



ENN 新奥

ENN Energy Holdings Limited

(Stock code: 2688)

Company Presentation

January 2015





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City-gas projects

- ◆ **140** city-gas projects with over 61 million connectable urban population
- ◆ Average gas penetration rate of **48.3%**
- ◆ Continue organic growth in existing projects and acquire more new projects



Industrial parks

- ◆ Acquire industrial parks nearby existing projects
- ◆ Tremendous volume growth potential from **C/I users** with **limited CAPEX** requirement
- ◆ Currently operating 2 projects with **distributed energy** system, another 7 projects under construction



Vehicle/Ship refuelling business

- ◆ **277 CNG** and **208 LNG** refuelling stations in operation in China and acquired **33 LNG** refuelling stations in North American
- ◆ Leverage on our first mover advantage and downstream operational experience to capture market growth in both CNG and LNG refuelling markets
- ◆ Continue to explore LNG bunkering business with a few trial projects



Energy Trading

- ◆ Reinforce our bargaining power with the access to upstream gas source without heavy investment
- ◆ Better utilize existing dispatch system and gas transportation capacity
- ◆ Support downstream distribution businesses and peak-shaving

Our Strategies – New Projects

- ◆ In 1H2014, the Group has secured 6 new projects in China, spanning across Guangdong, Hainan, Hebei, and Jiangsu, providing an additional connectable population of 630,000 and 10 industrial parks to be managed by existing projects.

Province	Project	Connectable Population
<u>New Projects Acquired in 1H2014</u>		
Guangdong	Yangxi County (陽西縣)	110,000
Hainan	Dingan County (定安縣)	100,000
Hainan	Changjiang County (昌江縣)	130,000
Hainan	Ledong County (樂東縣)	140,000
Hebei	Wangdu Economic Development Zone (望都經濟開發區)	NA
Jiangsu	Guannan Development Zone (灌南開發區)	150,000
Additional coverage: 630,000		
Total connectable urban population in China: 61,645,000		

Province	Project
<u>Industrial Parks Managed by Existing Projects Acquired in 1H2014</u>	
Guangdong	Zhaoqing Southern China Renewable Resources Industrial Park (肇慶市華南再生資源產業園)
Hainan	Lingao Jinpai Harbour Provincial Development Zone (臨高金牌港省級開發區)
Hainan	Maniao Bay Development Zone (馬袅灣開發區)
Hainan	Longbo Bay Development Zone (龍波灣開發區)
Hainan	Haikou Longwan Zone (海口龍灣區)
Henan	Xinxiang Fengquan Industrial Zone (新鄉鳳泉區產業聚集區)
Henan	Xinxiang Dakuai Town Industrial Zone (新鄉大塊鎮工業區)
Henan	Song County Industrial Zone (嵩縣產業聚集區)
Jiangsu	Xinghua Changrong Industrial Park (興化昌榮工業園區)
Jiangsu	Funing Goudun Town Industrial Park (阜寧溝墩鎮工業園區)

Our Strategies - Operational Locations



➤ Additional connectable urban population from new projects:

630,000

➤ Total connectable urban population: in China (as at the end of June 2014)

61,645,000

Existing city-gas projects

● Projects acquired in 1H14



Non-residential Natural Gas Price Hike

- ◆ On 12 August 2014, NDRC announced another round of city-gate price hike for existing volume in most provinces by RMB0.4/m³ (RMB0.12/m³ increase in Guangdong & Guangxi) effective from 1 September 2014. The price of incremental volume remains unchanged
- ◆ This is in line with PRC government’s objective to fully liberalize natural gas pricing mechanism by 2015
- ◆ On 28 June 2013, the NDRC published the Notice on Natural Gas Price Adjustment for non-residential natural gas consumption. The new ceiling city-gate prices are set based on two-tier pricing mechanism, (i) existing volume (with price hike of not more than RMB0.4/m³) and (ii) incremental volume (to be priced at 85% of the weighted average prices of fuel oil and LPG with weighting of 60% and 40% respectively)
- ◆ The Group is proactively communicating with customers and local pricing bureaus to pass on the incremental gas cost.

Pass Through Progress	
Price hike since September 2014	
Average upstream cost adjustment for existing volume (RMB/m ³)	0.32
No. of city-gas projects affected	73
No. of city-gas projects completed	64
No. of CNG stations affected	273
No. of CNG stations completed	228
Price hike since July 2013 (completed)	
Average upstream cost adjustment (RMB/m ³)	0.49
No. of city-gas projects affected	55
Average tariff adjustment for C/I customers (RMB/m ³)	0.49
No. of CNG stations affected	225
Average tariff adjustment for CNG stations (RMB/m ³)	0.42

CNG Refuelling Stations

CNG refuelling stations since 2002	
No. of new stations in operation	9
Aggregated no. of CNG refuelling stations in operation	277

Example: Payback calculation of a CNG taxi	
Average gasoline price ¹ (RMB/litre)	6.3
Average CNG price (RMB/m ³)	4.2
Gasoline consumption per km (litre)	0.05
CNG consumption per km (m ³)	0.055
Cost saved per km (RMB)	0.08
Average driving distance (km/day)	400
Daily average savings (RMB)	32
Monthly average savings (RMB)	960
Conversion fee (RMB)	3,500
Payback period (months)	3.6

LNG Refuelling Stations

LNG refuelling stations since 2011	
No. of new stations in operation	28
Aggregated no. of LNG refuelling stations in operation	208

Example: Payback calculation of a new LNG truck	
Average diesel price ¹ (RMB/litre)	5.8
Average LNG price (RMB/m ³)	4.7
Diesel consumption per km (litre)	0.4
LNG consumption per km (m ³)	0.44
Cost saved per km (RMB)	0.25
Average driving distance (km/day)	400
Daily average savings (RMB)	100
Monthly average savings (RMB)	3,000
Price difference of LNG truck & diesel truck ² (RMB)	60,000
Payback period (months)	20.0

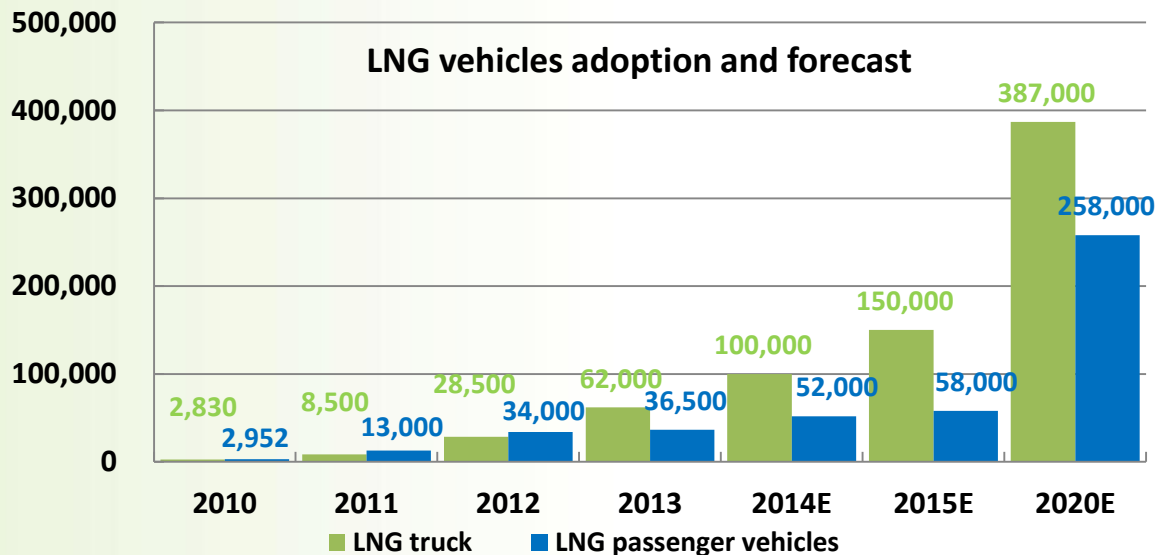
Note 1: Based on the national IV standard diesel price and national V standard gasoline price as of Dec 2014

Note 2: Diesel truck that complies with national IV fuel standard



LNG Refuelling Stations Development in China

Riding on supportive government policies and its economic benefits, market potential for LNG refuelling stations is huge



