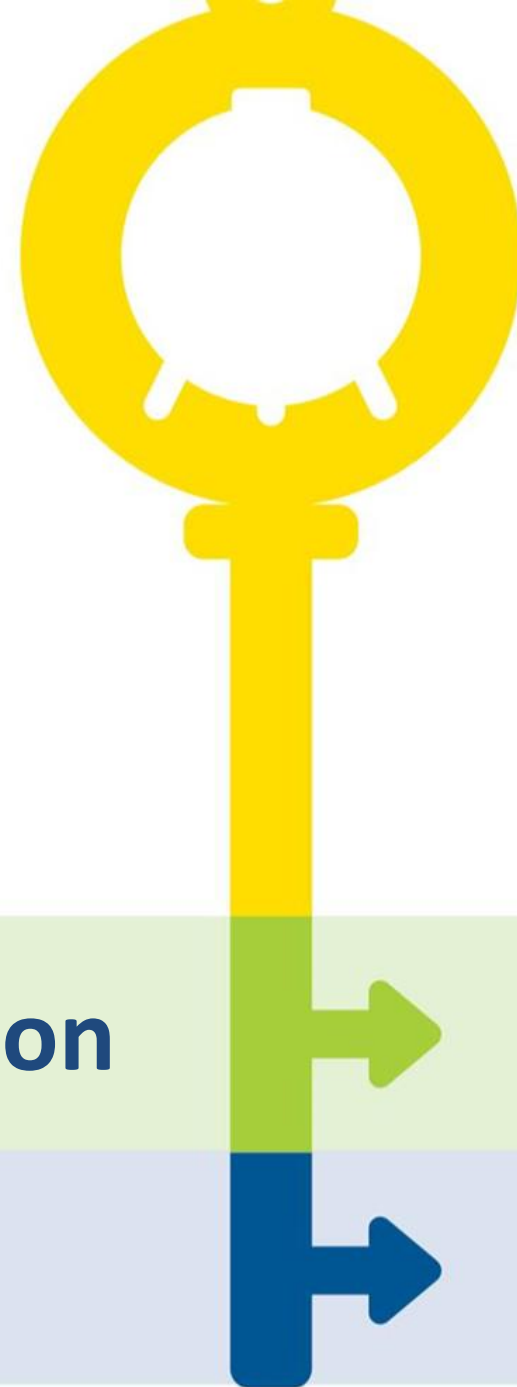




ENN 新奥

ENN Energy Holdings Limited

(Stock code: 2688)



Analyst/Investor Presentation

January 2016

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1. Investment Highlights

2. Operational Review

3. Financial Highlights

4. Appendix



➤ **Establish an Ecologically-balanced Society**

“The Opinion on Advancing the Establishment of Ecological Civilization” requires local governments to take stringent measures to improve the quality of air, water and soil.

➤ **Coal-to-gas Conversion**

“400,000 steam tonnes of obsolete coal-fired boilers should be phased out in 2018. The demand for natural gas for “coal-to-gas” projects will reach 112 billion m³ by 2020.”

➤ **Nation-wide Fuels Upgrade**

The State Council required nationwide application of National Standard V gasoline and diesel by January 2017, one year earlier than the previous plan of January 2018.

➤ **Higher Emission Standards for Ships**

“Threshold and Measurement of Emitted Pollutants from Vessel Engines (Phase I & II)” listed out the mandatory requirements for vessel emission standards.

➤ **Market Liberalisation**



Optimize Mature Businesses

- Deepen Gas Penetration (Residential Customers)
- Flexible Marketing Strategies (C/I Customers)
- Expand Operational Areas
- Push Forward the Use of Natural Gas as Transportation Fuel
- Implement “Excellent Management” Program to Enhance Operating Efficiency



Coal-fired



Gas-fired





Expand Emerging Businesses

Energy Trading Business: Grasp All Downstream Opportunity

- **LNG Distribution for Upstream Suppliers**
 1. Distribution of LNG imported by Sinopec and CNOOC
 2. Distribution to 90 Sinopec's vehicle gas stations
- **Online Natural Gas Trading Platform**
To provide seamless natural gas trading experience for our clients, from quotation, ordering, settlement to delivery, facilitating the expansion of energy trading business
- **Shanghai Petroleum and Natural Gas Exchange ("SHPGX")**
 1. 7% interest in SHPGX
 2. Benefit from the latest market information obtained and amplify our influence in the industry
- **LNG Import**
 1. Take advantage of low international spot price
 2. Leverage CNG/LNG fleet and advanced dispatch center for LNG distribution



Self-developed online natural gas trading platform



Shareholders of SHPGX



Able to dispatch 750 CNG/LNG trucks with one-time transporting capacity of 22.6mil m³



Expand Emerging Businesses (Cont'd)

Distributed Energy Projects: Multi-energy Supply to Gain More Market Shares

- Increase overall energy efficiency through cascade use of energy by combining cooling, heating and power
- 2 projects in operation with energy utilisation rate of over 80%
- Signed 3 new customers (Langfang Cloud Storage, Shandong Qingdao Wanda Boating Industrial Park and Hunan Liuyang Thermal Power) in 1H2015

Changsha Huanghua Airport



Yancheng Tinghu Hospital

Ship Refuelling Business: First-mover Advantage in the Industry

- More favorable government policies and industry regulations were launched in 1H2015
- A new LNG bunkering barge was put into operation, 3 bunkering stations in total
- Strategic cooperations with port authorities, shipping and logistic companies



New LNG Bunkering Barge in Xijiang, Guangxi



Explore New Business Opportunities

- Explore and develop electricity sales business in Kunming High Tech Zone in Yunnan and Zhaoqing New Zone in Guangdong as pilot projects
- Over 11.4mil connected residential households offer potential for the sales of gas appliances



- Provide vehicle customers with express repair services & maintenance, sales of spare parts and convenience store at our gas stations
- Strategic cooperation with Minsheng bank on LNG fuel system technology for vessels, LNG bunkering network build-up, information technology in shipping logistics, etc.



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Key Operational Data

	1H2015	1H2014	Change
Coverage & Gas Penetration Rates of PRC Projects			
Number of project cities	146	140	6
Connectable urban population coverage ('000)	65,625	61,645	6.5%
Connectable households coverage ('000)	21,875	20,548	6.5%
Piped gas (including natural gas) penetration rate (%)	52.1%	48.3%	3.8%
Accumulated Connection of Piped Gas			
Residential (households)	11,396,420	9,931,749	14.7%
C/I customers (sites)	52,310	43,156	9,154
Installed designed daily capacity for C/I customers (m ³)	54,468,771	46,581,062	16.9%
Connection of Piped Natural Gas			
Acc. connected / converted households	11,316,230	9,852,169	14.9%
Increase in the Period (ex. acq & conversion)	791,822	650,484	21.7%
Acc. connected / converted C/I customers (sites)	52,124	42,958	9,166
Increase in the Period (ex. acq & conversion)	4,621	4,115	506
Acc. connected / converted C/I customers (m ³)	54,413,984	46,524,925	17.0%
Increase in the Period (ex. acq & conversion)	4,225,616	4,653,800	-9.2%

