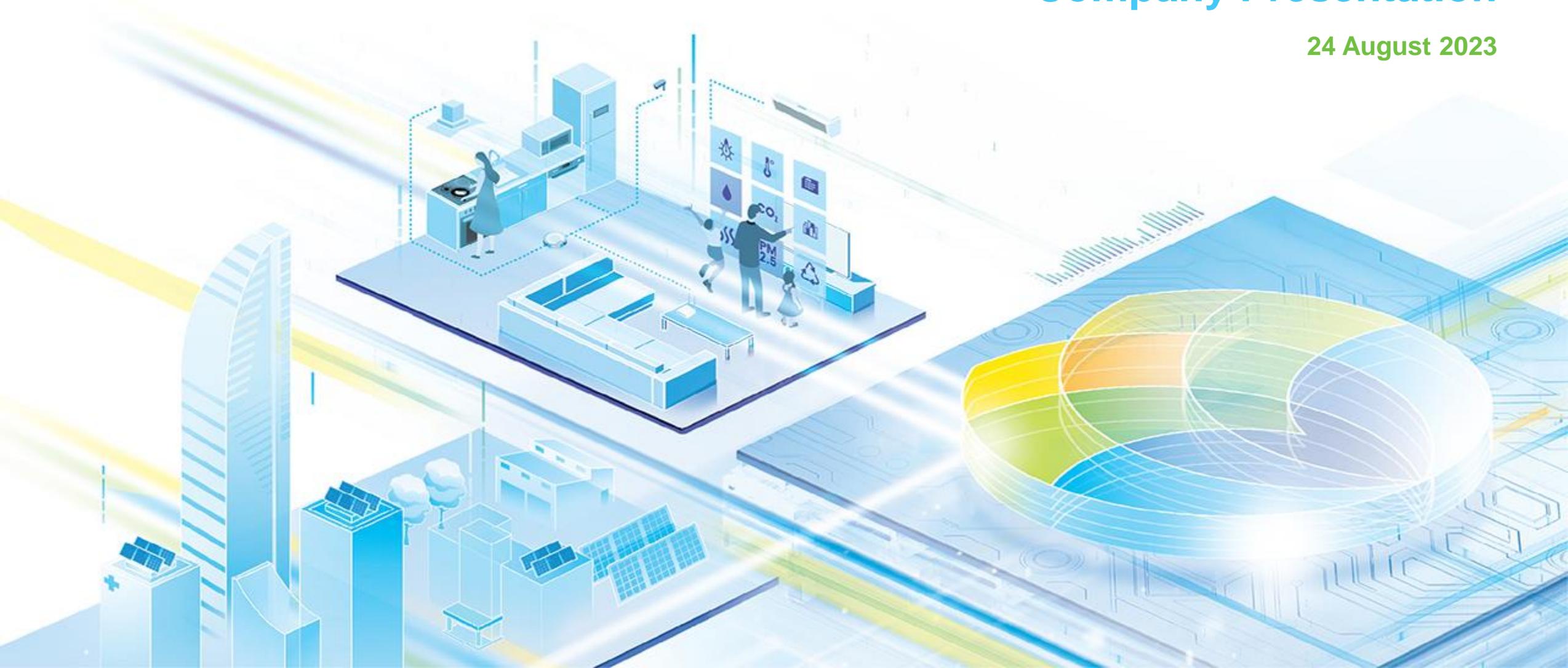
ENN 新奥

ENN Energy Holdings Limited

2023 Interim Results

Company Presentation

24 August 2023



Business Highlights



Revenue of IE business increased by **30.3%** to **RMB6.99 bil**, acquired **42 new projects**



Gross profit of Value Added Business increased by **30.5%** to **RMB1.14 bil**



Retail gas sales volume reached **12.16 bil m³**, expand the operation scale: **998 thousand** new residential customers, installed daily capacity is **8.36 mil m³/day**



Core profit reached **RMB3.91 bil**, continuous improvement in operating cash flow, free cash flow reached **RMB412 mil**



Remained interim dividend of **HK\$0.64 per share**

Work Safety, Operational Safety and Digital Intelligence Safety – Establishing A Safety Brand

Social Security Incident Alert

Response

- ✓ Immediately responded, quickly held a warning meeting and arranged for the deployment of work
- ✓ **11,504** people were dispatched to carry out a blanket check for potential hidden hazards in caterings and commercials
- ✓ **3,077** publicity campaigns and **468** on-site inspections were conducted during the Work Safety Month, and a series of actions such as publicizing the standardization of gas use, safety trainings and emergency drills were carried out consecutively

122 government security inspections at the provincial level and above

Grasp the opportunity to enhance the safety brand and fulfill social responsibility

Polymerization Ecology Building Standards Together

Cooperated with CNPC, Kunlun Energy, CR, Beijing Gas, Towngas and Tianjin University to establish industry standards, such as "Guidelines on Managing Gas Leakage Accidents in Urban Areas", the "Technical Specification for Designing Intelligent City-gate Stations", and the "Urban Intelligent Pipeline Networks"

Strengthened Digital Intelligence Security Brand

Delivered gas monitoring platforms to the governments of Shijiazhuang, Cangzhou, and Tianjin Economic-Technological Area

Playing the expert role

Sent 124 experts to governments and associations to promote the introduction of gas protection policies by local governments

✓ Deepening Digital Intelligence Security Capabilities

✓ 24,689 endpoint securities

✓ 28,595 persons trained

✓ Disaster preparedness facilities initially completed



Building a long-term mechanism for Digital Intelligence Security

✓ Positive Response to Security Inspections and Attack & Defense Drills

✓ 18 network security inspections (11 specialties + 7 offensive and defensive drills)

✓ Passed the annual ISO system audit

✓ Passed Deloitte IT Specialized Audit

Digital Intelligence Security Cases Sharing



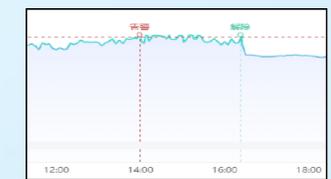
• **Laser tripod head:** Laser tripod head in stations found the leakage of tank gas phase pipe and alarm, and then the staff immediately checked and eliminated the hidden danger



• **NB Alarm:** The system pushed the message of the user home leakage alarm, and the staff have come to the door to repair even when the user didn't find out the hidden danger



• **Valve Chamber Data Monitor:** ENN Intelligent Operation Center pushed the message of micro leaks in residential valve chambers, and the staff conducted emergency repair of leaks

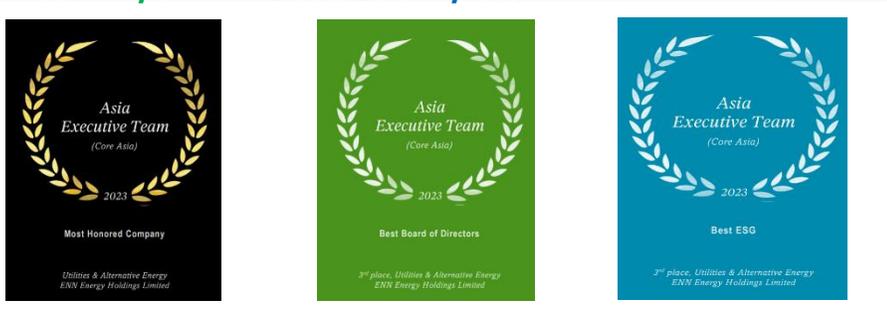


• **Pressure Intelligent Devices:** Increasing regulator outlet pressure triggered a warning, which is checked in the field to avoid regulator failure

ESG Advancement for Sustainable Development

■ Awards

- ✓ Received 35 awards, including the **"Most Honored Companies"** in the "2023 All-Asia (Ex-Japan) Executive Team" organized by Institutional Investor, as well as **"Best Board of Directors"**, **"Best IR Team"**, and **"Best ESG"**, etc.



- ✓ Selected as one of the "Pioneer 100 Chinese ESG Listed Companies" and ranked **17th**, with a **five-star** ESG performance, making the Group an outstanding ESG developer among listed companies

序号	证券简称	企业标识	证券代码	评价星级	行业分类
17	新奥能源		02688.HK	★★★★★	电力、热力、燃气及水生产和供应业

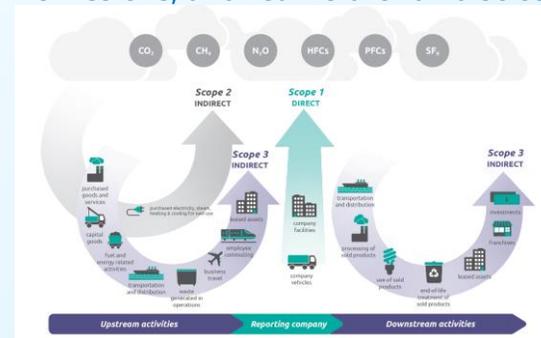
■ Launch of the TCFD-related Initiative

- ✓ In order to address corporate climate change risks and opportunities, and to carry out climate-related financial disclosure, The Company has launched a special initiative and has identified **16 transition risks**, **15 physical risks** and **26 climate-related opportunities** under **physical risks (RCP4.5&RCP8.5)** and transition risk scenarios, and has conducted **financial quantitative analysis** of the impact factors of the key risks/opportunities, and plans to disclose the relevant reports within this year



■ Digital Intelligence Platform Contributes to ESG Management

- ✓ Independent R&D, the Group launched an **ESG intelligent ecological platform** with complete functions, standardized management, controllable processes, and transparent data. The platform can help Complete the whole industry chain and whole process ESG management mechanism, guide the Group in the calculation of Scope 1, 2 and 3 carbon emissions, and realize the full disclosure of Scope 3