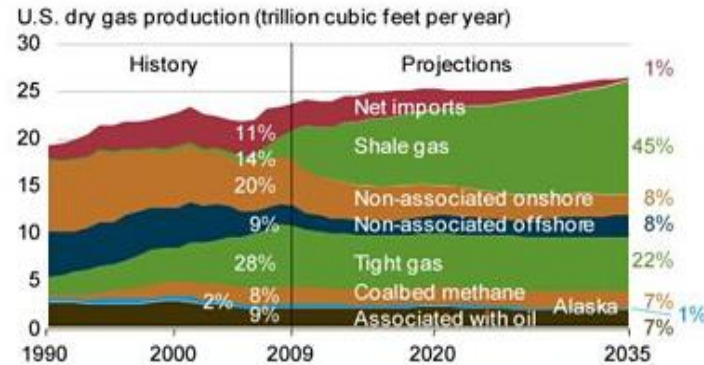
- ◆ **Favourable government policy** – More provincial governments are expected to implement policies to push forward the adoption of NGVs and gas refuelling stations construction, so as to achieve carbon emission reduction targets
- ◆ **Competitive pricing** – LNG pricing is market-driven, increasing supply of LNG through import and onshore liquefaction facilities sustain its price competitiveness, LNG can be sold at a discount to substitute energies
- ◆ **Shorter payback period** – Increasing production of NGVs and related equipment by manufacturers, together with the nationwide oil product upgrade will further reduce cost difference against diesel vehicles
- ◆ **Well-established refuelling network propels adoption of LNG vehicles** – 4,000 LNG refuelling stations are expected to be built-out by ENN and peers by 2020

Forecast on LNG consumption through displacement of diesel by 2020

LNG vehicles on road	645,000
Average distance travelled/vehicle/year	100,000km
Average LNG consumption/vehicle/year	50,000 m ³
Potential LNG consumption on road	32 bil m ³

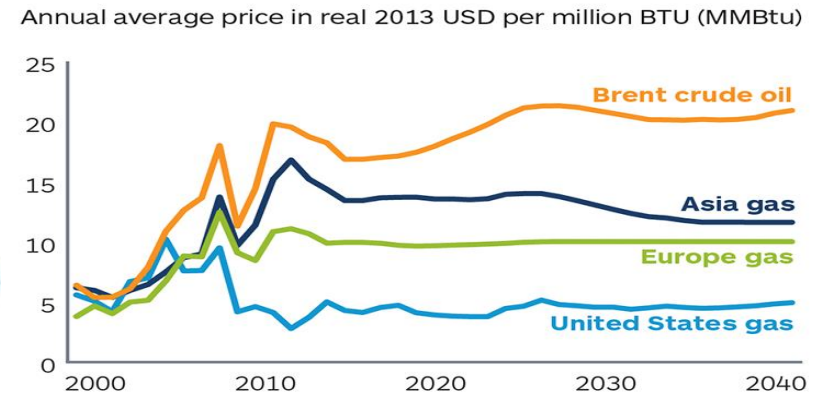
Abundant natural gas resources

- Nearly 90% of the natural gas used in the U.S. is produced in the U.S. and nearly all the remaining supplies come by pipeline from Canada
- U.S. has around 2,692tcf of natural gas supply, according to current consumption rate, domestic natural gas resources ensure future supply of more than 100 years

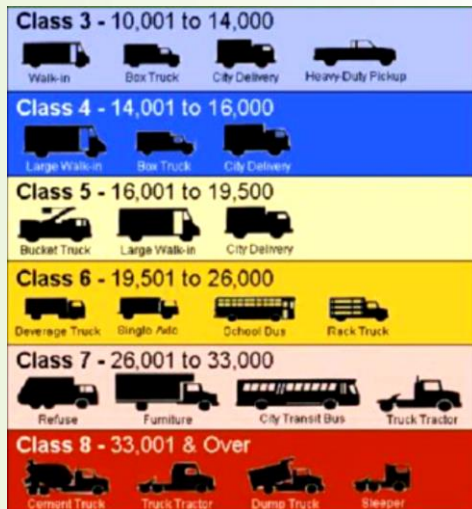


Natural gas price is very competitive

- Natural gas price is cheaper and relatively more stable than oil price



Heavy Duty Truck Market Has Huge Potential



Currently, Class 8 Heavy Duty Trucks consume 28 billion gallon of fuel

Class	% of fuel use
Class 3	4%
Class 4	2%
Class 5	1%
Class 6	12%
Class 7	3%
Class 8	78%

NGV penetration rate of annual new orders :

NGV addressable markets	Turnover/yr	NGV purchases	NGV % penetration
Transit buses	5,000	1,500–2,000	30–40
Refuse trucks	6,000–8,000	3,500–4,800	50–60
Coaches, shuttles, specialty	3,000–4,000	600–750	15–25
Total (ex-class 8)	14,000–17,000	5,600–7,550	33–54
Class 8 trucking market	250,000	2,000	0.8

- Natural gas-powered vehicles penetration in Class 8 trucking market is much lower than other fleet types due to high conversion cost, inadequate infrastructure, when these issues solved, penetration should ramp up
- There are approx. 3 million heavy duty trucks on the road, it is expected that 7% of the fleet will be LNG-powered by 2020, LNG consumption will be approx. 2 billion DGE

Improving economics accelerates LNG adoption

- ◆ Average life of a heavy duty truck is 5-10 years, payback period shorter than 2-3 years is attractive to truck owners
- ◆ The bulk of the incremental cost for LNG truck depending on the fuel tank and tank systems, Blu has launched the new fuel tank system for Class 8 trucks which reduced cost substantially

Payback calculation for LNG trucks

Average diesel price¹ (USD/gallon) 3.3

Average LNG price² (USD/DGE³) 2.6

Spread (USD/DGE) 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) 70,000

Payback (years) 5.6

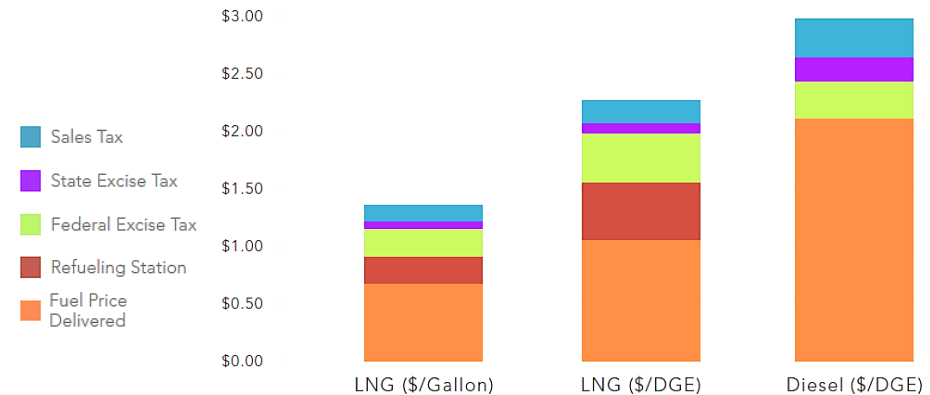
With Blu v2. fuel system
Incremental cost for adopting LNG truck (USD) 35,000

Payback (years) 2.8

Notes: 1. Diesel price on West Coast on 29/12/2014 released on EIA
2. Average LNG retail price at the pump at ENN US stations in Dec
3. Diesel gallon equivalent

Retail price of LNG is more stable than diesel

- ◆ Natural gas represents only 1/3 the cost of a DGE of LNG at the pump, the rest is taxes, liquefaction, infrastructure and margin, while 65-70% of diesel is tied to the commodity cost of oil



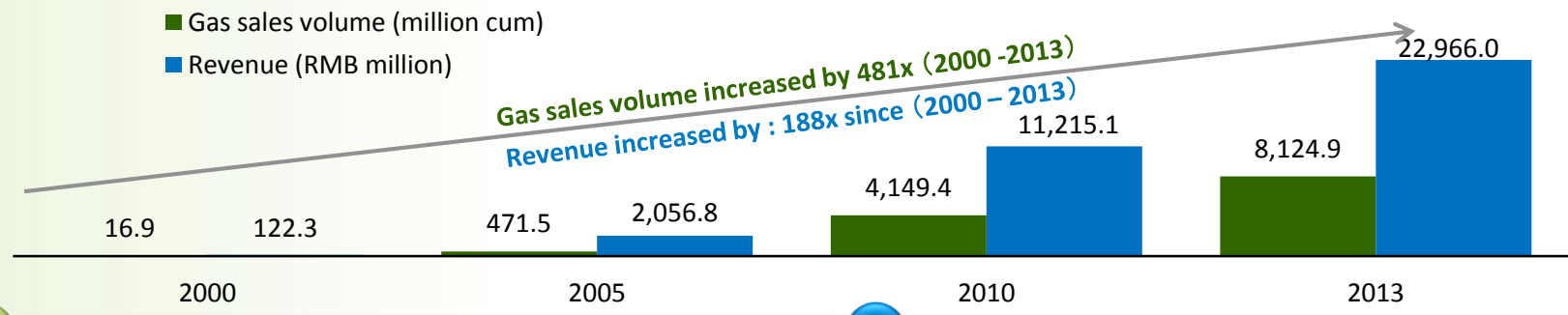
Favourable tax policies

- ◆ **Volumetric Excise Tax Credit (VETC)** – The bill of \$0.5/gallon fuel tax credit for the business use of natural gas as a transportation fuel has been extended for the calendar year 2014
- ◆ **LNG Excise Tax Equalization Act** – The current federal highway excise tax for both LNG and diesel is \$0.243/gallon, however, it takes 1.7 gallons of LNG to equal the same energy content as 1 gallon of diesel. Since the excise tax is volumetric basis, not energy content, LNG is taxed at 1.7x more than diesel. The bill proposing the change of excise tax on LNG to be based on energy equivalent basis was introduced in Senate, if it is passed, LNG trucks will pay 40% less on tax