Key Operational Data

	1H2015	1H2014 Change	
Gas Infrastructure			
Length of intermediate & main pipelines (km)	29,637	25,179	17.7%
Natural gas processing stations	155	141	14
Combined daily capacity of natural gas processing stations ('000 m ³)	80,005	59,298	34.9%
CNG refuelling stations	294	277	17
LNG refuelling stations	249	208	41
Gas Sales Volume			
Piped natural gas ('000 m ³)	4,261,949	3,969,354	7.4%
Vehicle natural gas ('000 m ³)	743,168	666,592	11.5%
Wholesale natural gas ('000 m ³)	521,760	364,599	43.1%
Total natural gas sales ('000 m³)	5,526,877	5,000,545	10.5%
Other piped gas ('000 m ³)	12,451	3,351	271.6%
Other vehicle gas ('000 m ³)	11,273	9,249	21.9%
Total gas sales ('000 m³)	5,550,601	5,013,145	10.7%

Natural Gas Pricing Reform

Shanghai Petroleum & Natural Gas Exchange

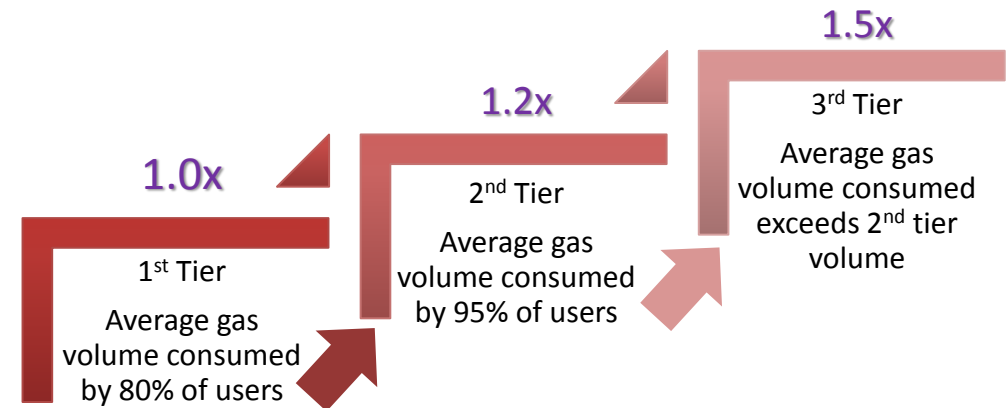
- Commenced trading on 1 July 2015
- The Group procured 939mil m³ of piped gas at 8% discount to corresponding city-gate price in 2015
- Aim at becoming the pricing hub in China and Asia

Latest non-residential gas tariff cut

- Effective from 20 November 2015
- City-gate price **-0.70/m³**
- New city-gate price became benchmark-based with no floor, the 20% ceiling will be effective from 20 November 2016. Upstream suppliers and downstream buyers can negotiate a final gas purchasing price.
- 51 out of 82 affected projects completed pass through by the end of 2015

Residential gas tariff

- NDRC proposed to establish tier pricing mechanism for residential gas usage in all city with piped-gas supply
- 32 projects already set up tier pricing mechanism by the end of 2015. Other projects are in preparation for public hearing.





New Projects Development

4 New Projects located in 4 provinces were acquired

Total 146 Projects spanning across 17 provinces, autonomous regions and municipalities

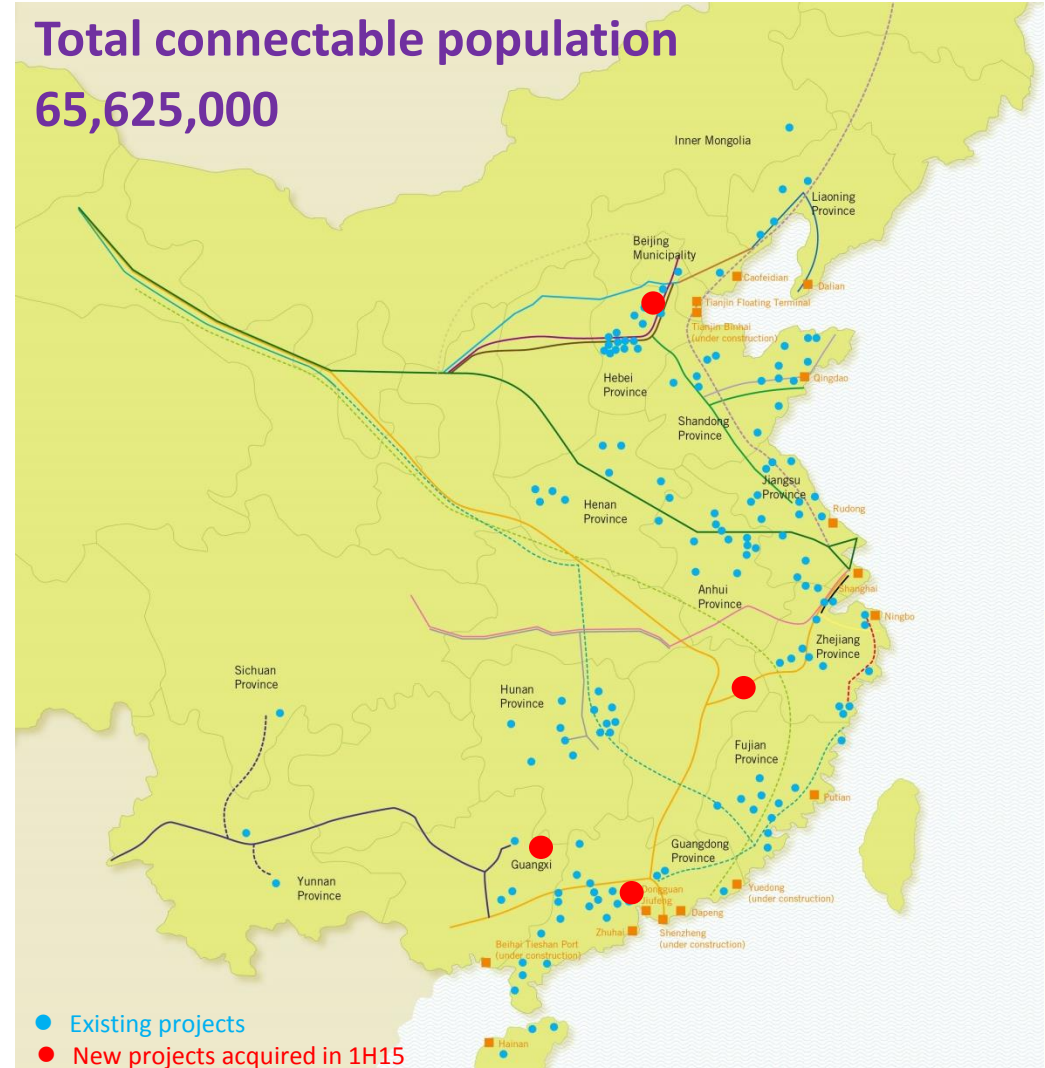
Province	Project	Connectable Population
Guangdong	Dongguan Dongkeng Town (東莞東坑鎮)	100,000
Guangxi	Wuzhou Imported Renewable Resources Processing Park (梧州進口再生資源加工園區)	NA
Hebei	Qingyuan County Western Industrial Zone B (清苑縣西部工業區B區)	NA
Jiangxi	Shangrao Economic Development Zone (上饒經濟開發區)	150,000