Content

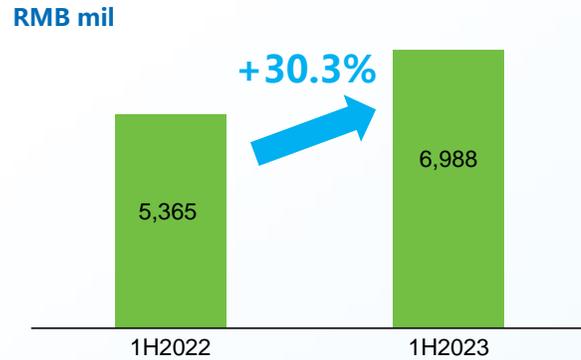
1. Results Highlights
2. Financial Overview
3. Development Strategy

IE Business Performance

Revenue

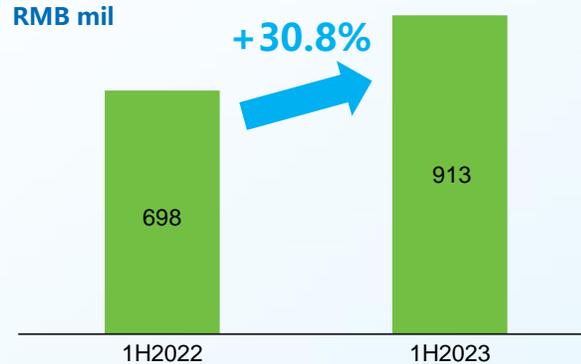
Significant revenue growth driven by increase in utilization rate and the commencements of new projects

Financial performance

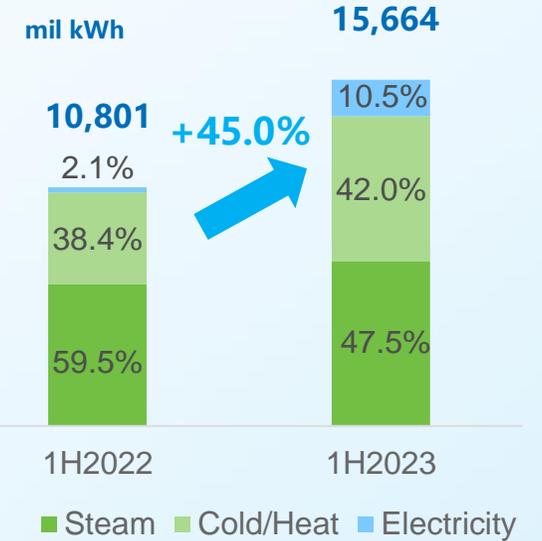


Gross Profit

Rapid and stable growth in gross profit based on innovative business model even amid a slow economic recovery and high energy prices



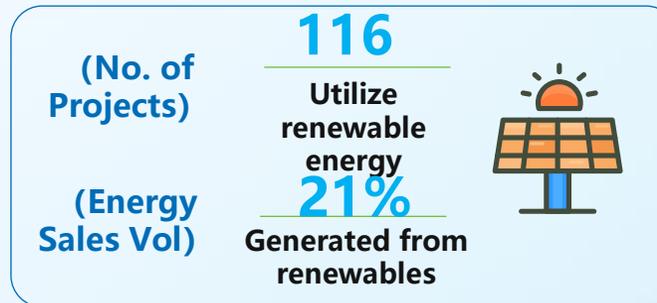
Energy Supply



Operational and under construction projects



Adaptive clean solutions for customers

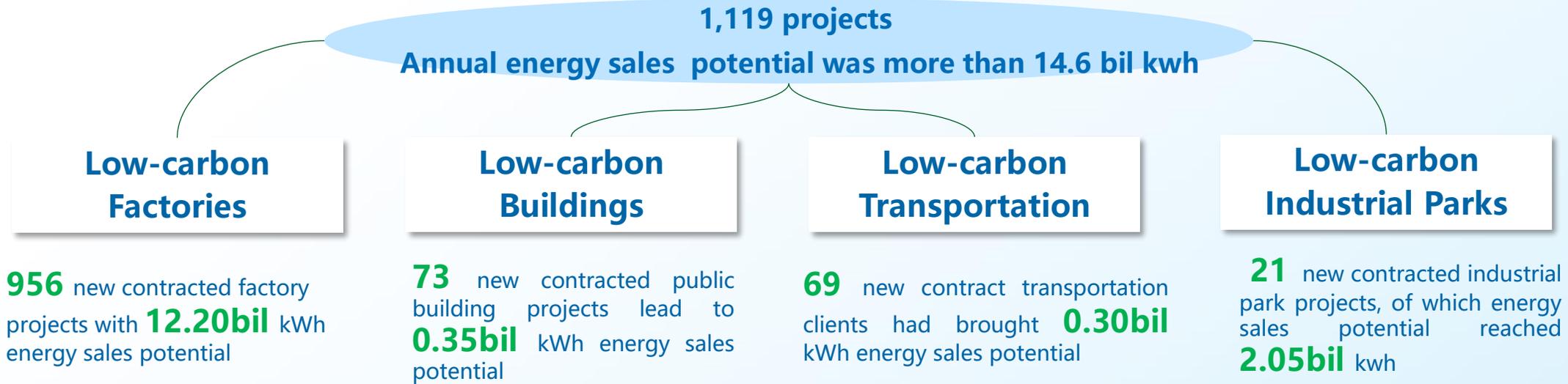


Energy conservation and emission reduction for customers



IE Business-diversified business model with greater project transformation rate

- To realise power loads, sources, grids & storage integration with IE microgrid business model, which has incorporated PV, energy storage, electricity sales, and energy services. And providing customers with energy value to satisfy smart corporate demands related to safety, carbon emission reduction, and digital intelligent transformation

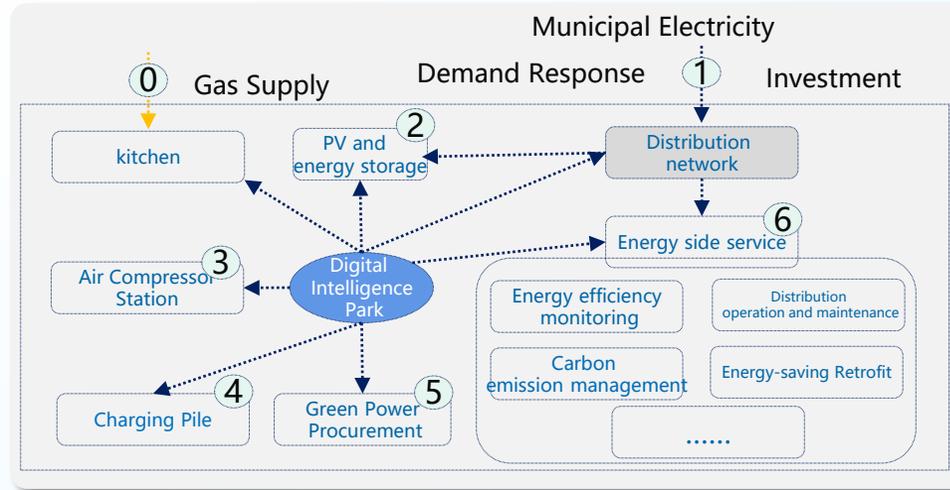


Typical IE Projects

An industrial park in Jinhua

Industry: Energy Storage Battery, Medical Equipment, Sporting Goods

Solution: Distribution Network + Photovoltaic + Energy Storage + Charging Pile + Air Compressor Station + IE Network Platform + Consumption Side Service...

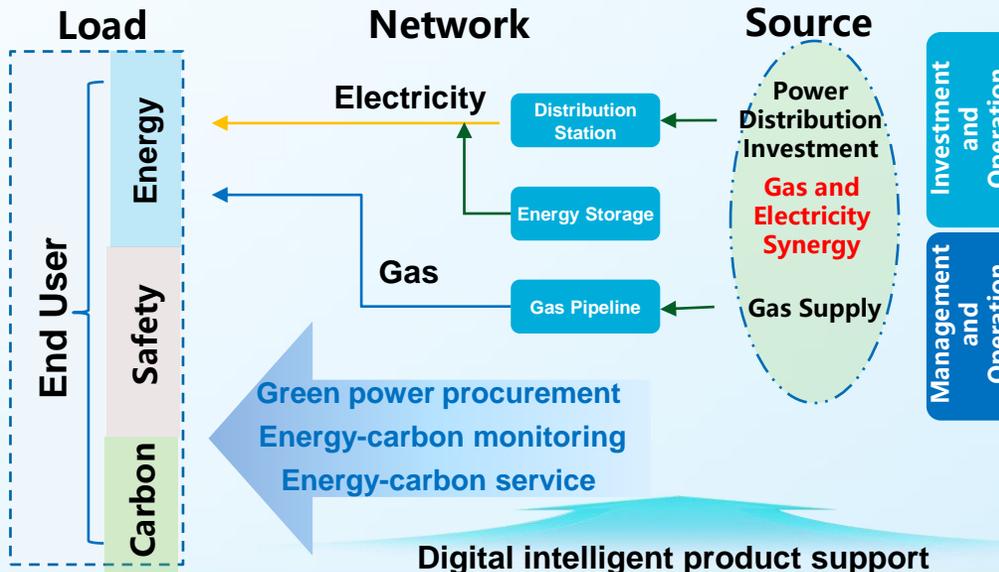


- Annual income : RMB 31mil
- IRR: 13.1%
- Create profits through electricity, compressed air, and digital intelligence services integration
- Replicable IE Microgrid business model

An industrial park in Huzhou

Industry: Wood processing and bamboo, rattan, grass products industry

Solution: Power distribution + energy storage + digital intelligence platform



- Annual income : RMB 29mil
- IRR: 12.2%
- Energy Efficiency > 90%
- Replicable IE Microgrid business model