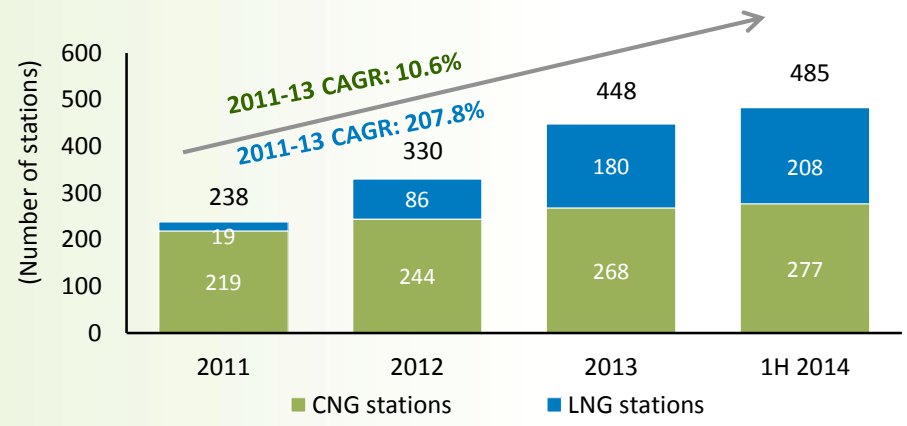
Fuel Type	Annual Mileage	Gallons / year	Excise Tax /gallon	Current Tax Payment
Diesel	100,000	18,000	24.3cents	\$4,374
LNG	100,000	30,600	24.3cents	\$7,436

ENN's Competitive Advantage in North America

1 Leader in the downstream gas distribution industry for over 20 years, with proven track record and exceptional execution ability



2 The first mover and one of the most successful gas refuelling stations operators in China



3 Ability to bring in lower cost Chinese components to the North American market



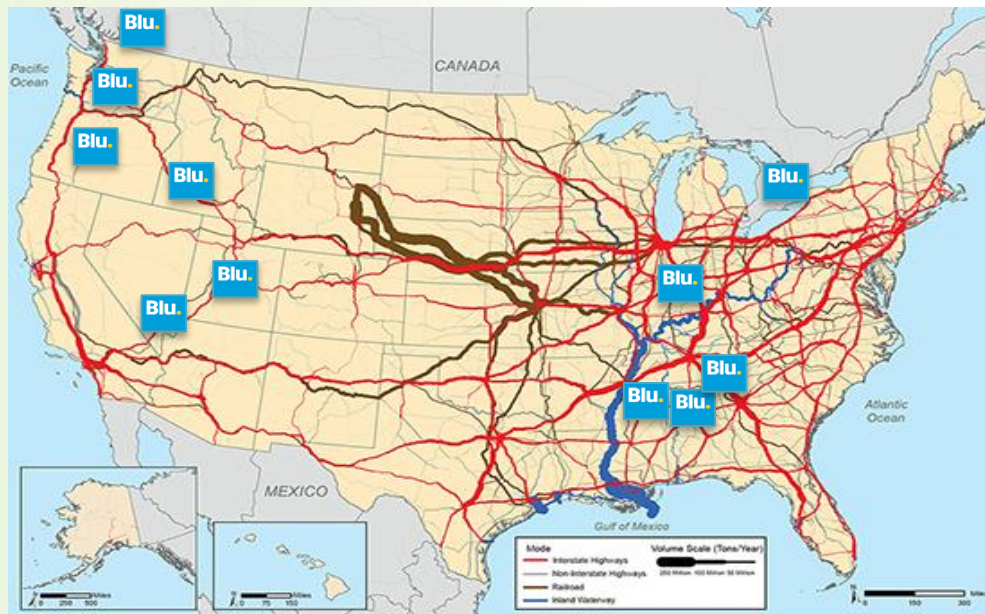
4 Strong fundamentals and financial strength, while seeking for new growth drivers

5 Prudent capital investment plan and financial risk management policies

Future Expansion Strategy in North America

Develop refuelling network at strategic locations

Our LNG refuelling stations are located in major trucking corridors



Sources: Federal Highway Administration

- ◆ We own 33 LNG refuelling stations in North America, is the second largest operator in terms of number of station in the region
- ◆ We will continue to build refuelling stations in major trucking corridors targeting heavy duty trucking fleets
- ◆ We will work with fleet operators to build refuelling stations at their backyard and provide operational services and gas supply
- ◆ We will work with chained diesel stations and truck stops to build up gas refuelling facilities, to facilitate the expansion of LNG refuelling network without heavy investment, and to accelerate LNG trucks adoption

Expand customer & supplier network

Customers

- ◆ Continue to sign up customers with guaranteed gas consumption contract
- ◆ More trucking companies and retailers are committed to purchase LNG trucks to reduce carbon footprint, i.e. UPS, P&G, Walmart, etc.
- ◆ Mining trucks can consume up to 400,000 gallons of fuel annually, and up to 40 trucks can operate at a single mine

LNG suppliers

- ◆ We have secured LNG supply with local LNG processing plants or local utilities companies
- ◆ Canada: Fortis BC, Citizens Energy Group
- ◆ US: Shute Creek, Applied LNG, Kinetrix

Single lane temporary station



Four-lane standard station



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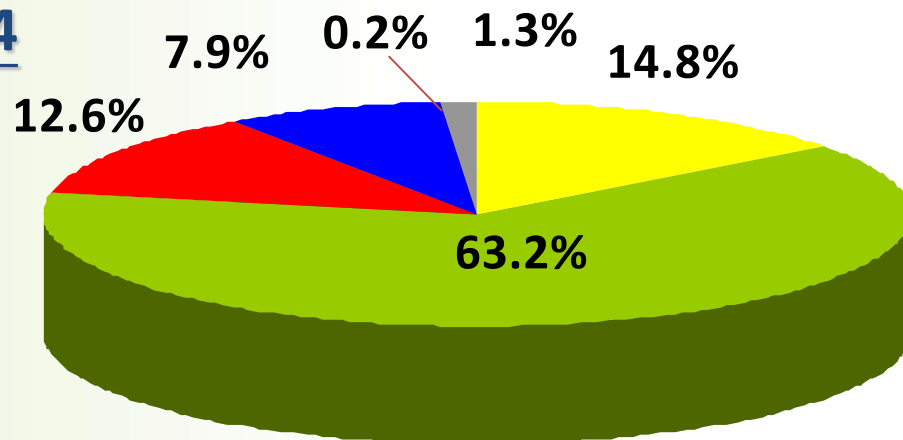
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Financial Highlights

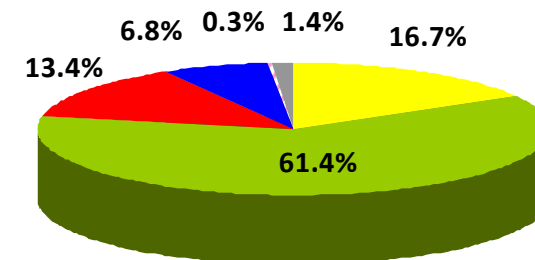
(RMB million)	1H2014	1H2013	Change
Revenue	14,351	10,386	38.2%
Gross Profit	2,938	2,721	8.0%
EBITDA	2,395	2,230	7.4%
EBIT	1,982	1,871	5.9%
Profit attributable to owners of the Company	1,214	737	64.7%
EPS - Basic (RMB)	1.12	0.68	64.8%

Revenue Breakdown

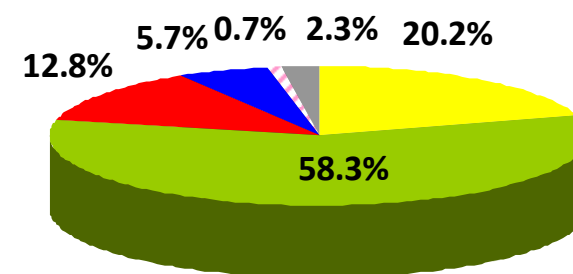
1H2014



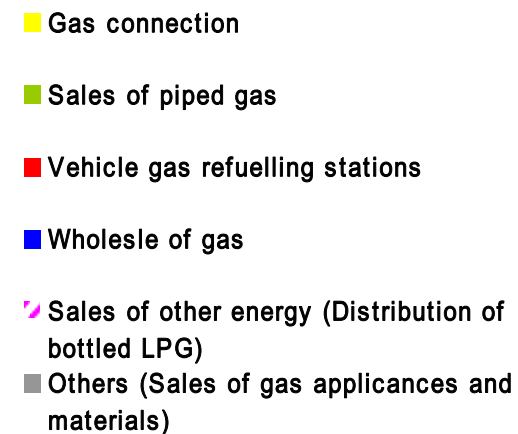
2013



2012



Core Operating Segments	1H2014 (RMB mil)	1H2013 (RMB mil)	Change %
Gas connection	2,122	1,853	14.5%
Sales of piped gas	9,070	6,465	40.3%
Vehicle gas refuelling stations	1,810	1,374	31.7%
Wholesale of gas	1,139	543	109.8%