Additional coverage: 250,000

8 New Concessions managed by existing project companies

Province	Project
Anhui	Chaohu Miaogang County (巢湖廟崗鄉)
	Chaohu Langanji Town (巢湖欄杆集鎮)
	Chaohu Suwan Town (巢湖蘇灣鎮)
	Chaohu Zhegao Town Industrial Zone (巢湖柘皋鎮工業集中區)
Jiangsu	Jianhu County Jiulongkou Town (建湖縣九龍口鎮)
	Jianhu County Yanhe Town (建湖縣沿河鎮)
	Huai'an Qingpu District Heping Town (淮安青浦區和平鎮)
	Huai'an Qingpu District Wudun Town (淮安青浦區武墩鎮)

Total connectable population
65,625,000



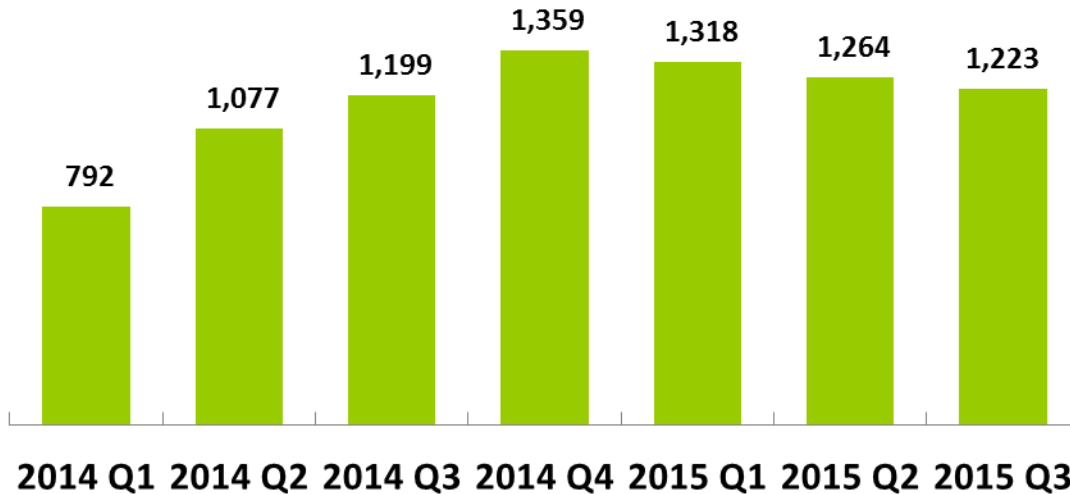
New Projects Development

Project	Dongguan Dongkeng Town (東莞東坑鎮)	Wuzhou Imported Renewable Resources Processing Park (梧州進口再生資源加工園區)	Qingyuan County Western Industrial Zone B (清苑縣西部工業區B區)	Shangrao Economic Development Zone (上饒經濟開發區)
Province	Guangdong	Guangxi	Hebei	Jiangxi
Connectable Population	100,000	NA	NA	150,000
Stakeholding	80%	49%	49%	90%
Operational Location	Administrative Region	Industrial Park	Industrial Park	Industrial Park
Registered Capital	RMB5 mil	RMB40 mil	RMB10 mil	RMB10 mil
Estimated Connection Fees & Gas Tariff				
- Residential (RMB/household)	2,928	NA	NA	2,800-3,000
- C/I customer (RMB/m3/day)	TBC	TBC	TBC	500
Gas sales price (RMB/m3)	3.60 (Res) / 5.00 (C/I)	4.50 (C/I)	3.95 (C/I)	3.85 (Res) / 3.90-5.10 (C/I)
Gas Source	West-to-East Pipeline II	LNG, West-to-East Pipeline II	Shaanxi-Beijing Pipeline II & III	West-to-East Pipeline II
Major Industry	Electronics, hardware, garment and toy industries	Non-ferrous metal and processing of renewable resources industries	Automobile components production, new hardware materials, food and beer industries	Non-ferrous metals, automobile manufacturing, photovoltaic, and pharmaceuticals manufacturing industries



North America Refuelling Business

Gas Sales Volume ('000 DGE)



DGE = Diesel gallon equivalent

- **US LNG excise tax was reduced by 41% effective from 1 Jan 2016**
- **US Congress approved to extend the 0.50/DGE tax rebate for selling LNG retroactive for 2015 and for all of 2016**
- **Share tax rebate with potential customers to create more incentive to switch under low oil price environment**

Payback calculation for LNG trucks

Average diesel price ¹ (USD/gallon)	2.5
Average LNG price ² (USD/DGE)	2.3
Spread (USD/DGE)	0.2
Additional saving with tax rebate	0.7
Average miles travelled (miles/year)	100,000
LNG consumption (DGE/year)	18,000
Savings (USD/year)	12,600
Incremental cost for adopting LNG truck (USD)	30,000
Payback (years)	2.4

Notes: 1. Diesel price in U.S. West Coast on 4 Jan 2016 released on EIA
 2. Average LNG price at the pump at ENN US stations in Jan 2016

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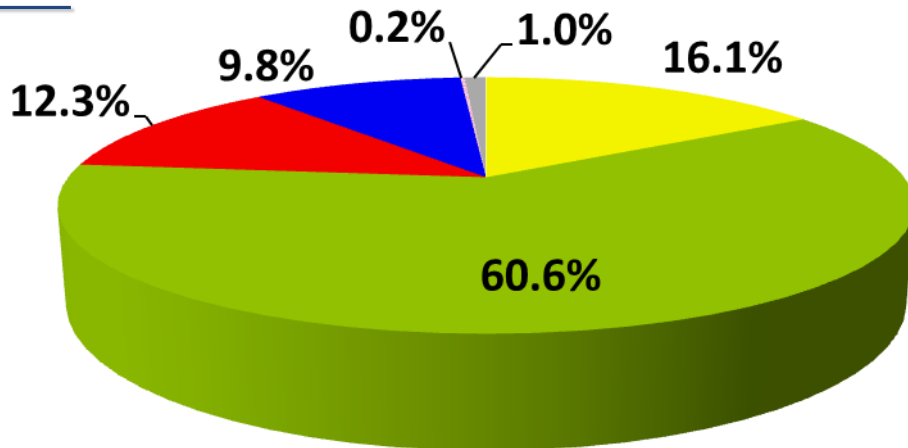


Financial Highlights

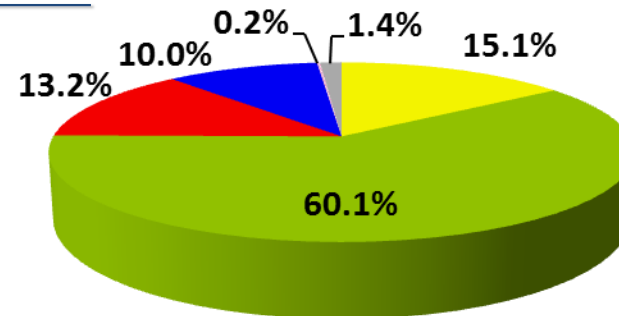
(RMB million)	1H2015	1H2014	Change
Revenue	15,887	14,351	10.7%
Gross Profit	3,243	2,938	10.4%
EBITDA	3,086	2,668	15.7%
EBIT	2,555	2,255	13.3%
Profit attributable to owners of the Company	1,227	1,214	1.0%
EPS - Basic (RMB)	1.13	1.12	1.0%