Expansion of Operating Regions

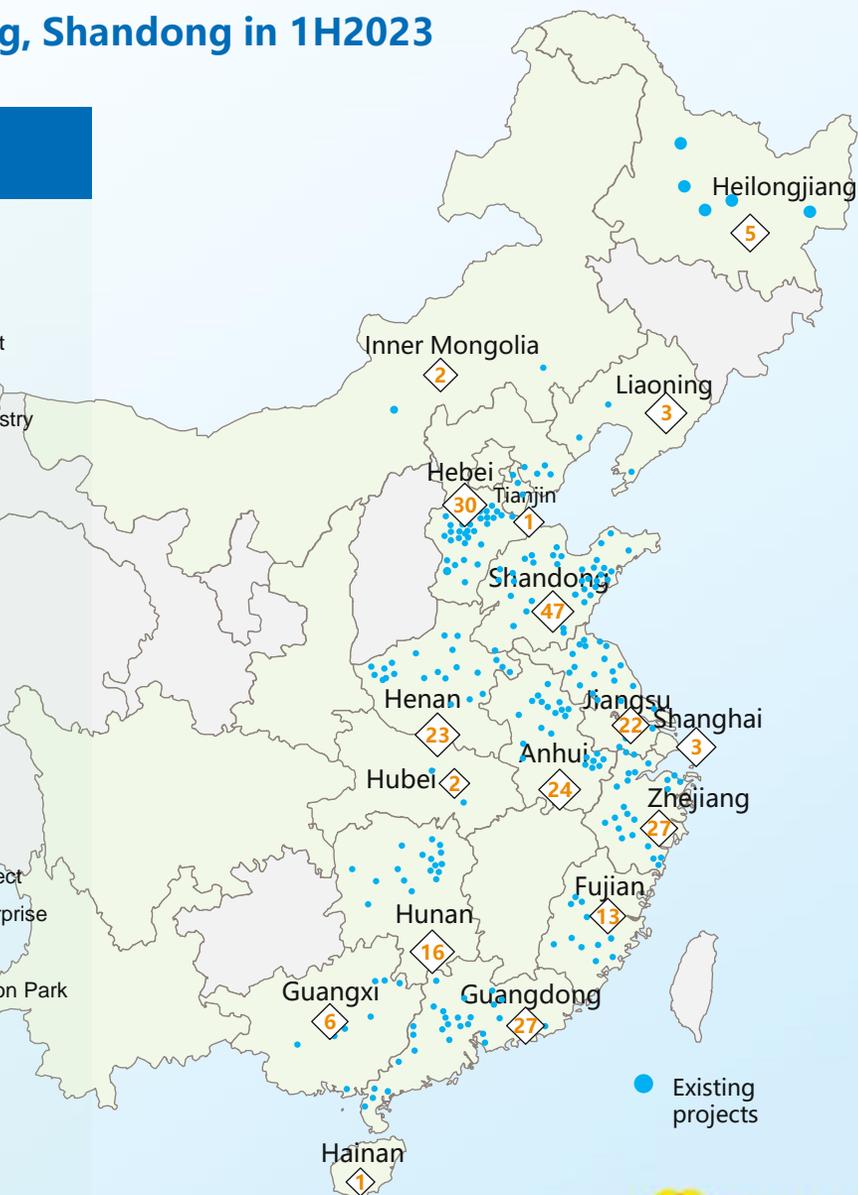
■ 42 new projects located in 17 provinces including Jiangsu, Zhejiang, Guangdong, Shandong in 1H2023

252 IE projects

Total Projects

New Projects

- | | |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. Guangdong Zhongya Aluminum Industry Energy Project | 22. Hebei Jing Jing Pharmaceutical Photovoltaic Project |
| 2. Jiangsu Yancheng Xiangshui Integrated Energy Project | 23. Jiangsu Zhunan Hexing Automotive Photovoltaic Project |
| 3. Hebei Shenbao Homeland Heating Project | 24. Zhejiang Pujiang Hangji Photovoltaic Project |
| 4. Shandong Liaocheng Haixinda Steel Pipe Project | 25. Liaoning Naludao Ruibosu Technology Photovoltaic Project |
| 5. Fujian Jinjiang Jiantao Integrated Energy Station Project | 26. Jiangsu Zhenda Steel Tube Photovoltaic Project |
| 6. Anhui Tiandingfeng Non-woven Fabric Project | 27. Guangdong Biqing New District Electronic Information Industry Park Project |
| 7. Anhui Chuzhou Anbang Juhe High-tech Project | 28. Jiangsu Doli Automotive Photovoltaic Project |
| 8. Hebei Runjiang Zhengding No.1 Courtyard Community Heating Project | 29. Jiangsu Huai'an Hexing Automotive Photovoltaic Project |
| 9. Shandong Huitong Steel Pipe Project | 30. Shandong Qingdao Xingfu Town Heating Project |
| 10. Shandong Qingdao Subway Cornerstone Heating Project | 31. Fujian Ningde Jiaocheng Times Project |
| 11. Henan Kelong Power Supply Material Project | 32. Shandong Qingdao Huahao Jinyu Heating Project |
| 12. Anmin Liwei Power Battery Project | 33. Shandong Liaocheng Huitong Steel Pipe Project |
| 13. Shandong Huayu International Project | 34. Zhejiang Haining Guangyao Thermal Electric Project |
| 14. Shandong Qingdao Hongshun Energy Project | 35. Hunan Pingxiang Yixin Energy Project |
| 15. Jiangsu Energy Development Integrated Energy Project | 36. Shandong Liaocheng Xinzhonghao Steel Pipe Project |
| 16. Jiangsu Xiangshui Donggong New Material Photovoltaic Project | 37. Jiangsu Zhongbo Integrated Energy Project |
| 17. Anhui Chizhou Guixing New Material Photovoltaic Project | 38. Zhejiang Nanxun Riguang Green Home Industry Park Project |
| 18. Jiangsu Hai'an Zhonghui Food Park Project | 39. Zhejiang Lanxi Smart Manufacturing Small and Micro Enterprise Park |
| 19. Hubei Jinzhuang Photovoltaic Project | 40. Zhejiang Wenzhou China Eye Valley Science and Innovation Park Project |
| 20. Anhui Xuancheng Kaisheng Photovoltaic Project | 41. Anhui Xuancheng Fanneng Diversified Micro-grid Project |
| 21. Hebei Jiumeizhai Food Photovoltaic Project | 42. Shandong Shenhao Steel Pipe Factory Project |

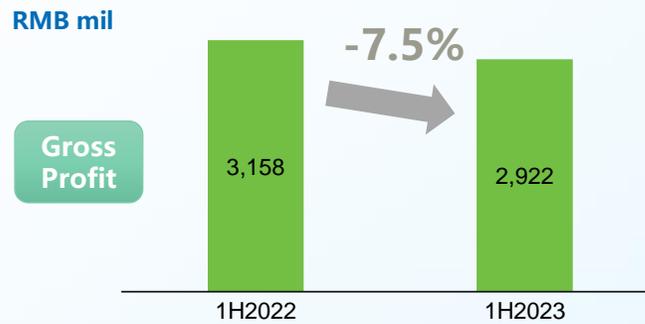
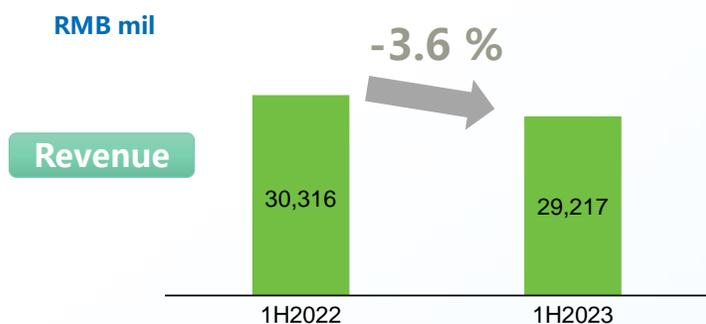


● Existing projects

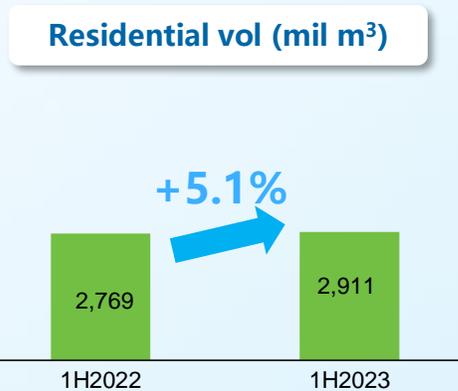
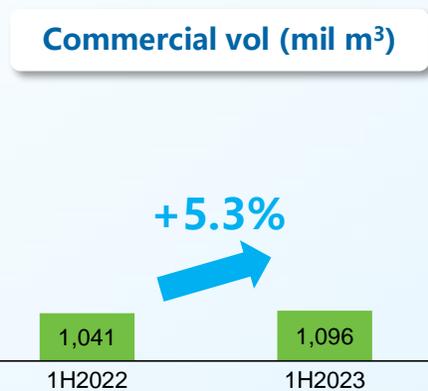
Natural Gas Business Performance

- Affected by the industrial gas volume, overall retail gas volume dropped by 6.9%
- Improve the dollar margin by continuously optimizing resource structure and cost pass-through

Financial Performance



Operational Performance



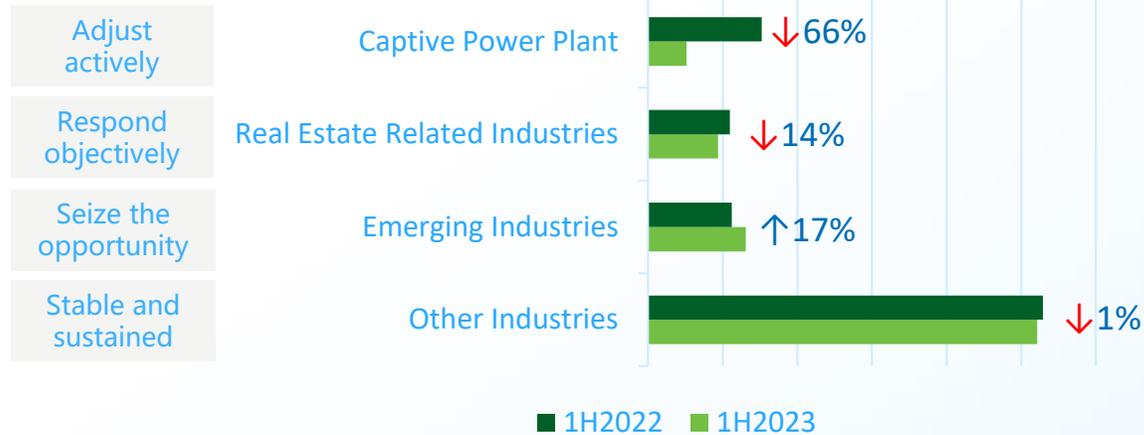
Changes in Dollar Margin

(RMB/m ³)	1H2023	FY2022	1H2022
Residential	3.25	3.24	3.23
C/I	3.64	3.65	3.52
Vehicle gas stations	4.92	5.16	5.20
ASP	3.57	3.59	3.49
Average cost	3.00	3.06	2.95
Dollar Margin (ex.VAT)	0.52	0.48	0.50