- ◆ Revenue attributable to gas sales accounted for over 83%, which maintained steady growth year-on-year, ensuring the Group a long term and recurring revenue structure
- ◆ Contribution from connection fee income to the Group's total revenue will be reduced progressively

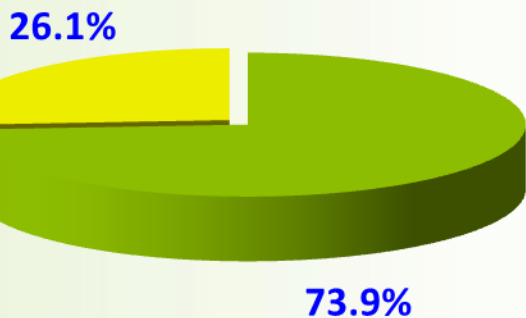


High-Quality Customer Mix (By Revenue)

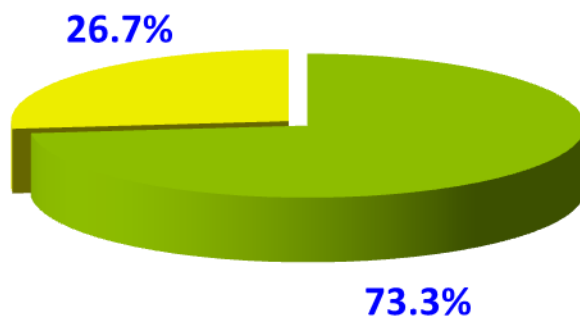
- Residential customers
- Commercial / Industrial "C/I" customers
- Vehicle gas refuelling stations
- Wholesale of gas

1H2014

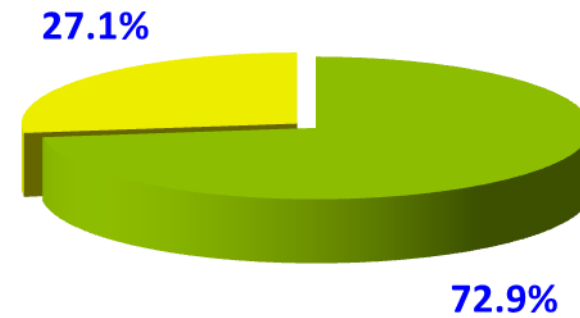
Gas connection



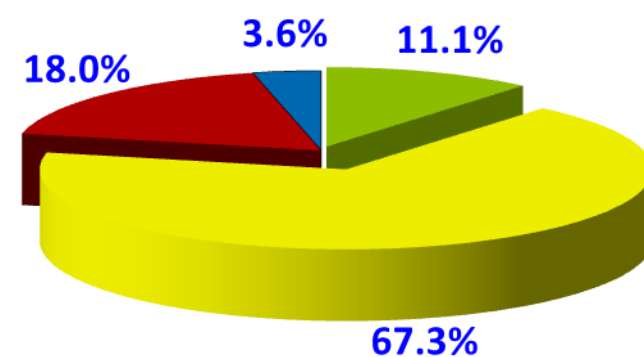
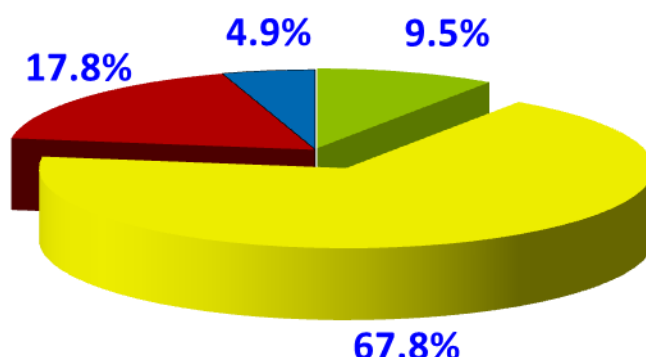
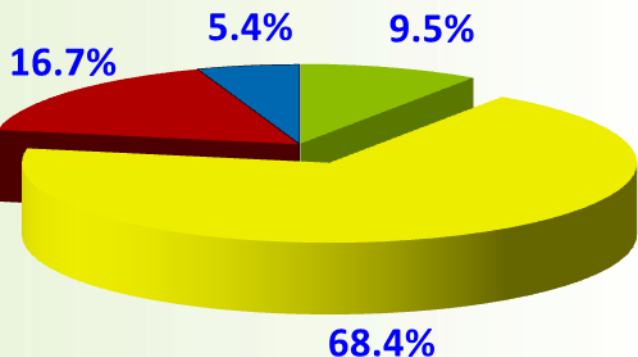
2013



2012



Gas sales





Margins Analysis

- ◆ During the period, the gross profit margin dropped by 5.7ppts and net profit margin increased by 0.6ppts compared with the same period last year

Gross profit margin	Net profit margin
20.5% (1H2013: 26.2%)	10.7% (1H2013: 10.1%)
Margins analysis	
<u>Gross profit margin:</u>	
<ol style="list-style-type: none">1. Continuous improvement in the Group's revenue structure due to more contribution from gas sales instead of connection fee2. Natural gas price hike since 2H2013 increased overall gas purchasing cost, we managed to pass through increased gas cost to most of the users and maintained stable dollar margin in affected projects3. Significant volume growth from Quanzhou project which has relatively lower margin than other city-gas projects	
<u>Net profit margin:</u>	
<ol style="list-style-type: none">1. Stripping out impact from CB, net profit margin in 1H14 was 10.3% compared with 12.1% in 1H13, dropped by 1.8ppts2. Reduction in finance costs and better cost control partly offset the impact from decline in gross profit margin	



Financial Resources and Liquidity

(RMB billion)	<u>At 30 Jun 2014</u>	<u>At 31 Dec 2013</u>	<u>Change</u>
Cash on hand	7.11	6.82	4.3%
A/R Days	15	18	(3)
Total Debts	12.04	12.44	(3.2)%
- Short-term loans	0.69	0.92	(25.0)%
- Long-term loans	2.94	3.10	(5.2)%
- 10-year bonds	4.54	4.50	0.8%
- Convertible bonds	3.87	3.93	(1.5)%
Net Gearing Ratio	38.9%	47.3%	(8.4)%
ROE*	22.4%	21.3%	1.1%

**stripping out impact from the fair value change of CB*

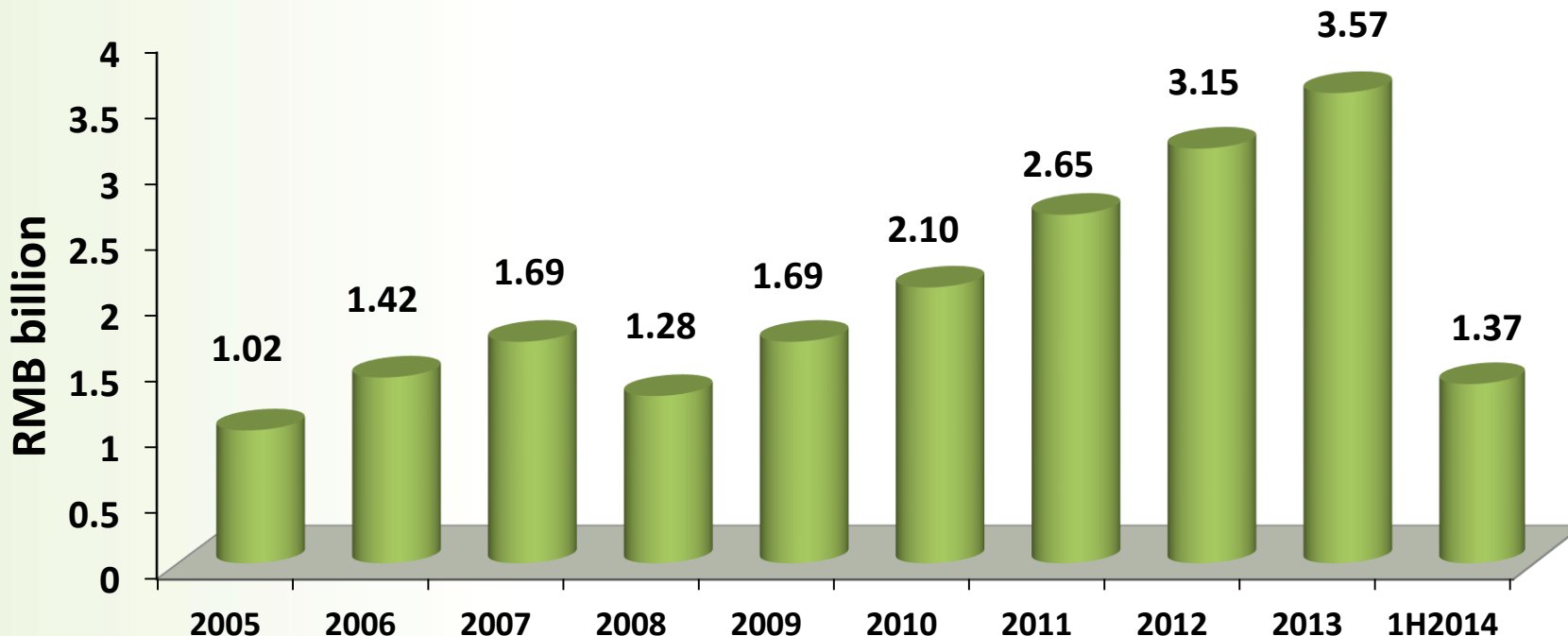
- ◆ Only 9 city-gas projects with project financing, and the remaining projects are clean, without loan, so the debt will not affect our dividend payment ability
- ◆ We continue to look for suitable investment opportunity in the downstream sector to better utilize our financial resources
- ◆ We do not have any swap and derivative contracts
- ◆ Revenue attributable to gas sales will further increase and such development will deliver long-term and stable cash flow to the Group