Revenue Breakdown

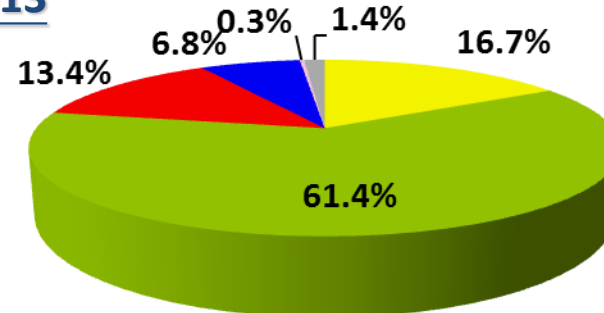
1H2015



2014



2013



Core Operating Segments	1H2015 (RMB mil)	1H2014 (RMB mil)	Change
Gas connection	2,557	2,122	20.5%
Sales of piped gas	9,625	9,070	6.1%
Vehicle gas refuelling stations	1,959	1,810	8.2%
Wholesale of gas	1,553	1,139	36.3%

- Revenue attributable to gas sales accounted for 82.7%, ensuring the Group a long term and recurring revenue structure

- Gas connection
- Sales of piped gas
- Vehicle gas refuelling stations
- Wholesale of gas
- ▨ Sales of other energy (Distribution of bottled LPG)
- Others (Sales of gas appliances and materials)

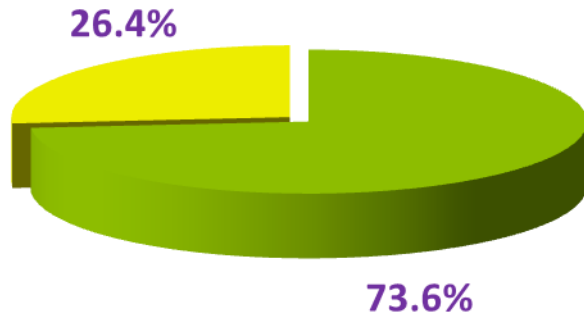


High-Quality Customer Mix (By Revenue)

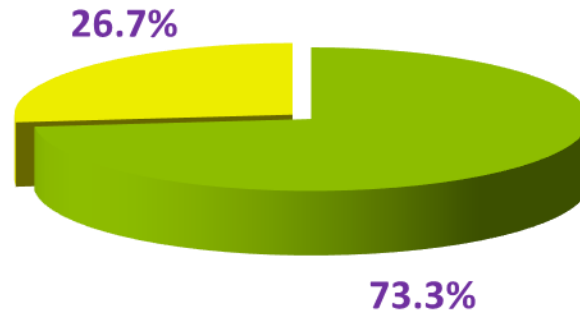
- Residential customers
- Commercial / Industrial "C/I" customers
- Vehicle gas refuelling stations
- Wholesale of gas

1H2015

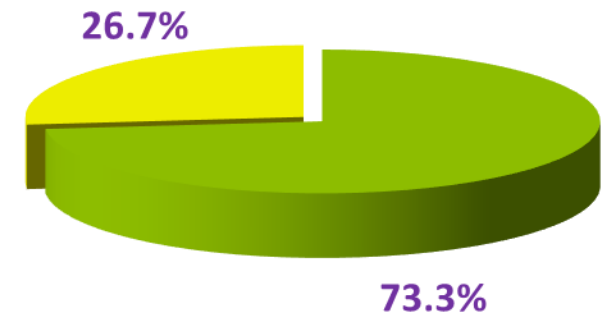
Gas connection



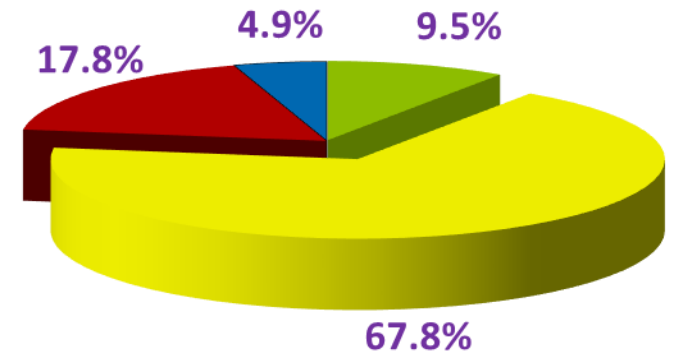
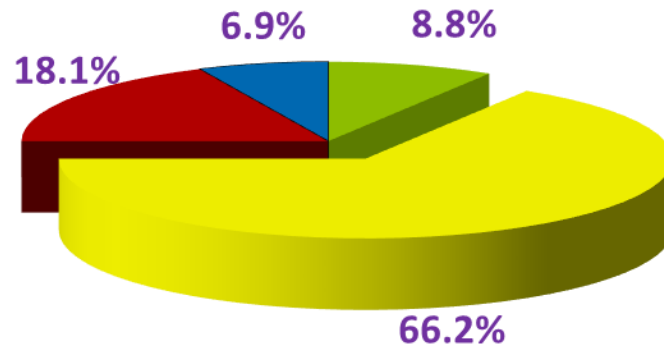
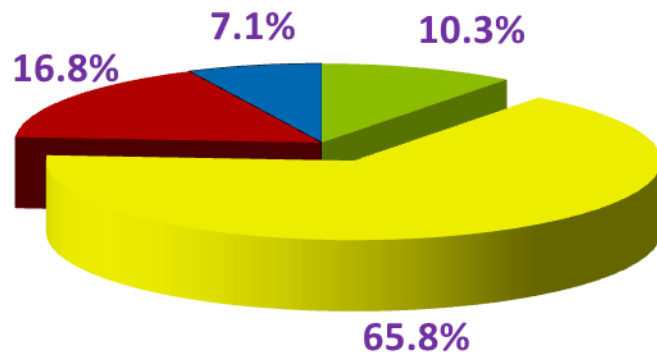
2014



2013



Gas sales





Margin Analysis

Gross profit margin

20.4% (1H2014: 20.5%)

Net profit margin

9.8% (1H2014: 10.7%)

Margins analysis

Gross profit margin:

- Stripping out impact from North America refuelling business, gross profit margin in 1H2015 was 20.6%, remained stable compared with the same period of last year

Net profit margin:

- Stripping out impact from CB, net profit margin in 1H2015 was 10.5% compared with 10.3% in 1H2014, increased by 0.2ppt
- Higher operating efficiency offset the increase in finance cost due to the US\$400 million 5-year bond issued in 2H2014 and the loss from North America refuelling business

Financial Resources and Liquidity

(RMB billion)	<u>At 30 Jun 2015</u>	<u>At 31 Dec 2014</u>	<u>Change</u>
Cash on hand	6.33	10.62	-40.4%
A/R Days	16	15	1
Total Debts	14.26	14.50	-1.7%
- Short-term loans	1.50	1.53	-2.0%
- Long-term loans	2.35	2.67	-12.0%
- 10-year bonds	4.52	4.52	-
- Convertible bonds	3.47	3.36	3.3%
- 5-year bonds	2.42	2.42	-
Net Gearing Ratio	56.6%	27.5%	29.1ppt
ROE ¹	21.0%	20.8%	0.2%