Natural Gas Business Analysis and Strategy

- The deep reasons for the decline in gas volumes are weaker-than-expected economic recovery and changes in customer operating patterns
- From operating business to operating customers, more value-oriented

Reasons for gas volume decline



The new stage of industrial development will create new opportunities

Industries are developing towards green, low-carbon and high-quality

- According to the change of resource situation, the gas volume of power plant regulation pool is released actively. The gas volume of owned power plant decreased
- Sluggish real estate market affects that the gas volume of building materials, ceramic, furniture and other industries declined
- There are transformation of old and new power sources and industrial upgrading, photovoltaic glass, intelligent equipment manufacturing and other emerging industries will increase gas consumption

Customer needs are gradually diversified and refined

- Lean management of gas cost
- Requirements of low-carbon and compliant production
- Upgrade gas consumption to electricity consumption, green energy and economic requirements gradually increase

Mode 1: Be the best professional buyer for customers (a glass customer in Anhui)

Large gas consumption, stable requirements and price sensitivity



Customer's daily production and operation

Mode 2: Be the most efficient energy steward for customers (an Electrical appliance manufacturing customers in Henan)

Transform from cognition of demand for natural gas to cognition of demand for energy



Mode 3: Be a helper in upgrading industrial parks (an intelligent manufacturing industrial park in Shandong)



Natural Gas Business —Ensure residents demand, Establish price linkage mechanism , Build a diverse and stable resource pool

- Residential natural gas sales prices have been adjusted in multiple regions, including Hunan, Inner Mongolia, Hebei, Guangdong, Fujian and Shandong
- Hubei and Anhui have explicitly established a linkage mechanism aligned with upstream natural gas prices, enabling smooth transmission along the natural gas value chain

Making all-out efforts to promote residential price adjustments and subsidy acquisition

In 1H2023, 15 companies completed residential price adjustments;



The gas sales of companies that have completed price adjustments accounted for 34% of the total gas sales to residents.



Accelerating the replacement of expired meters for residential customers

Improve the accuracy of meters, improve the income of resident users, and reduce the difference between the purchase and sale of natural gas



Flexible and diverse resource allocation in a prudent and reliable manner

01 Three Majors Oils

- ✓ Consolidate the basic market share, optimize annual contract signing, and increase future contract gas volume
- ✓ Dynamically adjust the supply structure and reduce costs with improved efficiency

02 Unconventional

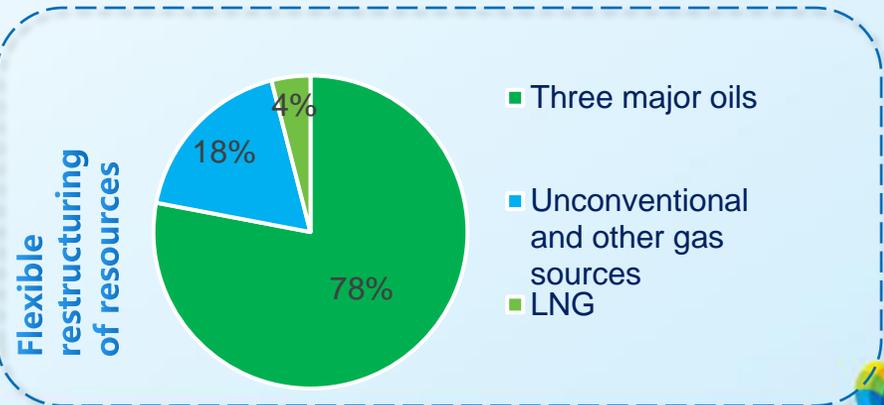
- ✓ Newly added resources cooperation including Kuntai Energy and Shaanxi Yanchang
- ✓ Obtain over **2 million m³/day** of unconventional resources

03 LNG

- ✓ Closely monitor the market and flexibly seize spot procurement opportunities;
- ✓ Complete long-term contract price review, lay out long-term resource reserves, and ensure supply stability;

04 Gas Storage

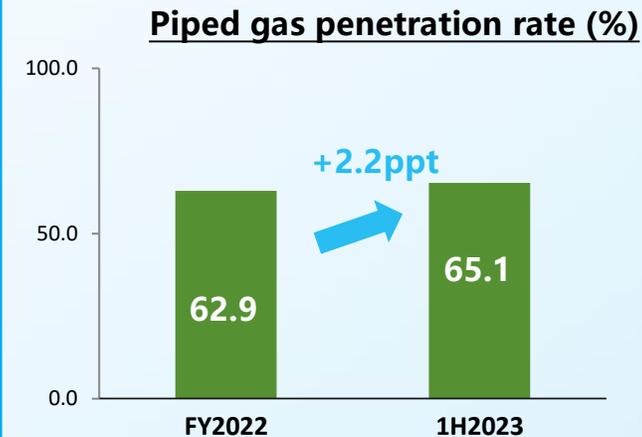
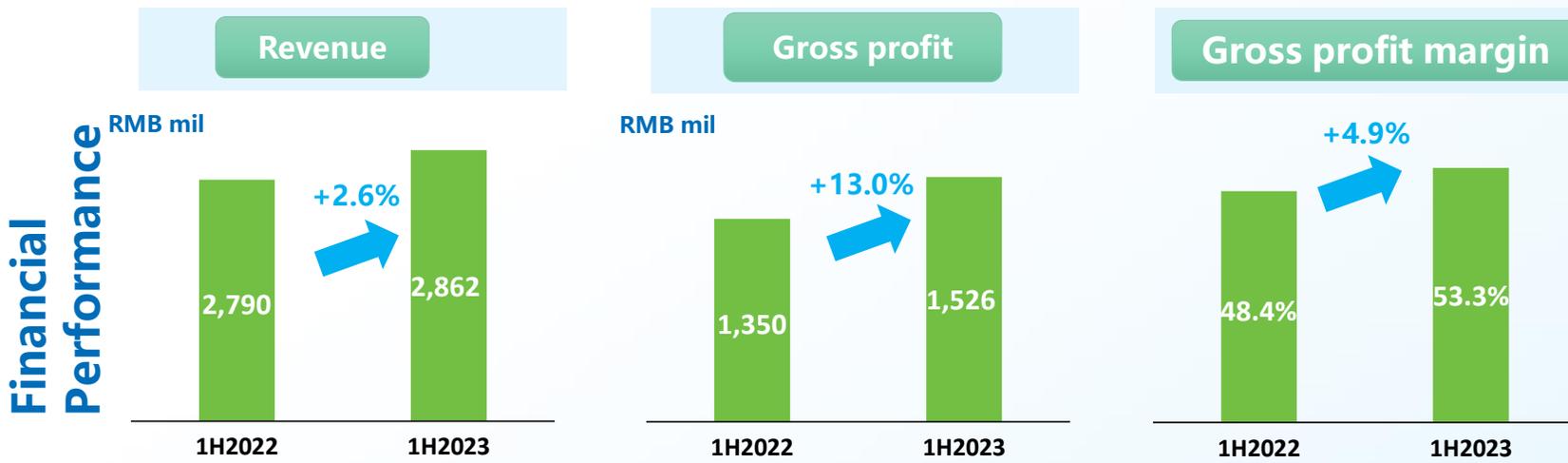
- ✓ Combine spot and contract sales + short and long term contracts, obtain **30 million m³** of gas storage capacity from the Wen-23 storage, and **1 million m³** from Anping transport and store field



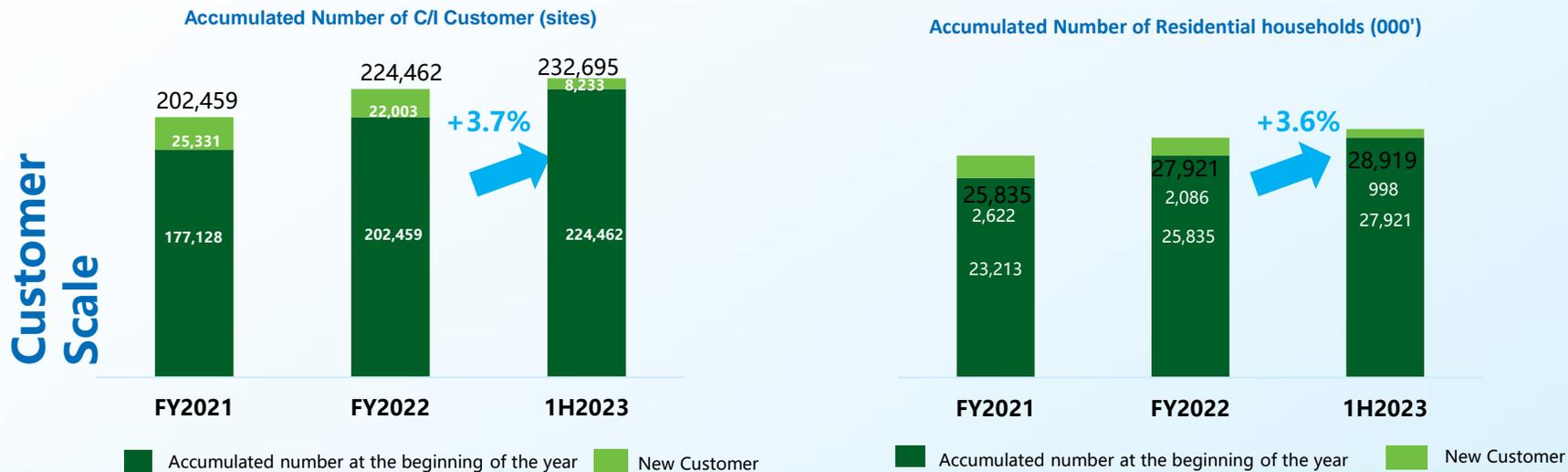
Natural Gas Business-New Customer Development