Refinancing Plan

As of 30 Jun 2014 (RMB billion)		Refinancing Plan
Total Debt	12.04	
Short-term loans: Subsidiary level loans	0.69	<ul style="list-style-type: none"> We have RMB7.11 billion cash on hand while our working capital demands RMB3-4 billion cash only, leading to a surplus cash of RMB3.11 billion, which is enough to refinance the short-term loans It is easy for utility company to roll-over short term loans in PRC banks because of stable cash flow and business model
Long-term loans	2.94	<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 National 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
10-year bonds	4.54	<ul style="list-style-type: none"> Will be expired in 2021, with a fixed coupon of 6.0% 1 of the few Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds: <ul style="list-style-type: none"> - S&P 'BBB'(upgraded from 'BBB-' in July 2014), Moody's 'Baa3' and Fitch 'BBB'
Convertible bonds	3.87	<ul style="list-style-type: none"> Will be expired in 2018, zero coupon Bondholders can convert their bonds into new shares anytime until 16 Feb 2018 at the conversion price of HK\$48.62/share Assuming full conversion, approximately 80 million shares will be issued, representing around 6.9% of the enlarged issued share capital



CAPEX



- ◆ The Group had RMB202 million positive free cash flow in 1H2014 (1H2013: RMB78 million positive free cash flow)
- ◆ More CAPEX may be required depending on the progress of developing vehicle/ship LNG refuelling business as well as the availability of suitable downstream investment opportunity
- ◆ The current source of capital mainly comes from operating cash flow, current assets, bank loans and issued bonds. We have sufficient capital and banking facilities to finance future CAPEX and operational needs



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Key Operational Data

	1H2014	1H2013	Change
Coverage & Gas Penetration Rates of PRC Projects			
Number of project cities	140	126	14
Connectable urban population coverage ('000)	61,645	57,467	7.3%
Connectable households coverage ('000)	20,548	19,156	7.3%
Natural gas penetration rate	47.9%	43.8%	4.1%
Piped gas (including natural gas) penetration rate (%)	48.3%	44.3%	4.0%
Accumulated Connection of Piped Gas			
Residential (households)	9,931,749	8,489,432	17.0%
C/I customers (sites)	43,156	34,464	8,692
Installed designed daily capacity for C/I customers (m ³)	46,581,062	37,401,007	24.5%
Connection of Piped Natural Gas			
Acc. connected / converted households	9,852,169	8,399,466	17.3%
Increase in the Period (ex. acq & conversion)	650,484	630,183	3.2%
Acc. connected / converted C/I customers (sites)	42,958	34,151	8,807
Increase in the Period (ex. acq & conversion)	4,115	3,510	605
Acc. connected / converted C/I customers (m ³)	46,524,925	37,355,317	24.5%
Increase in the Period (ex. acq & conversion)	4,653,800	3,973,117	17.1%

Key Operational Data

	1H2014	1H2013	Change
Gas Infrastructure			
Length of intermediate & main pipelines (km)	25,179	22,588	11.5%
Natural gas processing stations	141	129	12
Combined daily capacity of natural gas processing stations ('000 m ³)	59,298	47,016	26.1%
Vehicle gas refuelling stations	485	376	109
Gas Sales Volume			
Piped natural gas ('000 m ³)	3,969,354	3,058,283	29.8%
Vehicle natural gas ('000 m ³)	666,592	532,300	25.2%
Wholesale natural gas ('000 m ³)	364,599	138,317	163.6%
Total natural gas sales ('000 m³)	5,000,545	3,728,900	34.1%
Other piped gas ('000 m ³)	3,351	42,400	-92.1%
Other vehicle gas ('000 m ³)	9,249	6,411	44.3%
Total gas sales ('000 m³)	5,013,145	3,777,711	32.7%

1. Take-or-pay contracts

- ◆ Signed 15-25 years take-or-pay contracts with various pipelines, secured 7,068 million m³ of natural gas supply for 2014

2. Other piped natural gas supply

- ◆ The Group also secured guaranteed gas supply contracts for its city-gas projects, e.g. Shaanxi-Beijing Pipeline II, Tai-Qing-Wei Pipeline and offshore gas fields in China

3. Non-pipeline transmission system

- ◆ Able to dispatch a fleet of 700 LNG/CNG trucks with a total maximum one-time transmission capacity of over 15 million m³, facilitate the allocation of gas sources for city-gas projects, vehicle refuelling stations and wholesale business

4. LNG processing plants

- ◆ Disposed of the LNG processing plants in Ningxia, Beihai and Qinshui in 1H14
- ◆ The Group continues to secure LNG supply from onshore processing plants nearby its gas projects and refueling stations

Take-or-pay Contracts		
Gas Source	Contracted Supply in 2014 (mil m ³)	Contracted Supply in 2013 (mil m ³)
West-East Pipeline I	1,410	1,111
West-East Pipeline II	3,683	2,643
Zhong-Wu Pipeline	583	583
Sichuan-East Pipeline	198	198
LNG Import Terminal (Guangdong)	309	421
LNG Import Terminal (Fujian)	700	700
CNOOC (Yantai & Laiyang)	185	185
Total	7,068	5,841

- ◆ There are over 60,000km of natural gas pipelines and 10 LNG import terminals with total annual receiving capacity of over 56 million tonnes in China currently
- ◆ There are over 100 LNG processing plants in China with a combined daily capacity of over 51 million m³
- ◆ China continues to expand its natural gas supplying infrastructure, more pipelines and LNG import terminals are being constructed and will be put into operation in the coming years:

Pipeline Name	Capacity(mil m ³ /yr)	Commencement Date	Gas source	Operator
Harbin-Shenyang Pipeline	10,000	2014	Daqing Oilfield	PetroChina
West-East III	30,000	2015	Central Asia	PetroChina
Shaanxi-Beijing IV	25,000	2016	Shaanxi Changqing, Central Asia	PetroChina
West-East IV	30,000	2017	Central Asia, Xinjiang	PetroChina
Russia-China East Pipeline	38,000	2018	Russia	PetroChina
Location of LNG Terminal	Capacity (mil m ³ /yr)	Commencement Date	Gas source	Operator
Hainan	4,140 (3 mil tons)	2014	Australia, Qatar	CNOOC
Shandong, Qingdao	4,140 (3 mil tons)	2014	Papua New Guinea	Sinopec
Shandong, Yantai	2,070 (1.5 mil tons)	2014	CNOOC's int'l gas portfolio/spot market	CNOOC
Shenzhen, Diefu	4,140 (3 mil tons)	2015	Australia	CNOOC
Guangxi, Beihai Tieshan Port	4,140 (3 mil tons)	2015	Australia	Sinopec
Tianjin, Binhai	4,140 (3 mil tons)	2015	Australia	Sinopec
Guangdong, Jieyang	2,760 (2 mil tons)	2015	Middle East, Australia	CNOOC

- ◆ Sufficient gas sources ensure more gas projects of the Group will be able to enjoy stable supply of piped natural gas in the long run