1. Stripping out impact from the fair value change of CB

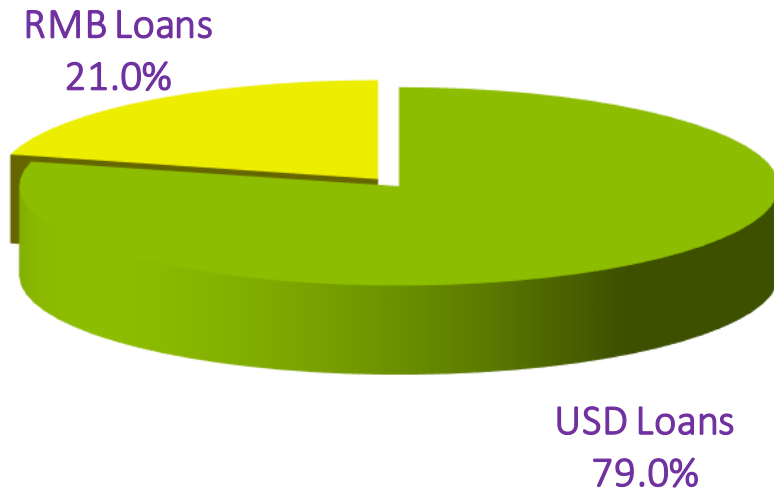
**Maintained
investment-grade
credit ratings**

Rating agency	S&P	Moody's	Fitch
Credit Rating	BBB (Stable)	Baa3 (Positive)	BBB (Stable)

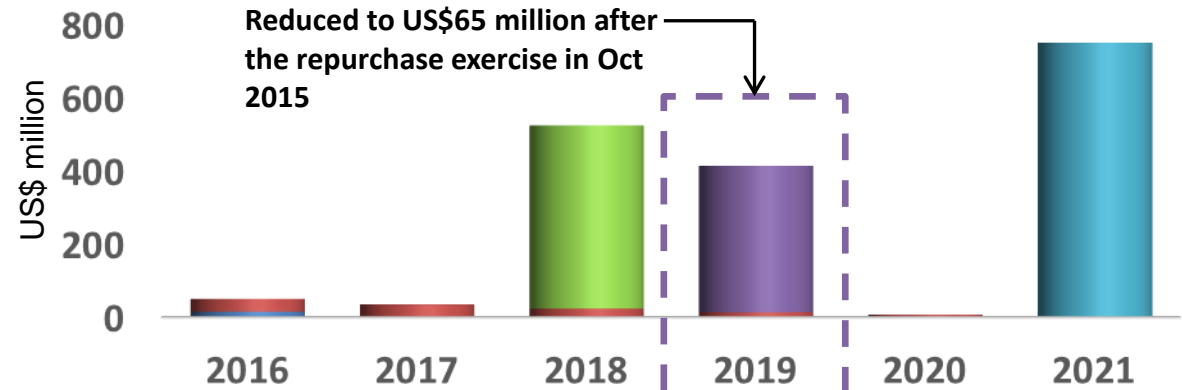
Refinancing Plan

As of 30 Jun 2015 (RMB billion)		Refinancing Plan
Total Debt	14.26	
Short-term loans: Subsidiary level loans	1.50	<ul style="list-style-type: none"> We have RMB6.33 billion cash on hand, which is enough to refinance the short-term loans
Long-term loans	2.35	<ul style="list-style-type: none"> 5-year medium term notes which will be expired in 2017 at 5.55% per annum 7-year corporate bond which will be expired in 2018, at 6.45% per annum 15-year loan from China Development Bank which will be expired in 2020, at PBOC rate 7-year long term loans from IFC which will be expired in 2020 at LIBOR + 2.75% per annum
5-year bonds	2.42	<ul style="list-style-type: none"> Due in 2019, fixed coupon 3.25%
10-year bonds	4.52	<ul style="list-style-type: none"> Due in 2021, fixed coupon 6.0%
Convertible bonds	3.47	<ul style="list-style-type: none"> Due in 2018, zero coupon Bondholders can convert their bonds into new shares anytime until 16 Feb 2018, conversion price is HK\$48.62/share Assuming full conversion, approximately 80 million shares will be issued, representing around 6.9% of the enlarged issued share capital

Debt Structure

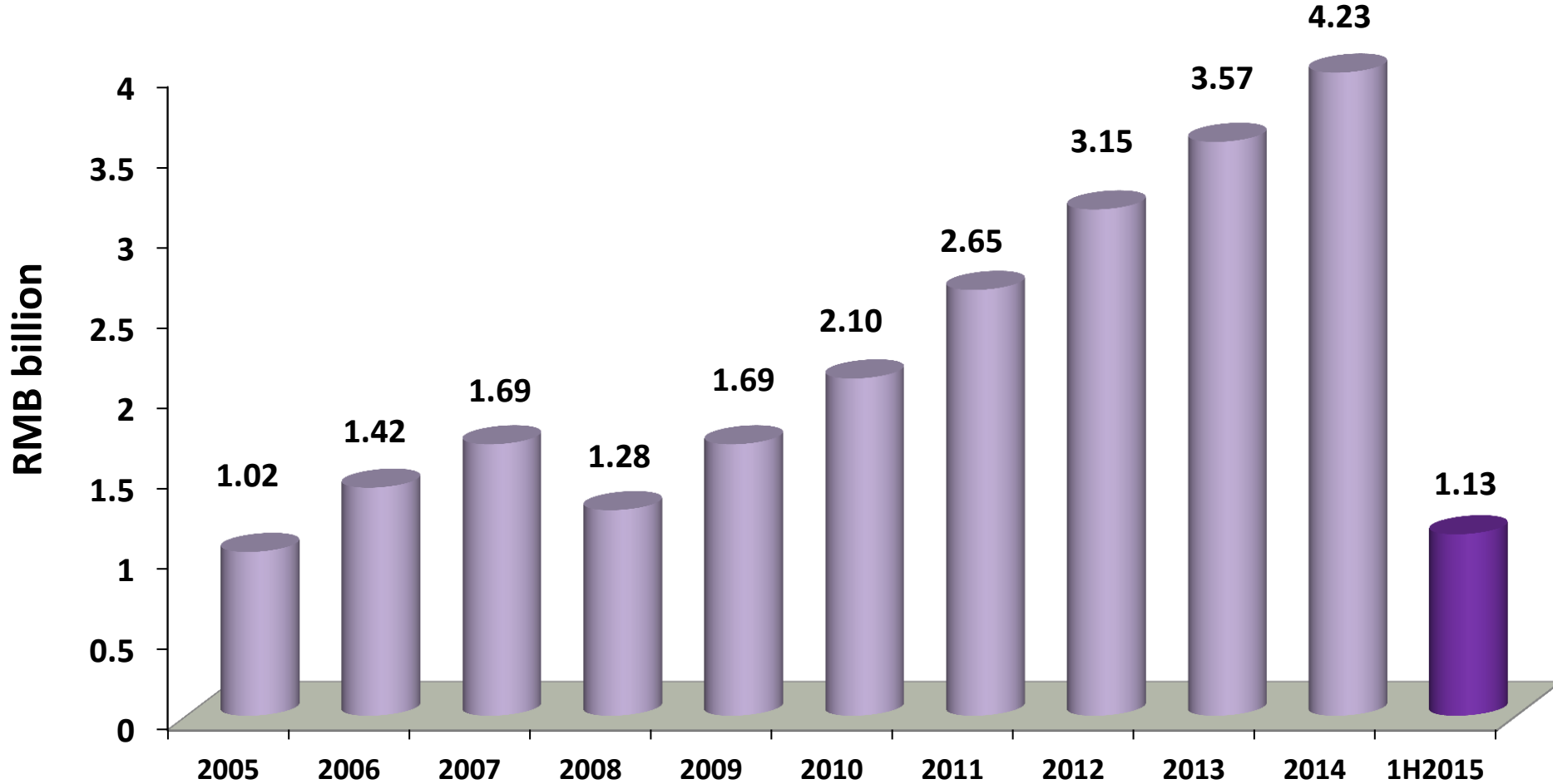


Offshore Debt Maturity Date



- US\$750 million 10-year bond due in 2021
- US\$400 million 5-year bond due in 2019
- US\$500 million convertible bond due in 2018
- IFC loan (US\$131 million)
- Bank loan (US\$15 million)

➤ After the repurchase of US\$400 million bond, remaining US\$ debt amounted to US\$1,461 million, representing around 64% of total debt.