■ “Guaranteed delivery” Property Policy strongly support the development of connection and installation services

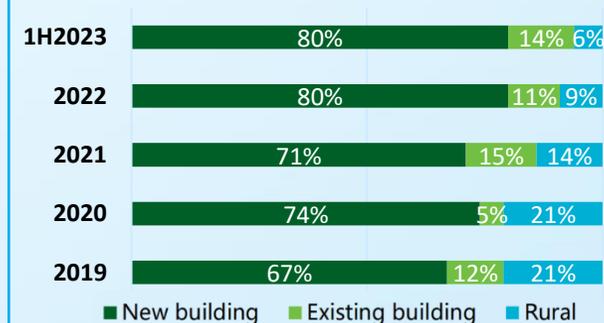
The level of urbanization is still in high-speed, and the gas penetration rate has great potential for improvement



Customers continue grow



New Residential Customers Breakdown

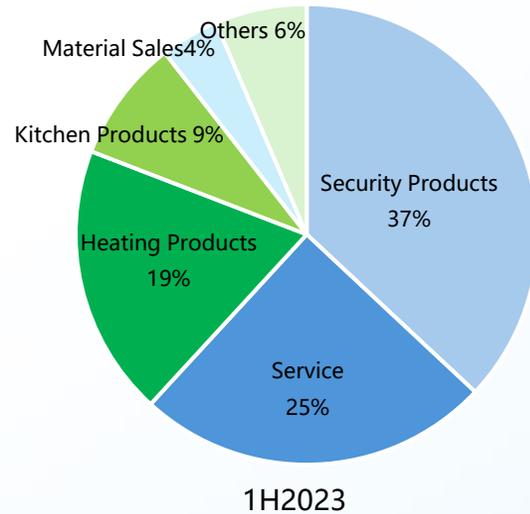


Value Added Business Performance

- Accelerate product promotion, establish quality lifestyle to enhance value creation per household and increase penetration rate

Operational Performance

Revenue Breakdown



Rising penetration rate

New customers

32.2%

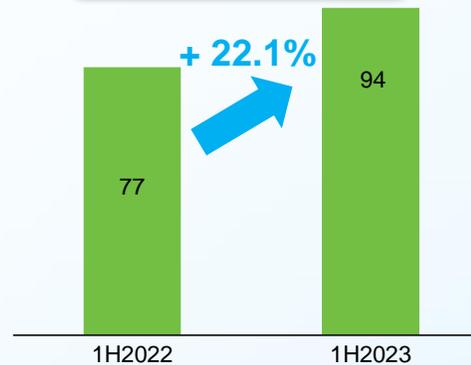
1H2022: 29.6%

Existing customers

11.2%

1H2022: 9.5%

Value Creation per Household (RMB)

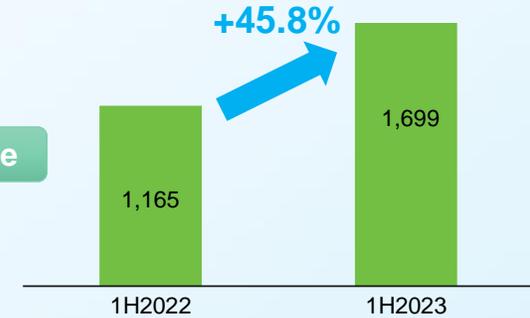


Financial Performance

Enriched VAB product portfolio and created key products

RMB mil

Revenue



Rapid growth of gross profit driven by enhanced profitability

RMB mil

Gross Profit



Safety Requirements Escalate, Quality Life Arrives, Business Opportunities Emerge

- Start from the safety, develop a standardised product and promote it from household to community, and throughout the country
- Create a systematic and innovative product design to realise the upgrade from sales to service provide

Pain Points and Changes in Demand

Starting from safety conservation, digital Intelligence enabled upgrades from products to services



Community
20,000+

- The renovation of old community has higher requirements for the environment
- Effective supply cannot meet the demand of software and hardware requirements
- Parking spaces and charging piles are difficult to obtain



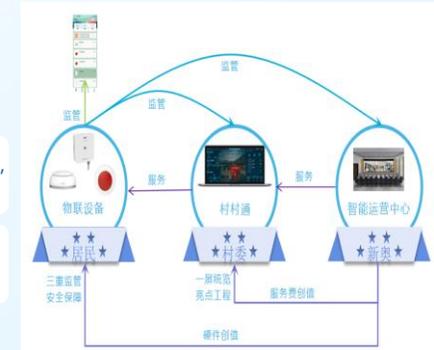
Household
28mil+

- Water, electricity and fire hazards are prominent, while the active safety of intelligent monitoring, early warning, and control is insufficient
- Intelligence has changed lifestyle and required better management of temperature, air and water quality, etc.

Promote the construction of smart communities and create safety solutions for community. With the safety monitoring platform, product sales and digital intelligence services are combined to achieve safety goals

- New Communities Construction**
- Old Communities Renovation**

- Intelligent community safety solutions, health stations, intelligent community energy utilisation solutions...
- Intelligent gas safety operation solutions, community intelligent parking solutions, health station...



10 intelligent safety communities

Provide intelligent products and services

- High-end** — Smart safety products, smart life products...
- Mid-end** — Security product upgrades, intelligent IoT services...
- Low-end** — Security products, kitchen products, service products...
- Rural** — Alarms, stoves, thermostats...



Digital intelligence service sales reached RMB 67.96mil

Innovative Business Model For Value added Business

- Increase interaction frequency through online channels, increase access opportunities through service operations, create scene-oriented service experience through the upgrade of business halls, precipitate data, iterate customer portraits, and achieve differentiated precision marketing

Business Hall
Community Network
Door-to-door Service
Online platform

Advantages

321 business hall with 50,000m²

Located in major cities to reach customers effectively

3,394 service stations

A nationwide service network covering customers

Official Account, WeChat, APP, Mini Programs

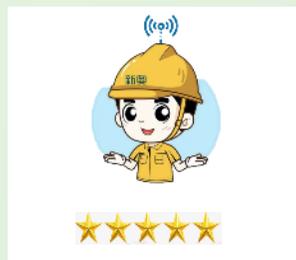
Combining online and offline customer and conduct operations conversion

Marketing



Establish a consistent corporate image

- Integration of expertise, sales and service



Customer Butler

- Basic customer service
- Data Collection
- Business Opportunity Referral
- Live online streaming



- Connecting Eco-Partners
- Accurate customer profiling
- Export products and services
- Precipitate best practices
- Enhance service capabilities
- Real-time value creation and sharing

Model

Upgrading of 3 offices completed in 1H2023

- Tailored to user scenarios → Bathroom, Kitchen, Balcony
- Multi-dimensional products for intelligent living → Quality kitchen, Environment, Smart home
- Specialised services to meet customised requirements → Design, installation, after-sales service

- ✓ Sink data and update customer profiles
- ✓ Gain customer trust and promote precision marketing



Upgrade the ecej.com platform to form a full-life cycle operation management system and enhance service convenience



Case



Lianyungang sales office upgrade boosts sales by RMB 2.3mil over 2H2022



Jiangsu•Dazhuang on safety

1.3 million replays and 10,000+ followers



Langfang captures more than 1,500 household service demands through online service operation, the total number of household check increased to 1,135 times

Content

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Stable Performance

(RMB mil)	1H2022	1H2023	Change
<u>Key Financial Data</u>			
Revenue	58,332	54,111	-7.2%
<i>Segment Revenue</i>			
<i>Retail gas sales</i>	30,316	29,217	-3.6%
<i>IE business</i>	5,365	6,988	+30.3%
<i>Value added business</i>	1,165	1,699	+45.8%
<i>Wholesale of gas</i>	18,696	13,345	-28.6%
<i>Construction & installaton</i>	2,790	2,862	+2.6%
Gross Profit	6,894	7,157	+3.8%
EBITDA [^]	7,401	7,398	0.0%
Profit attributable to Shareholders	3,105	3,333	+7.3%
Core Profit*	4,119	3,914	-5.0%
Core EPS (RMB)	3.65	3.47	-4.9%

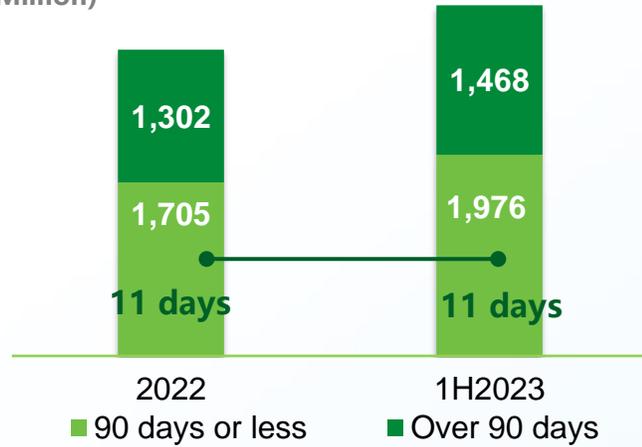
[^] EBITDA = Includes JCE, Asso but excludes one-time items