Contents

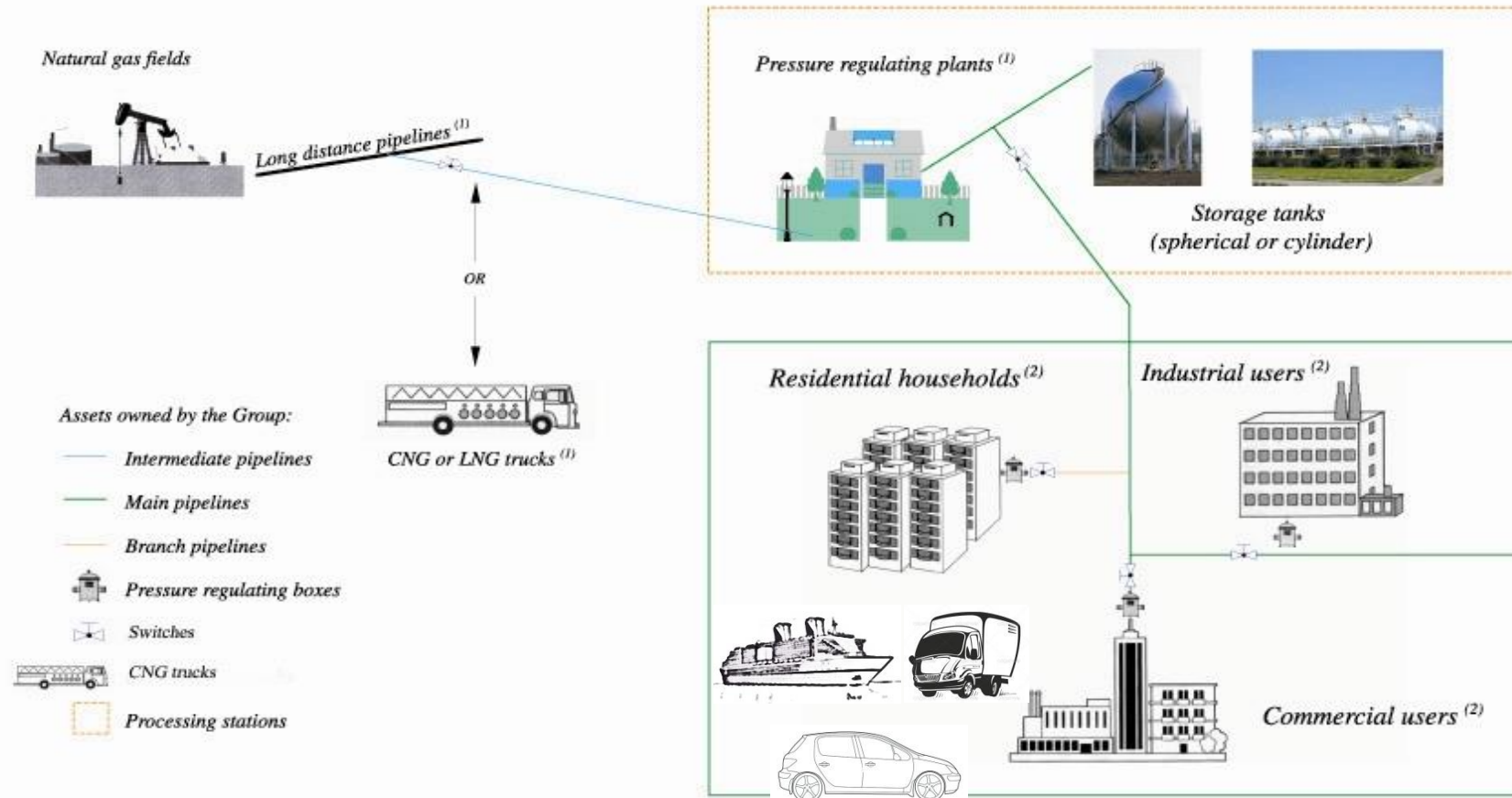
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4. Appendix



ENN Energy – A Leader in the Industry

- ◆ ENN Energy (formerly known as Xinao Gas) is one of the first privately-owned clean energy distributor in the PRC. It was founded by Mr. Wang Yusuo and Ms. Zhao Baoju in 1993.
- ◆ In 1998, the Chinese government promoted the use of natural gas and encouraged privately-owned enterprises to invest in city infrastructures.
- ◆ ENN Energy seized the opportunity and obtained the exclusive rights for operating piped gas in other cities.
- ◆ ENN Energy was listed on GEM in May 2001 and transferred to the main board (stock code: 2688) in June 2002.
- ◆ ENN Energy is a leading privately-owned gas operator in China
 - 4 cities when IPO launched in May 2001
 - 140 cities in 16 provinces, and 1 international project as of June 2014, covering a connectable urban population of approximately 70,654,200.
 - 1 of the few Chinese private enterprises assigned with an investment grade credit rating on corporate and bonds:
 - S&P 'BBB', Moody's 'Baa3' and Fitch 'BBB'

Gas Delivery Process



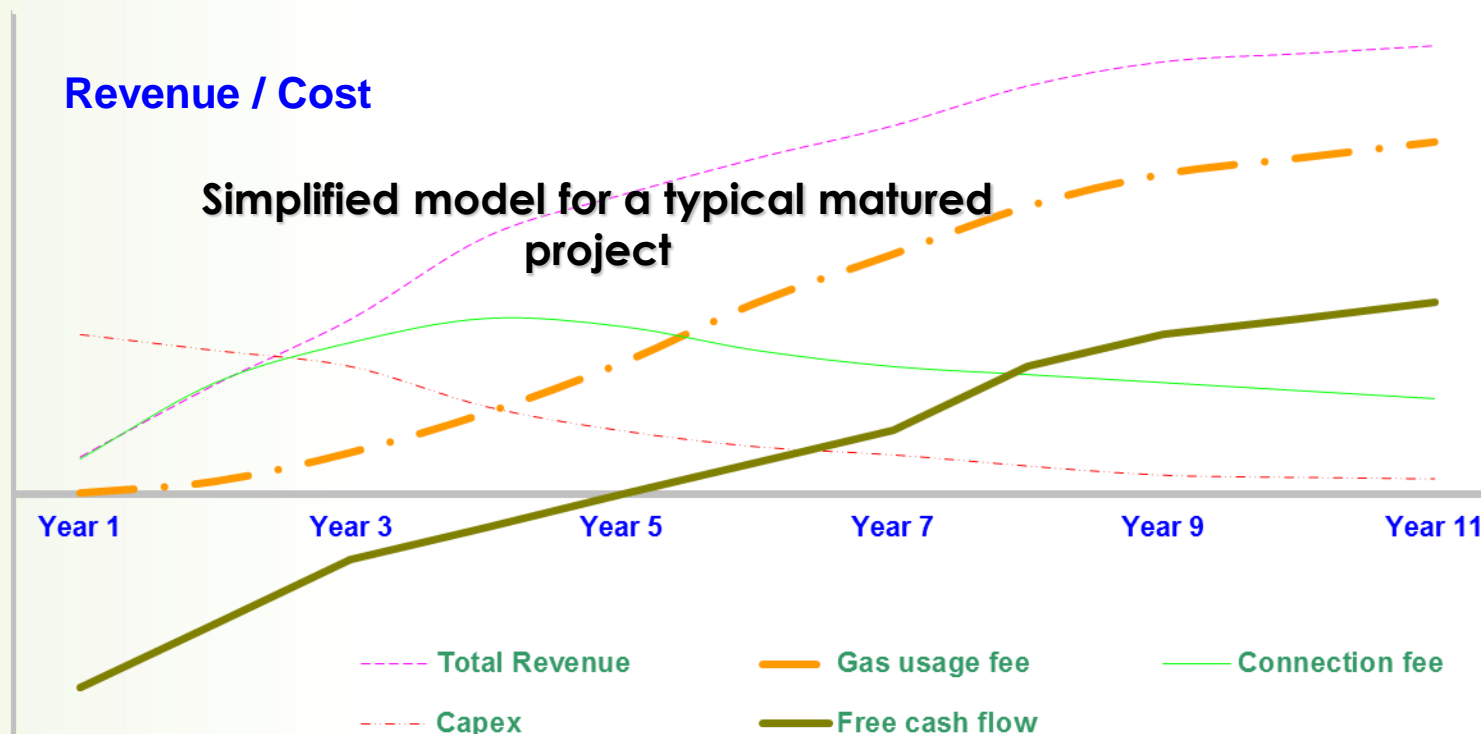
Notes:

(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.