- Capex incurred during the period excluded the RMB4 billion investment in Sinopec Marketing
- The Group was free cash flow break-even in 1H2015 (1H2014: RMB202 million positive free cash flow)

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Latest Benchmark City-gate Price

Province	From 1 April 2015	From 20 November 2015 onward
<i>Unit: RMB (RMB/m³ Incl. 13% VAT)</i>		
Beijing	2.70	2.00
Tianjin	2.70	2.00
Hebei	2.68	1.98
Shanxi	2.61	1.91
Inner Mongolia	2.04	1.34
Liaoning	2.68	1.98
Jiling	2.46	1.76
Heilongjiang	2.46	1.76
Shanghai	2.88	2.18
Jiangsu	2.86	2.16
Zhejiang	2.87	2.17
Anhui	2.79	2.09
Jiangxi	2.66	1.96
Shandong	2.68	1.98

Province	From 1 April 2015	From 20 November 2015 onward
Henan	2.71	2.01
Hubei	2.66	1.96
Hunan	2.66	1.96
Guangdong	2.88	2.18
Guangxi	2.71	2.01
Hainan	2.34	1.64
Chongqing	2.34	1.64
Sichuan	2.35	1.65
Guizhou	2.41	1.71
Yunnan	2.41	1.71
Shaanxi	2.04	1.34
Gansu	2.13	1.43
Ningxia	2.21	1.51
Qinhai	1.97	1.27
Xinjiang	1.85	1.15

Source: NDRC



Economics of Natural Gas as Transportation Fuels

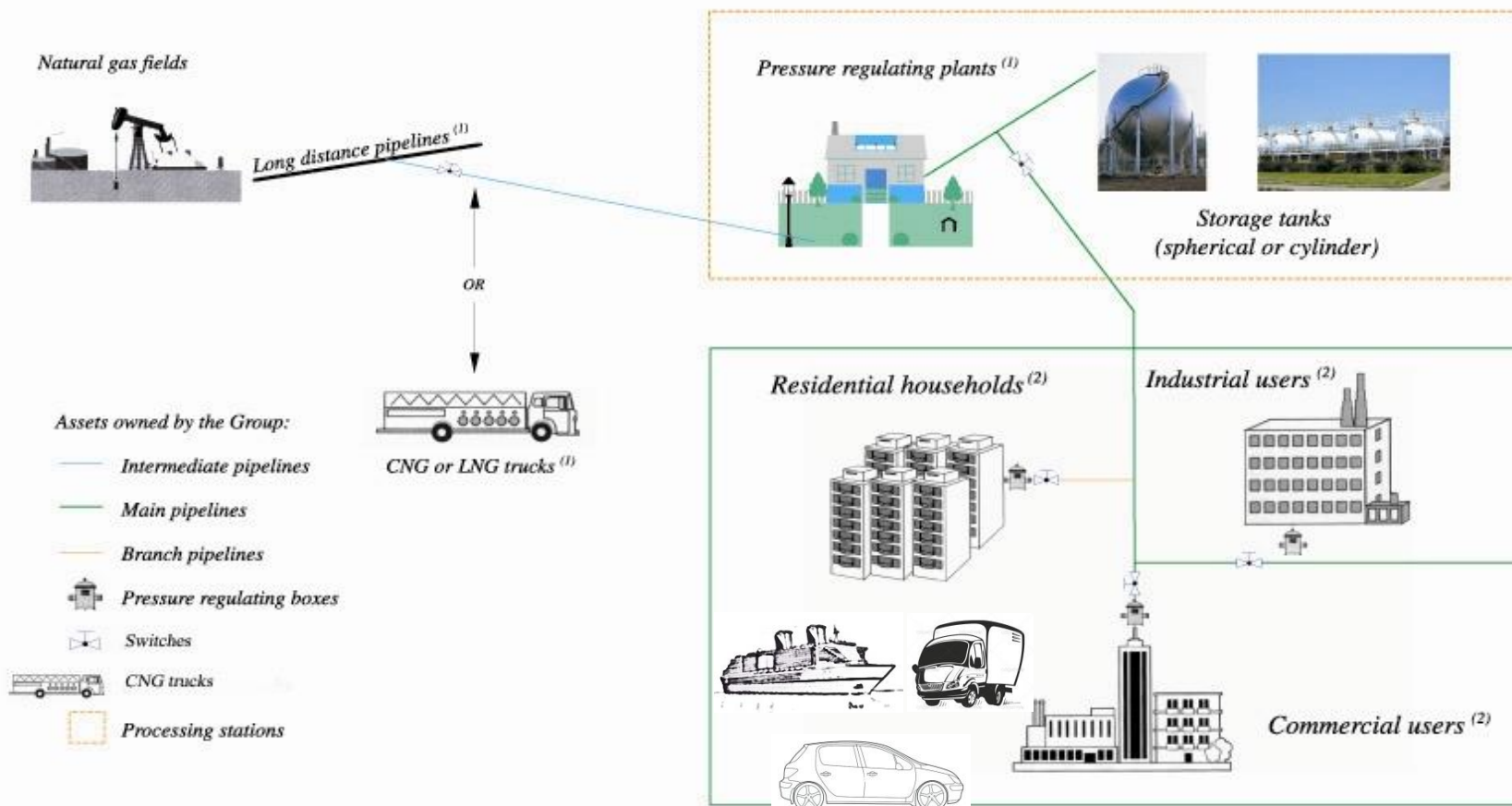
Payback calculation of a CNG taxi	
Total number of CNG stations by ENN	294
Average gasoline price (RMB/litre)	6.1
Average CNG price (RMB/m ³)	4.4
Gasoline consumption per km (litre)	0.05
CNG consumption per km (m ³)	0.055
Cost saved per km (RMB)	0.06
Average driving distance (km/day)	400
Daily average savings (RMB)	24
Monthly average savings (RMB)	720
Conversion fee (RMB)	3,500
Payback period (months)	4.9

Payback calculation of a new LNG truck	
Total number of LNG stations by ENN	249
Average diesel price (RMB/litre)	5.7
Average LNG price (RMB/m ³)	4.0
Diesel consumption per km (litre)	0.4
LNG consumption per km (m ³)	0.44
Cost saved per km (RMB)	0.52
Average driving distance (km/day)	400
Daily average savings (RMB)	208
Monthly average savings (RMB)	6,240
Price difference of LNG & diesel truck (RMB)	60,000
Payback period (months)	9.6