*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

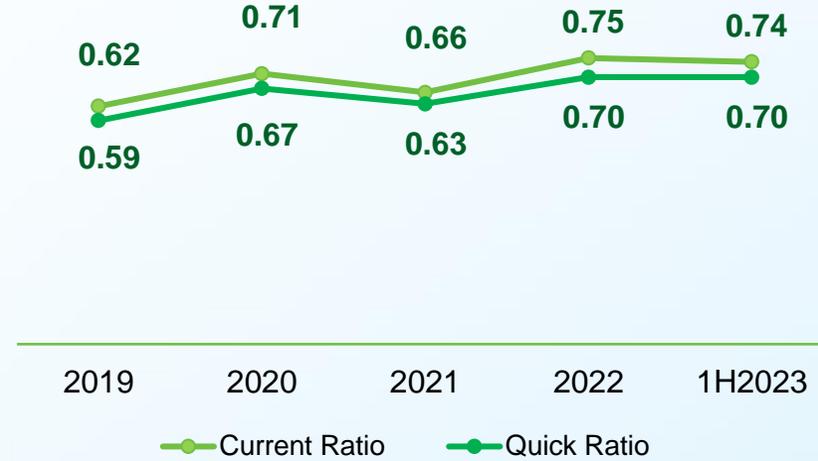
Excellent Financial Management

AR & Turnover Days

(RMB Million)



Current Ratio & Quick Ratio



Operating Cash Flow

(RMB Million)



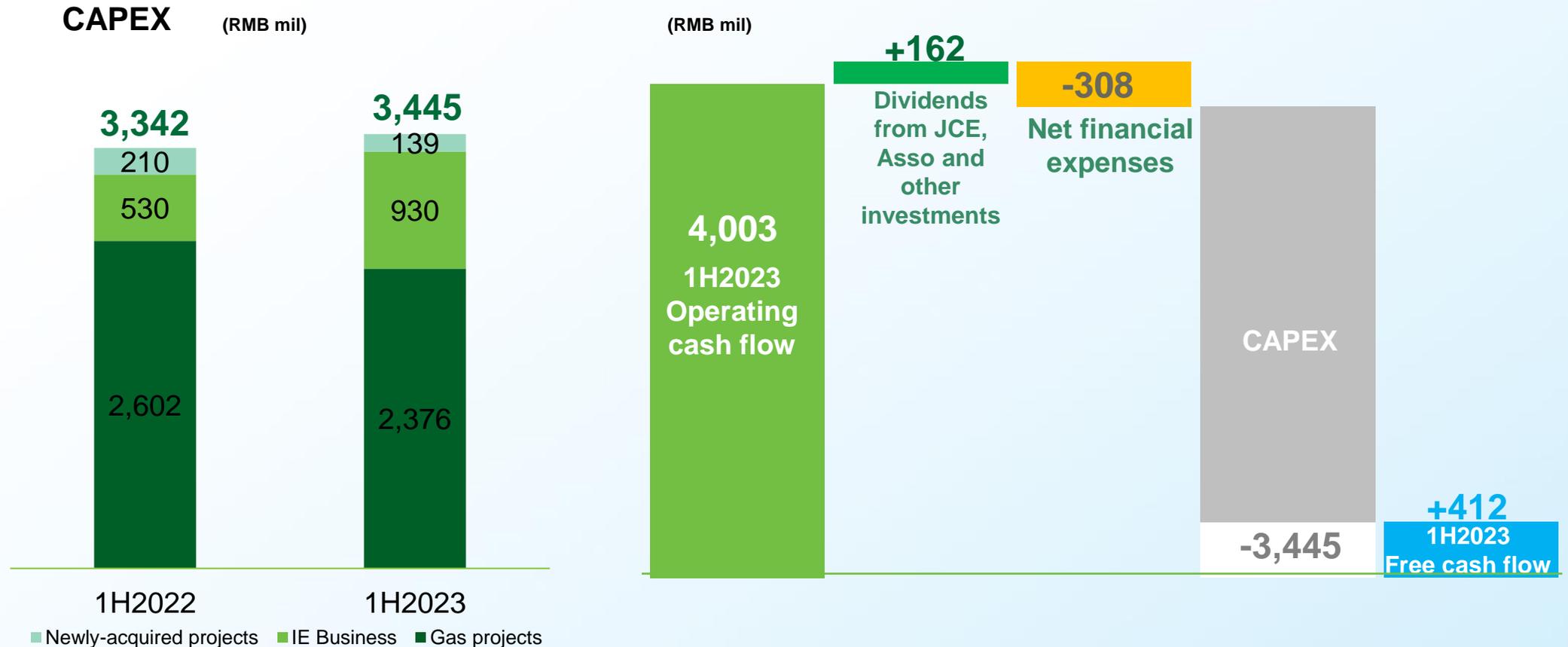
Net Gearing Ratio & Net Debt

(RMB Million)



CAPEX & Cash Flow Analysis

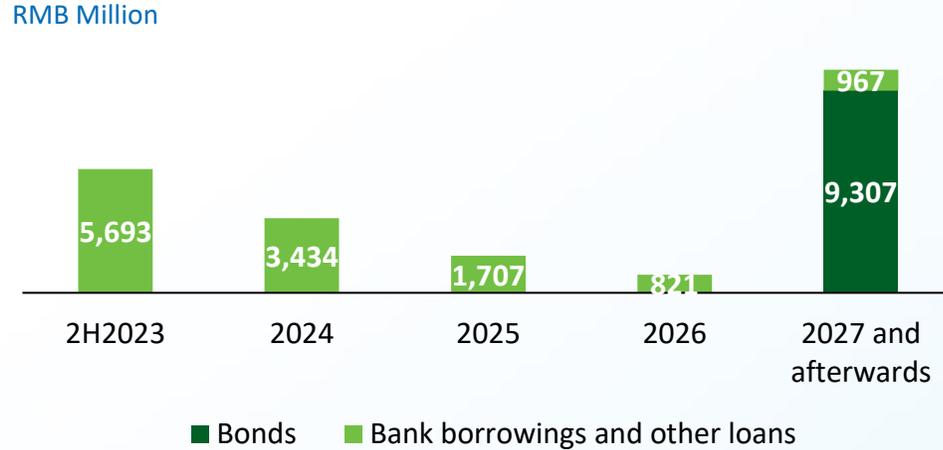
- CAPEX continued to grow steadily to ensure the safe and stable operation of natural gas business and supporting the development of new business.
- Steady growth of core businesses coupled with prudent financial management, continued to generate positive free cash flow



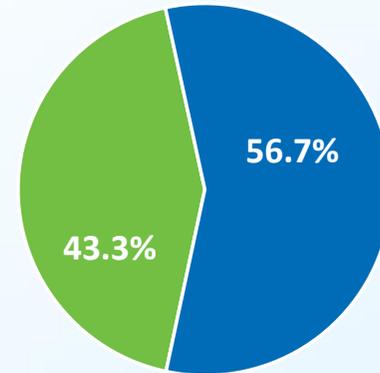
Ample Financial Resources and Liquidity

- Credit ratings from S&P, Moody's and Fitch: **BBB+**、**Baa1** and **BBB+**
- Average financing cost was **3.50%**. Low financing cost and ample financial resources ensure continuous business expansion

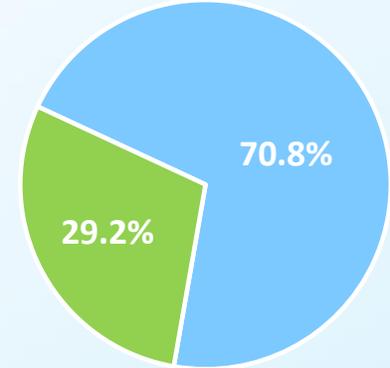
Loan Repayment Details



Debt Structure (by currency)



FX Risk Management – Long term USD debts

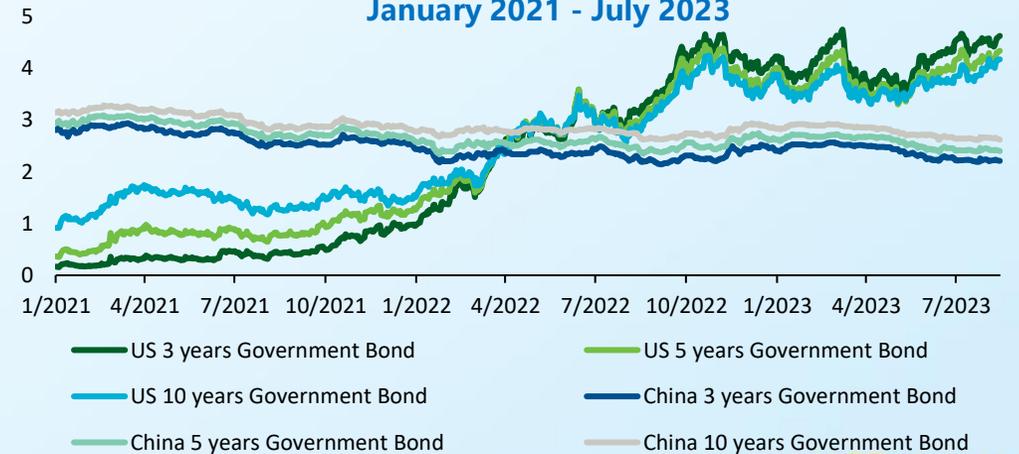


■ USD bonds and loans ■ RMB debts & loans ■ Unhedged ■ Hedged

Ample Financial Resources

RMB	Amount
Cash on hand	10.9 bil
Unutilised credit facilities	10.1 bil

China/US Treasury Bond Financing Cost January 2021 - July 2023



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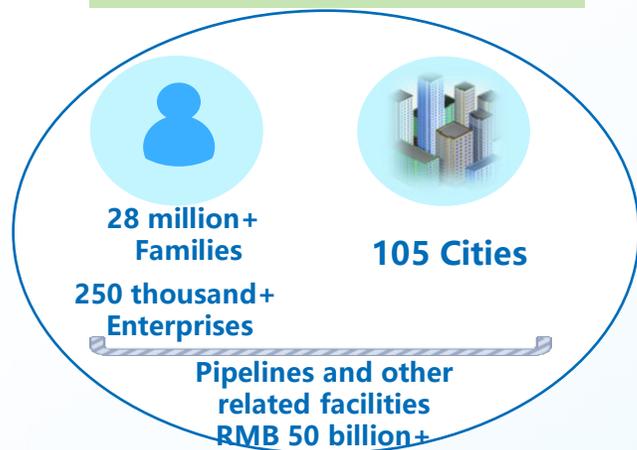


Seizing Megatrend for Great Development——Digital Intelligence Reconstructs ENN's Business Model Centered on Customer Demands

- Looking back, with three decades of accumulation and innovation, ENN has stabilized its fundamental business and achieved remarkable growth in new businesses.
- In the future, seizing the megatrend of low-carbonization, qualification and digitalisation, we will continue to innovate our business model, targeting leapfrog development and sustained success.