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

Operational Locations

Anhui (12 projects)

Bengbu	927,000
Bozhou	225,000
Chaohu	370,000
Chuzhou	543,000
Dingyuan County	TBC
Fengyang	110,000
Guzhen	92,000
Jieshou Industrial Zone	-
Laian	85,000
Luan	400,000
Quanjiang	114,000
Suchu Modern Industrial Park	-

Beijing Municipality (1 project)

Pinggu	116,000
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Fujian (11 projects)

Anxi	121,000
Dehua	101,000
Huian	139,000
Jinjiang	402,000
Longyuan Dev Zone	171,000
Nanan	382,000
Ningde Xiapu	-
Yacheng Dongyang Industrial Park	-
Quangang	316,000
Quanzhou	1,101,000
Shishi	99,000
Yongchun	154,000

Guangdong (21 projects)

Dongguan	7,050,000
Dongyuan County	96,000
Fengkai	81,000
Guangning	81,000
Heyuan	300,000
Huadu	675,000
Huaiji	126,000
Jiangmen	-
Hecheng Town Zone	-
Leizhou	350,000
Lianjiang	300,000
Lianzhou	155,000
Luoding	295,000
Panyu, Guangzhou	1,779,000
Shantou	1,489,000
Sihui	472,000
Xinyi	254,000
Yunan	75,000
Zhanjiang	658,000
Zhaoqing Dev Dev	72,000
Zhaoqing	640,000
● Yangxi County	110,000
<u>Guangxi (3 projects)</u>	
Guigang	394,000
Guilin	976,000
Guiping Industrial Park	-
<u>Hainan (3 projects)</u>	
● Dingan County	100,000
● Changjiang County	130,000
● Ledong County	140,000

Hebei (17 projects)

Baoding	1,200,000
Gaocheng	180,000
Jingxing	330,000
Langfang	710,000
Luanxian	82,000
Luquan	92,000
Lingshou	90,000
Luquan Green Island Dev Zone	-
Rongcheng	70,000
Shenze	40,000
Shijiazhuang	2,766,000
Wenan Industrial Park	-
Wuji	80,000
Xinji	200,000
Xingtang Dev Zone	-
Zhengding New Zone	50,000
● Wangdu Economic Dev Zone	-
<u>Henan (8 projects)</u>	
Kaifeng	867,000
Luoyang	1,650,000
Ruyang County	130,000
Shangqiu	1,504,000
Weihui City Industrial Zone	30,000
Xinxiang	1,024,000
Xinan	103,000
Yichuan	100,000

Hunan (13 projects)

Changsha	3,661,000
Changsha County	301,000
Chenzhou City and Surrounding Towns	-

Hunan (cont'd)

Huaihua	420,000
Liling	222,000
Liuyang Industrial Park	-
Ningxiang	312,000
North-western Liuyang	100,000
Wangcheng	151,000
Xiangtan	879,000
Yongzhou	608,000
Zhuzhou	1,280,000
Zhuzhou County	274,000

Inner Mongolia (1 project)

Tongliao	767,000
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Jiangsu (13 projects)

Gaoyou	213,000
Haian	193,000
Hongze	382,000
Huaian	1,186,000
Lianyungang	955,000
Lianyungang Xuyu New Zone	-
Suining Suburban Project	-
Taixing	240,000
Wujin	1,026,000
Xinghua	440,000
Yancheng	904,000
Yancheng Ecn Protection Industrial Park	-
● Guannan Dev	150,000

Liaoning (4 projects)

Dayou Linhai Econ. Zone, Linghai City	20,000
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Liaoning (cont'd)

Huludao	990,000
Panjing Chemical Enterprise Zone	-
Xingcheng	134,000
<u>Shandong (15 projects)</u>	
Binzhou Zhanhua Economic Dev Park	-
Changqing	640,000
Chengyang	646,000
Huangdao	529,000
Jiaonan	394,000
Jiaozhou	408,000
Laiyang	300,000
Liaocheng	575,000
Qingdao	-
Sino-German Ecopark	-
Rizhao	395,000
Xintai Dev Zone	-
Yantai	1,800,000
Yantai Dev Zone	-
Zhucheng	472,000
Zouping	195,000
Zone, Jinan City	-

Sichuan (1 project)

Liangshan Prefecture	600,000
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Yunnan (2 projects)

Kunming City Hi-tech Zone	40,000
Wenshan	444,000

Zhejiang (15 projects)

Haining	227,000
Haiyan	101,000
Huangyan	604,000
Huzhou	490,000

Zhejiang (cont'd)

Jinhua	148,000
Lanxi	130,000
Longwan	350,000
Longyou	125,000
Nanxun	491,000
Ningbo (Yinzhou)	484,000
Quzhou	270,000
Wenzhou	-
Wenzhou Wanquan Light Industrial Base	-
Xiaoshan	686,000
Yongkang	229,000

Overseas Projects:

Vietnam (3 projects)

Hanoi	2,129,700
Ho Chi Minh	6,449,700
Danang	429,800

● Projects acquired in 1H14

New Projects Information

Project	Yangxi County (陽西縣)	Dingan County (定安縣)	Changjiang County (昌江縣)
Province	Guangdong	Hainan	Hainan
Connectable Population	110,000	100,000	130,000
Stakeholding	100%	60%	60%
Operational Location	Administrative Region	Administrative Region	Administrative Region
Registered Capital	RMB20 mil	Managed by Hainan Zhong Hai (海南中海公司) with registered capital RMB50 mil	Managed by Hainan Zhong Hai (海南中海公司) with registered capital RMB50 mil
Estimated Connection Fees & Gas Tariff			
- Residential (RMB/household)	2,500	2,600-3,500	2,600-3,500
- C/I customer (RMB/m ³ /day)	TBC	500-600	500-600
Gas sales price (RMB/m ³)	4.50 (Res) / 5.80 (C/I)	2.60-3.80 (Res) / 2.70-5.80 (C/I)	2.60-3.80 (Res) / 2.70-5.80 (C/I)
Gas Source	Guangdong Dapeng LNG Terminal, Guangdong Yuexi LNG Terminal	CNOOC Offshore gas fields, Hainan LNG Terminal	CNOOC Offshore gas fields, Hainan LNG Terminal
Major Industry	Food processing, construction material & glass manufacturing industry	Tourism, real estate, food and beverage & pharmaceutical industry	Tourism, real estate, rubber, steel and ore processing & construction material industry

New Projects Information

Project	Ledong County (樂東縣)	Wangdu Economic Development Zone (望都經濟開發區)	Guannan Development Zone (灌南開發區)
Province	Hainan	Hebei	Jiangsu
Connectable Population	140,000	NA	150,000
Stakeholding	60%	100%	100%
Operational Location	Administrative Region	Industrial Park	Industrial Park
Registered Capital	Managed by Hainan Zhong Hai (海南中海公司) with registered capital RMB50 mil	RMB10 mil	RMB50 mil
<u>Estimated Connection Fees & Gas Tariff</u>			
- Residential (RMB/household)	2,600-3,500	NA	2,300
- C/I customer (RMB/m ³ /day)	500-600	130	200
Gas sales price (RMB/m ³)	2.60-3.80 (Res) / 2.70-5.80 (C/I)	3.60 (C/I)	2.60 (Res) / 3.80 (C/I)
Gas Source	CNOOC Offshore gas fields, Hainan LNG Terminal	Shaanxi-Beijing Pipeline I, II & III	West-East Pipeline I
Major Industry	Tourism, real estate industry	Food processing, machinery & footwear industry	Chemicals, metal processing & shipbuilding industry

Connection Fee & Tariff Policy

Connection Fee Amortisation:

- ◆ As of 30 June 2014, 12 projects have adopted amortisation method:
 - Anhui Province - Fengyang
 - Jiangsu Province - Huaian, Lianyungang
 - Henan Province - Xinxiang
 - Hunan Province - Xiangtan, Changsha, Changsha County, Zhuzhou, Zhuzhou County, Wangcheng, Ningxiang
 - Shandong Province - Rizhao

- ◆ Connection fee income will be amortised over the concession period instead of one-off recognition in the above projects. As for other projects, connection fee policy remain stable

- ◆ The average connection fees for residential households and C/I customers were RMB 2,785/household and RMB 145/day/m³ respectively

Downstream Tariff Policies:

- ◆ As of 30 June 2014, we have 35 projects established automatic pass through mechanism and 20 projects established residential tier-pricing mechanism, which ensure the Group's ability to pass through upstream cost increase to most of the end users in a timely manner, and encourage efficient use of natural gas in the downstream market



Latest Non-residential City-gate Prices in China

Province	Existing Volume (RMB/m ³ Incl. VAT)	Incremental Volume (RMB/m ³ Incl. VAT)	Province	Existing Volume (RMB/m ³ Incl. VAT)	Incremental Volume (RMB/m ³ Incl. VAT)
Beijing	2.66	3.14	Hubei	2.62	3.10
Tianjin	2.66	3.14	Hunan	2.62	3.10
Hebei	2.64	3.12	Guangdong	2.86 (unified city-gate price)	
Shanxi	2.57	3.05	Guangxi	2.69 (unified city-gate price)	
Inner Mongolia	2.00	2.48	Hainan	2.32	2.78
Liaoning	2.64	3.12	Chongqing	2.32	2.78
Jiling	2.42	2.90	Sichuan	2.33	2.79
Heilongjiang	2.42	2.90	Guizhou	2.37	2.85
Shanghai	2.84	3.32	Yunnan	2.37	2.85
Jiangsu	2.82	3.30	Shaanxi	2.00	2.48
Zhejiang	2.83	3.31	Gansu	2.09	2.57
Anhui	2.75	3.23	Ningxia	2.17	2.65
Jiangxi	2.62	3.10	Qinhai	1.93	2.41
Shandong	2.64	3.12	Xinjiang	1.81	2.29
Henan	2.67	3.15			