Reduce fuel costs by over 20%

Gas Delivery Process



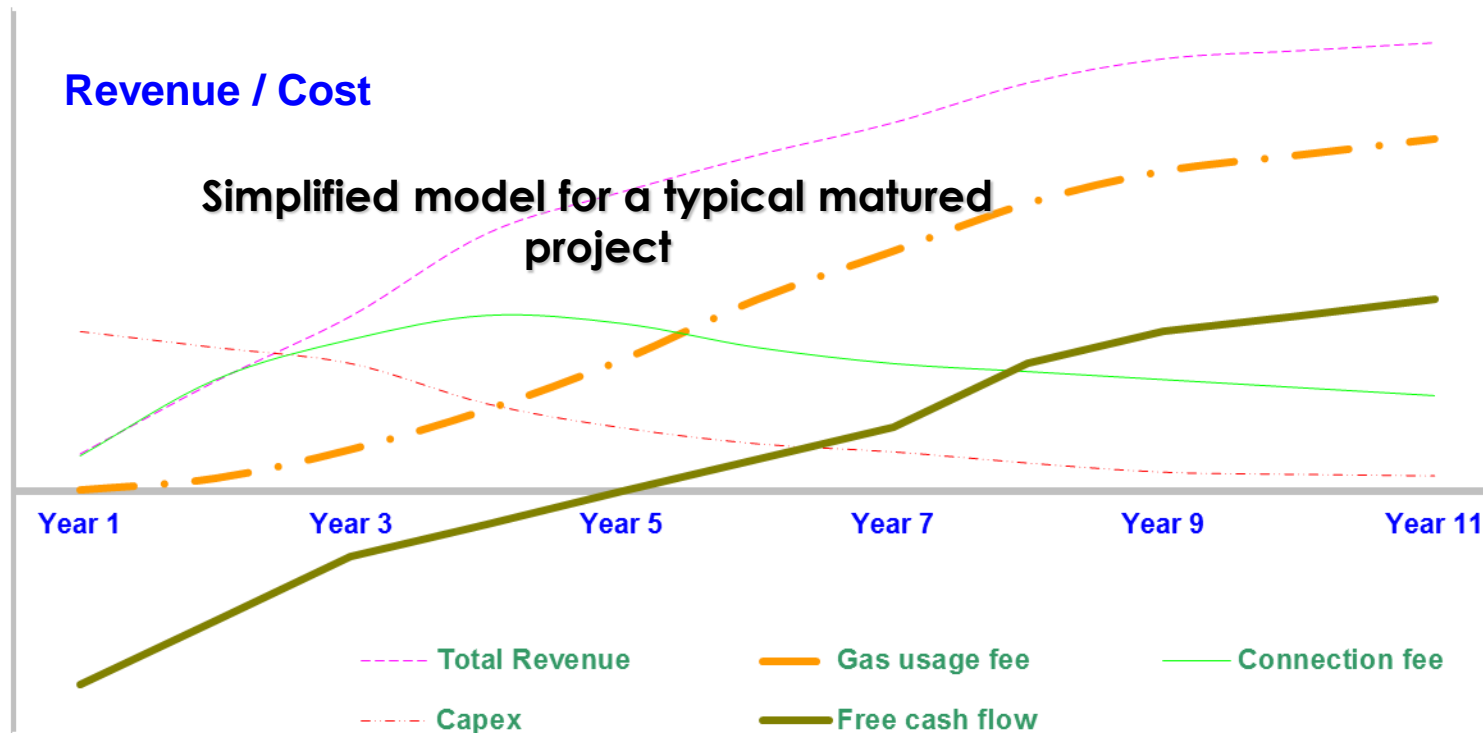
Notes:

(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.

Vehicle & ship gas users

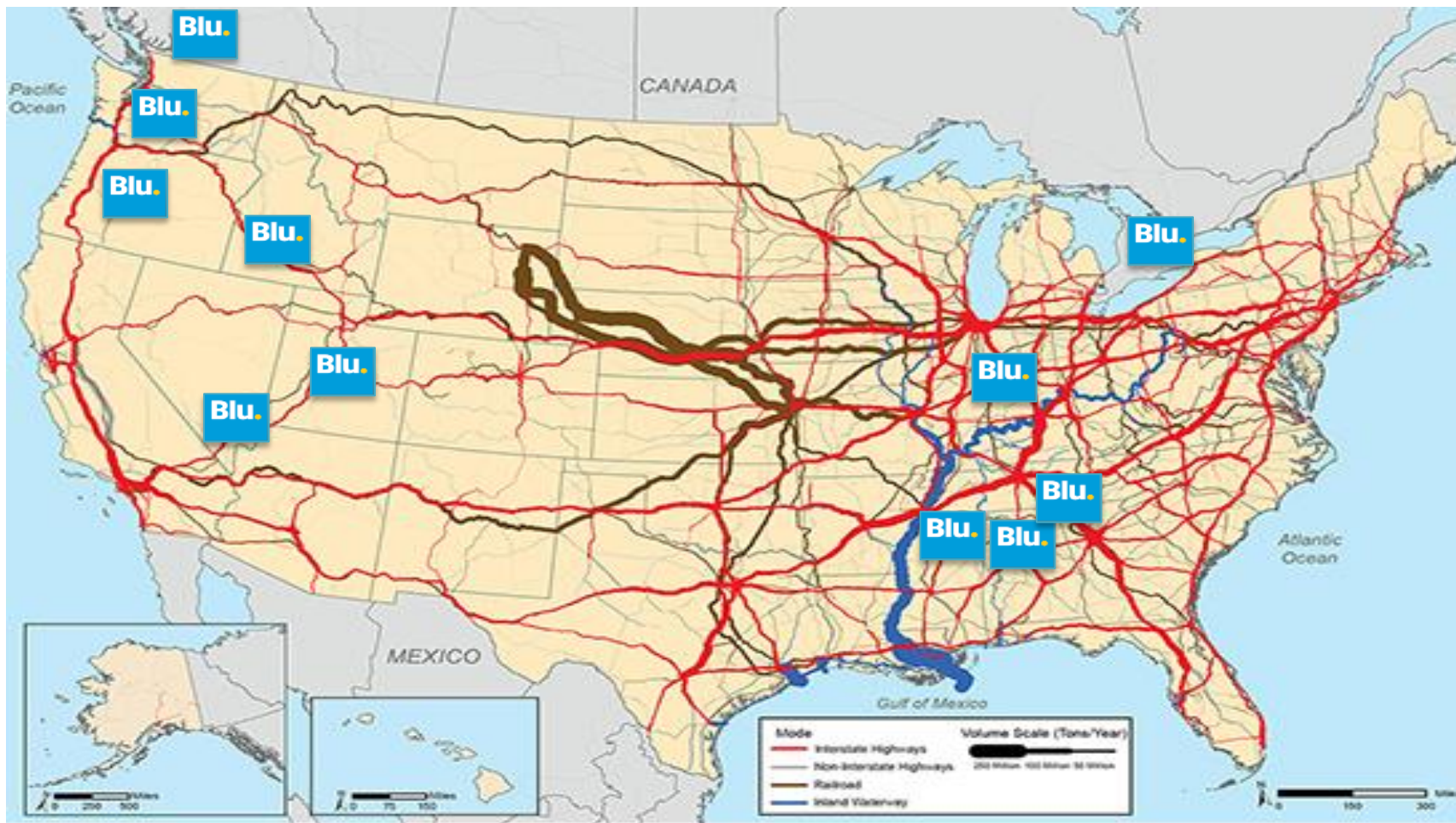
Immediate Revenue Inflow upon Connection



- ◆ 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 recurrent 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 operation