Our Achievements



Staff 30,000+ Service Network 2,000+ Customer service experience 30 years+

Past Three Years

Trend

- Economic growth has slowed during last 3 years
- Significant volatility in resource prices
- Adjustment of energy structure under dual carbon goals

What we did

- Maintained gas sales and strengthened fundamentals in natural gas business
- Achieved business innovation in exploring IE and VAB new business models
- Strengthened the digital intelligence safety

Business

Business performance

- Natural gas business stabilized, IE and VAB grew rapidly
- Recorded stable core profit with great cash flow and increased dividend payout

Outlook

Megatrend: low-carbonization, qualification and digitalisation

- **Dual-carbon goals** will drive the development of new power systems, new energy sectors, the natural gas industry reforms
- **Demand for a better life** will shift from basic supply to quality-oriented supply, presenting huge market opportunities
- **Digital and intelligent technology is acting as a catalyst for change**, driving the rapid evolution of intelligent technology and spurring innovative business models

Development: Starting from a customer-oriented approach, we aim to achieve leapfrog development of our business with digital intelligence by reconstructing natural gas, IE and value added business models

- **Strengthening fundamentals in natural gas business:** transitioning our focus from resource volume to resource value
- **IE business:** rapid implementation of IE micro-grid projects, evolving from gas distribution to energy services
- **Value added business:** provide solutions to families and communities to address the demand of quality living, aiming for quality service beyond simply selling gas
- **Digital Intelligence products,** realize a leap from providing energy to offering solutions with all our capacities

Capturing Growth Opportunities Amid Economic Recovery

- Strengthen fundamentals in gas business, expanding integrated energy, and elevating value-added business through lean operations and innovation

Opportunities and Challenges

Integrated Energy

- Policy:** NEA issued 7 major categories, totaling 16 new-energy-related policies in 1H2023, with continued emphasis expected in 2H2023
- Technology:** continuous innovation in areas like PV and energy storage is set to reduce per kWh electricity costs
- Demand:** growing customer interest in low-carbon, green and energy-saving solutions

Natural Gas

- Demand Side:** demand is anticipated to pick up due to the shift in economic conditions and the trend of natural gas price in China and internationally
- Resource Side:** with 7.6% growth in domestic gas in July, global natural gas supply and demand will maintain an overall equilibrium
- Policy Side:** NDRC is fostering a price linkage mechanism between upstream and downstream natural gas, furthering marketisation reforms; stricter safety regulations present opportunities for “bottle-to-pipe” transformation

Value-added Business

- Government is renovating old pipeline networks, responding to community demands for increased safety and comfort
- “On Measures to Promote Household Consumption” policy notice is driving an upgrade in demand for intelligent home solutions
- People are pursuing a better life, with preferences gearing towards the characteristics of quality, environmental consciousness and intelligent living

Business Strategies

- Develop **IE microgrid** projects covering “load, energy, network, storage” and other formats
- Delve into customer needs, offering green and low-carbon **diverse energy products** for gas consumers
- Capitalize on government energy-saving demands, focusing on **opportunities related to low-carbon building operations**

- Expand Customer Base: Capitalize on demand recovery and enhanced safety regulations to acquire new clients
- Retain Existing Customers: Utilize tiered management and offer customized packages
- Optimize Resources: Coordinate international and domestic resources, streamline the gas source structure, and reduce procurement costs

- Utilize intelligent platforms to innovate and integrate existing scenarios **for new intelligent home models**
- Upgrade and expand **intelligent products**, shifting the focus **from products to comprehensive services**
- Promote smart communities in both the renovation of existing neighborhoods and the establishment of new ones

2023 Guidance Update

	2023 Targets
IE business revenue	+>40%
Retail gas sales volume	Within -5% YoY
Dollar margin	RMB 0.51/m ³
New C/I development	20 mil m ³ /day
New residential development	1.8-2 mil
New project	50+
VAS gross profit	Approx. +30%
Core profit	Within -5% YoY

THANK YOU
谢谢!

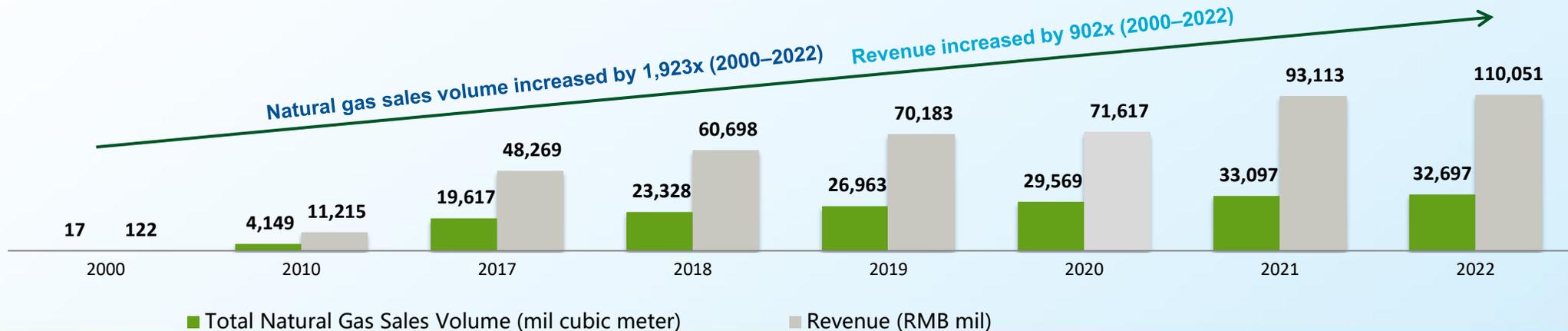
ENN—Empowering families with quality living and businesses with safe, efficient and low-carbon energy solutions in the digital city

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	Value Added 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, deeply strengthen emission reduction measures, and gradually improve methane ME management and self-reduction.
- 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

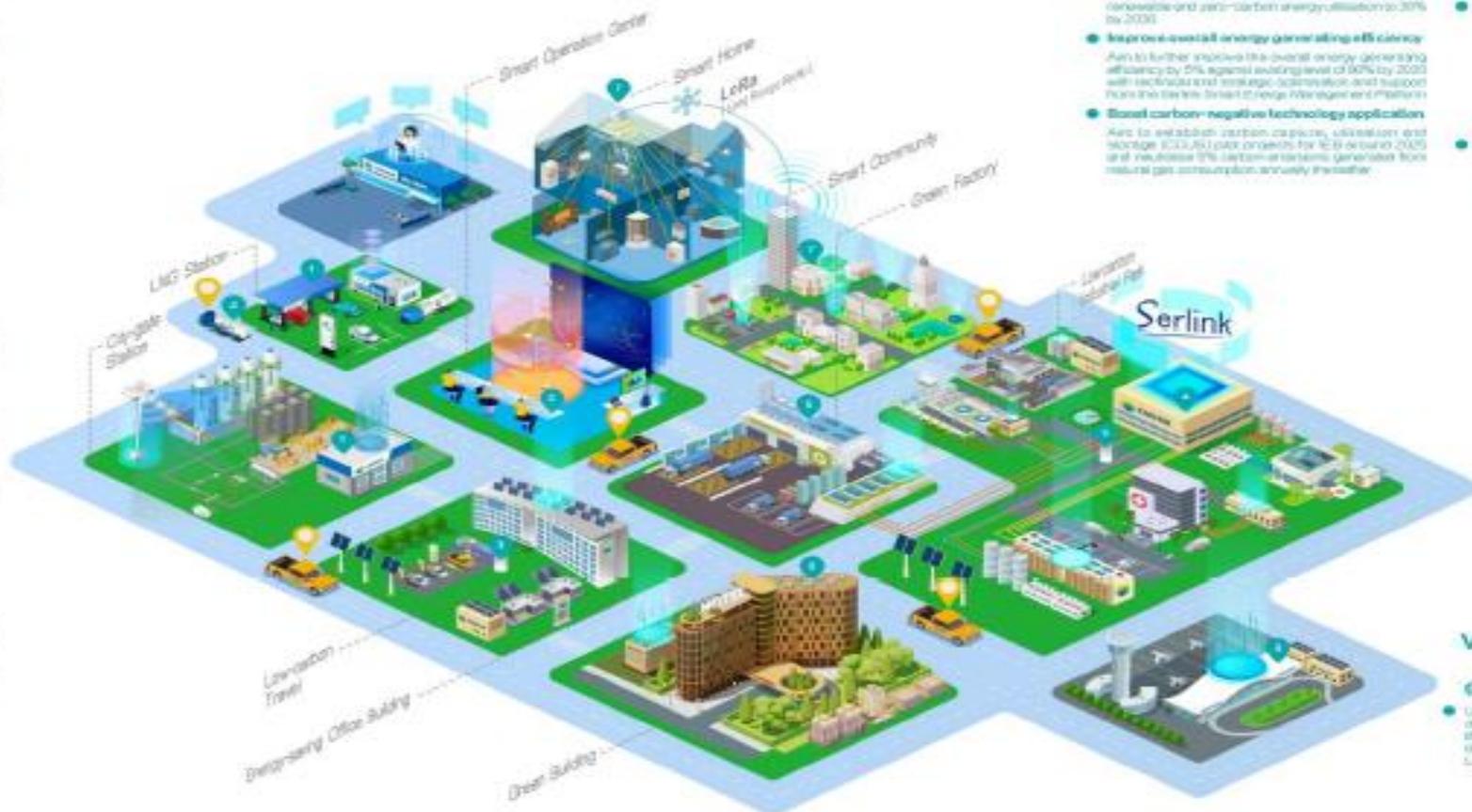
Aim to fully replace photovoltaic for self-owned office buildings, with solar power generation accounting for 5% of electricity consumption by 2025.