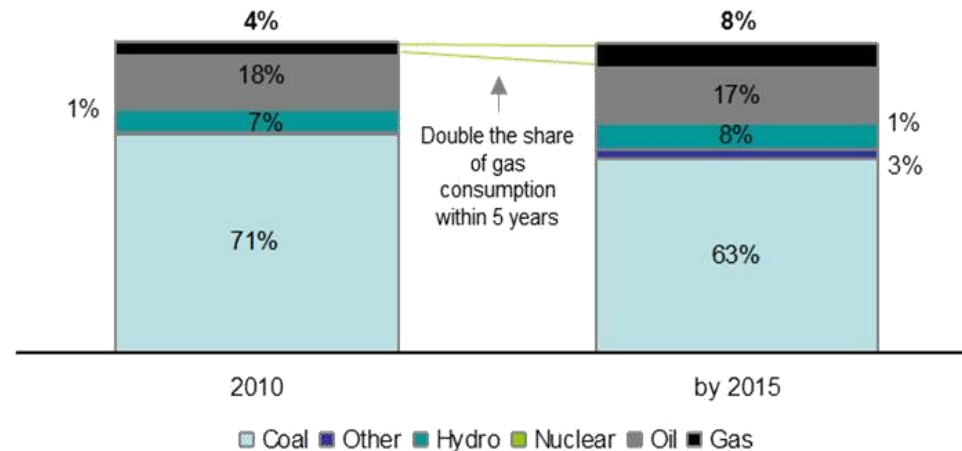
Source: NDRC, price as of 1 September 2014



China Natural Gas Industry Overview

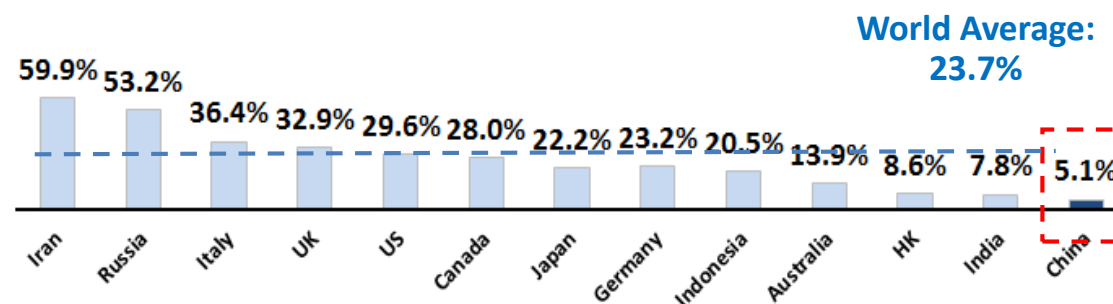
PRC Government's Commitment to Developing Clean Energy

- ◆ China's plan to achieve 40–45% reduction in carbon dioxide emission per unit of GDP by 2020 is driving national energy consumption towards cleaner fuels such as natural gas
- ◆ In connection with the 12th Five-year Plan, the PRC government targets to increase the natural gas portion of total energy consumption from 3.7% (100 bcm) in 2010 to 7.5% (230 bcm) by 2015, with continuous expansion of natural gas infrastructure
- ◆ The PRC government has also been focused on the development of a nationwide gas distribution and delivery system and several cross-border pipelines to mitigate the geographical mismatch between gas demand and supply. As a result, domestic natural gas supply and consumption will increase significantly



Low Natural Gas Penetration Rate ⁽¹⁾ in China

- ◆ Currently, the natural gas consumption in total energy consumption of China is merely 5.1%, substantially lower than the world average penetration rate of 23.7%
- ◆ The low penetration rate provides sufficient room for China to increase its national gas consumption going forward, given the country's continuous shift in energy structure. This will further drive the need for piped natural gas infrastructure investment



Source: Company filings, BP Statistical Review of World Energy June 2014.

(1) Note: "Natural Gas Penetration Rate" is defined as natural gas consumption volume as a percentage of total primary energy consumption.



ENN US

	For the year ended 31 December		For the nine-month ended 30 September
	2012 (unaudited) (Approximately) RMB'000	2013 (audited) (Approximately) RMB'000	2014 (unaudited) (Approximately) RMB'000
Revenue	14,015	23,902	63,340
Gross profit/(loss)	3,162	(941)	9,493
Loss before taxation	(39,813)	(217,294)	(147,648)
Loss after taxation	(39,813)	(217,294)	(147,648)

◆ Approximately USD11 million non-recurring expenses incurred in 2014 due to compensation for laid-off employees, termination on land leasehold and interest expense from CDB

ENN Canada

	For the year ended 31 December		For the nine-month ended 30 September
	2012 (unaudited) (Approximately) RMB'000	2013 (audited) (Approximately) RMB'000	2014 (unaudited) (Approximately) RMB'000
Revenue	-	-	6,154
Gross profit/(loss)	-	-	2,198
Loss before taxation	(2,209)	(33,395)	(32,640)
Loss after taxation	(2,209)	(33,395)	(32,640)

◆ Net asset value of ENN US is RMB744 million (US\$121 million)
◆ Net asset value of ENN Canada is RMB83 million (US\$14 million)

Approximate 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
	Multiply by					
1 billion cubic meters NG	1	35.30	0.90	0.73	36.00	6.29
1 billion cubic feet NG	0.028	1	0.026	0.021	1.03	0.18
1 million tonnes oil equivalent	1.111	39.20	1	0.805	40.40	7.33
1 million tonnes LNG	1.38	48.70	1.23	1	52.00	8.68
1 trillion British thermal units**	0.028	0.98	0.025	0.02	1	0.17
1 million barrels oil equivalent	0.16	5.61	0.14	0.12	5.80	1

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

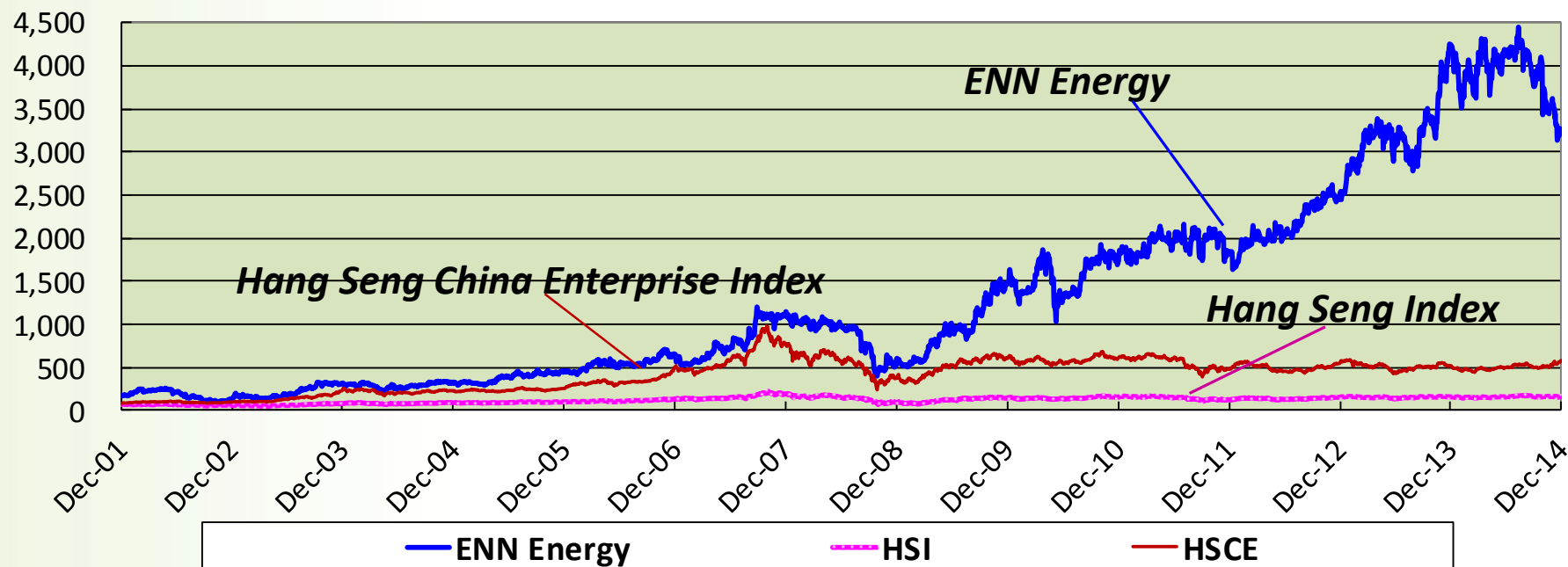
Awards & Honors

<p>Institutional Investor magazine</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>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 "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>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>EuroWeek</p> <p>"Best Asian High Yield Bond Issue of 2005"</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>FinanceAsia</p> <p>"Asia's Best Companies – Best Investor Relations" "The Best Small Cap in China" for 2005 "Best Financial Management" for 2002 "The Best Small Cap IPO" for 2001</p>	<p>Mercury Excellence Awards "Silver, Annual Report" for 2004</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 31 December 2014):
HK\$47.7 billion



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