North America Refuelling Business



Conversion factors

Conversion of NG to other fuels in terms of same heating capacity	Fuels					
	Coal	Fuel oil	LPG	Diesel	Gasoline	Electricity
Heating capacity	4,500kcal/kg	10,800kcal/kg	11,000kcal/kg	10,400kcal/kg	10,264kcal/kg	860kcal/kWh
1 cubic meter of NG* =	2.0kg	0.83kg	0.82kg	0.87kg	0.88kg	10.47kWh

North American LNG business unit conversion	DLE	Kilogram	Gallon	Cubic meter	mmbtu
1 DGE LNG =	3.8	2.9	1.7	4.0	0.14
1 DLE LNG =	1	0.8	0.45	1.1	0.037

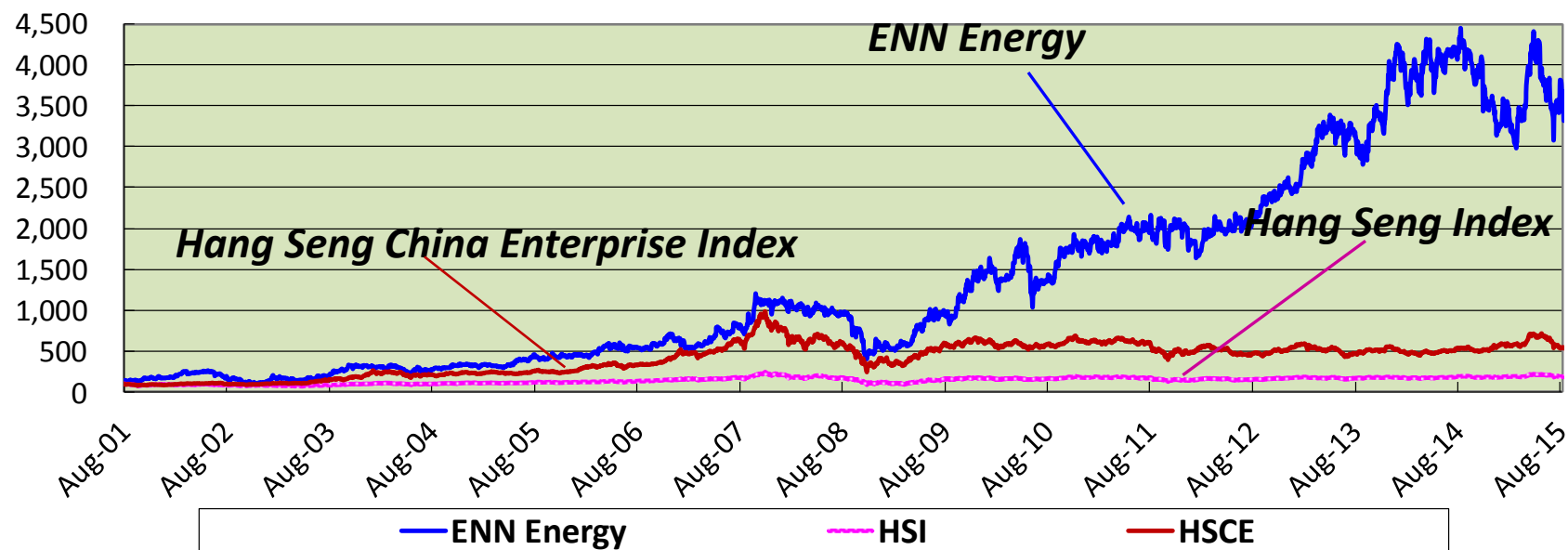
From	To					
	billion cubic meters NG	billion cubic feet NG	million tonnes oil equivalent	million tonnes LNG	trillion British thermal units**	million barrels oil equivalent
Natural gas and LNG						
	Multiply by					
1 billion cubic meters NG	1	35.3	0.90	0.74	35.7	6.60
1 billion cubic feet NG	0.028	1	0.025	0.021	1.01	0.19
1 million tonnes oil equivalent	1.11	39.2	1	0.82	39.7	7.33
1 million tonnes LNG	1.36	48.0	1.22	1	48.6	8.97
1 trillion British thermal units**	0.028	0.99	0.025	0.02	1	0.18
1 million barrels oil equivalent	0.15	5.35	0.14	0.11	5.41	1

* Heating capacity of NG: 9,000kcal/cubic meter 1kg of LNG = 1.38 cubic meter of NG ** 28 m³ = 1 mmbtu

<p>2015 All-Asia Executive Team Ranking: Best CFO, Sell Side Rank no. 2 & Buy Side Rank no. 3 (Power Sector)</p> <p>2014 All-Asia Executive Team Ranking: Best CEO, Rank no.1 (Power Sector) Best CFO, Buy Side Rank no.2 & Sell Side Rank no. 3 (Power Sector) Best IR Company, Ranked no.2 (Power Sector) Best IR Professional, Ranked no.2 (Power Sector)</p> <p>2013 All-Asia Executive Team Ranking: Best Companies in China, Rank no. 1 (Power Sector) Best CEO, Rank no.2 (Power Sector) Best CFO, Rank no.3 (Power Sector) Best IR Company, Ranked no. 3 (Power Sector) Best IR Professional, Ranked no. 3 (Power Sector)</p> <p>2012 All-Asia Executive Team Ranking: Best CEO, Rank no.1 (Power Sector) Best CFO, Rank no.1 (Power Sector) Best IR Company, Ranked no. 2 (Power Sector)</p> <p>Institutional Investor magazine</p>	<p>Forbes 2013 China's Best CEO 2012 Asia's Fab 50</p> <p>China Affiliate of the Balanced Scorecard Institute "Star Organisation of Strategy Execution in China" for 2008</p> <p>IR Magazine "Top 100 for Investor Relations in Greater China" for 2013/14</p> <p>Yazhou Zhoukan "Mainland Enterprises Listed in HK Ranking – Best Company in Clean and Renewable Energy Industry" for 2014, 2015 "1000 Global Chinese Enterprise" for 2007 "Chinese Business 500" for 2001, 2002, 2003, 2004, 2005, 2006 "Top 20 Chinese Enterprises of Assets Growth" for 2003, 2004, 2005</p> <p>HK Polytechnic University Bauhinia Cup Outstanding Entrepreneur Awards 2012</p> <p>Corporate Governance Asia 5th Asian Excellence Awards, Best CFO, Best IR Company & Best IR Professional</p>
<p>The Asset</p> <p>"2012 China's Most Promising Companies – Hidden Dragon" "China's Most Promising Companies 2009: The Power and Public Utilities sector"</p>	<p>Annual International ARC Awards "Honor, Cover Design, Oil and Gas Production Services" for 2011 "Gold, Overall Annual Report: Gas Distribution, Transport & Transmission" for 2008 "Honor, Overall Annual Report: Gas Distribution, Transport & Transmission" for 2004, 2006, 2007</p>
<p>Platts</p> <p>"Platts Top 250 Global Energy Companies" 2013</p>	<p>Annual International Galaxy Awards "Gold, Annual Reports: Energy" for 2009 "Silver, Annual Reports: Energy" for 2004, 2006, 2008</p>
<p>LACP</p> <p>"Gold, 2010 Vision Awards Annual Report, Energy: Oil, Gas & Consumable Fuels"</p>	<p>The Hong Kong Management Association "Citation for Design, The Best Annual Reports Awards" for 2009" Honourable Mention, "The Best Annual Reports Awards" for 2006</p>

ENN Energy – Share Price Performance

Market Capitalization (as at 14 August 2015):
HK\$48.7 billion





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