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 2025 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

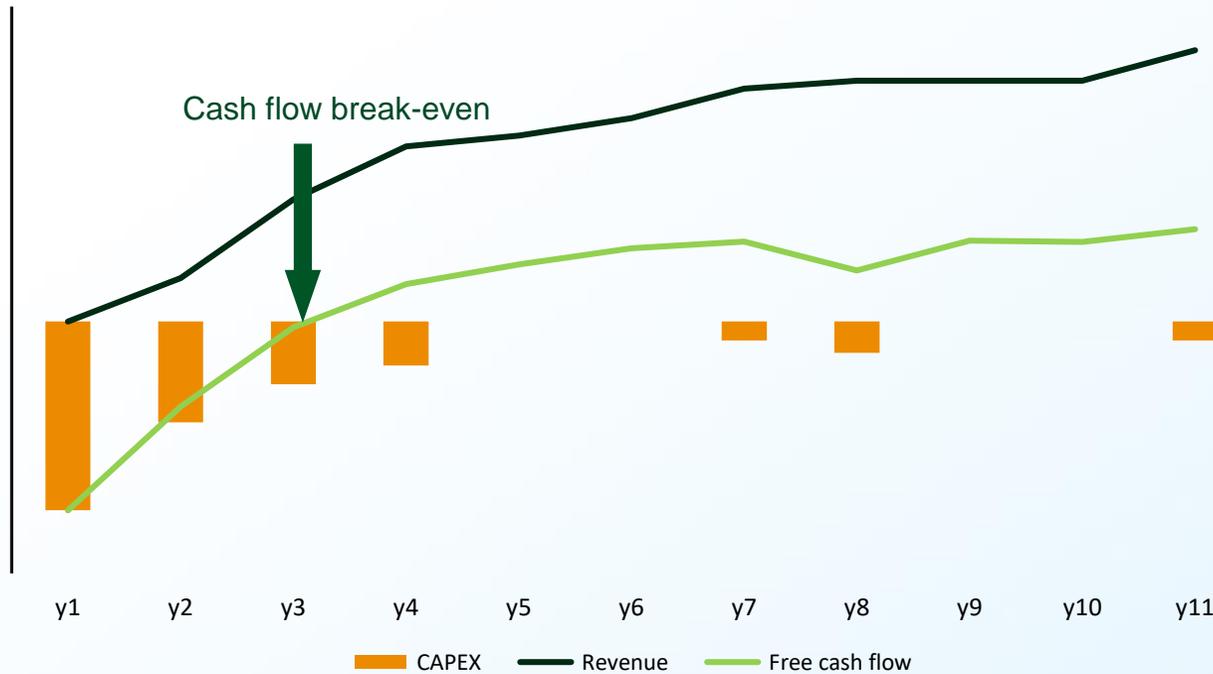
- Leveraging on our advanced technological know-how in integrated energy and experience of energy management for our green, we provide green buildings and services and build up energy-saving services for residential customers such as hospitals, hotels, schools, offices/buildings, etc.

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 IE Project - Cash Flow Projection



1. Stable & Recurring Income

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

2. Rapid Cash Flow Generation

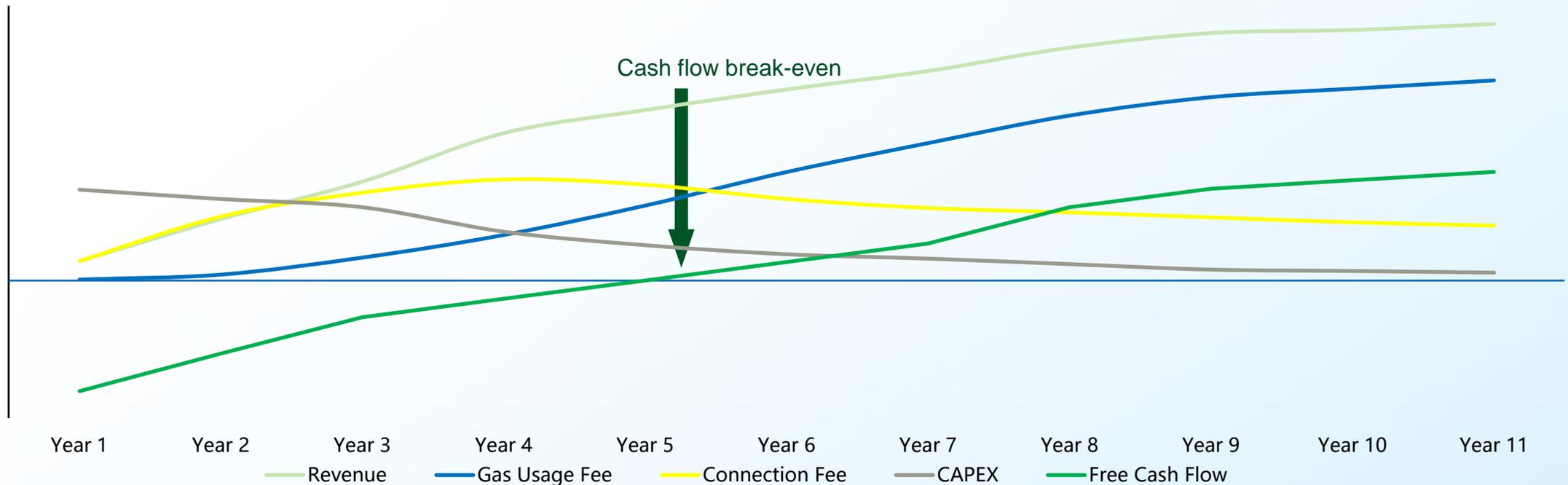
- Capex are invested by stages depending on the number of customers and their energy consumption scale
- Our projects are mostly industrial parks with existing customers, once the energy stations completed, energy sales can be generated
- Payback period: **7-8** years

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

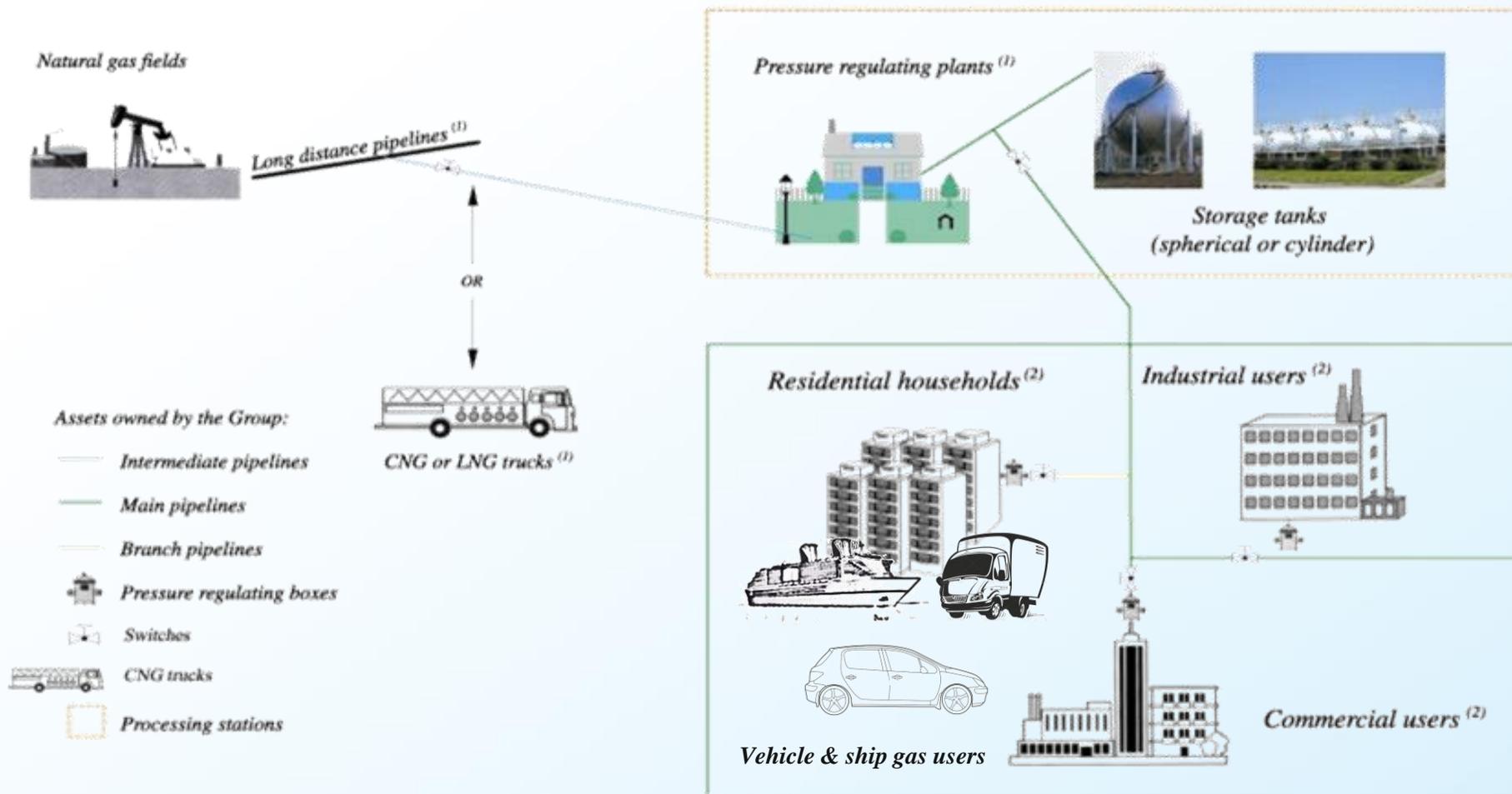
Simplified Model for a Typical City-gas Project

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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