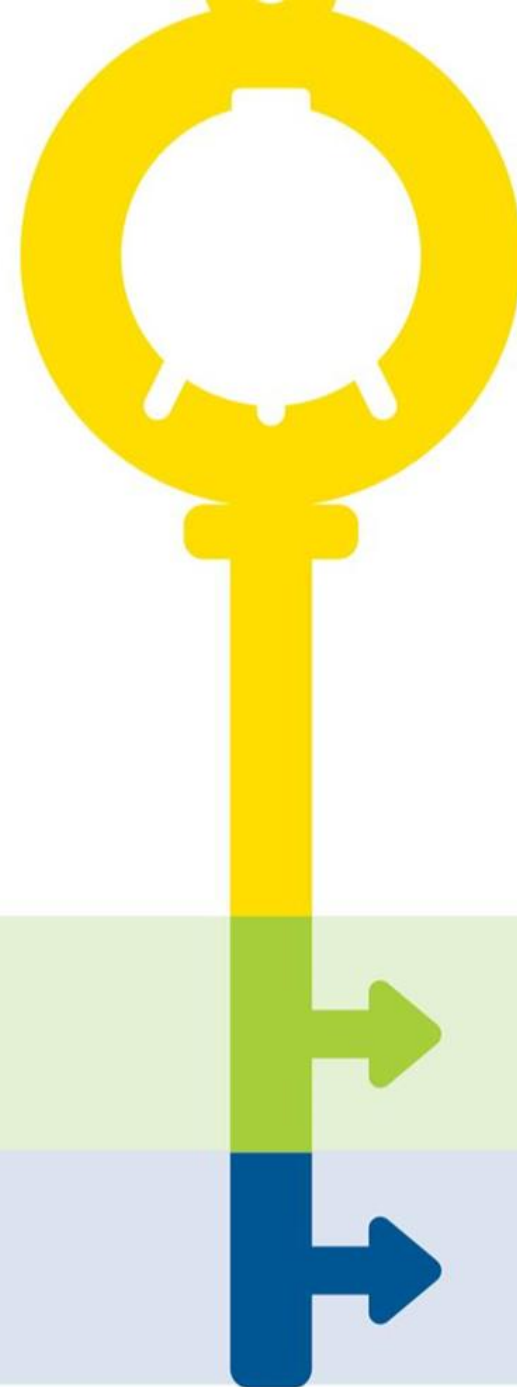




ENN 新奥

ENN Energy Holdings Limited

(Stock code: 2688)



2014 Annual Results

**Analyst/Investor Presentation
May 2015**

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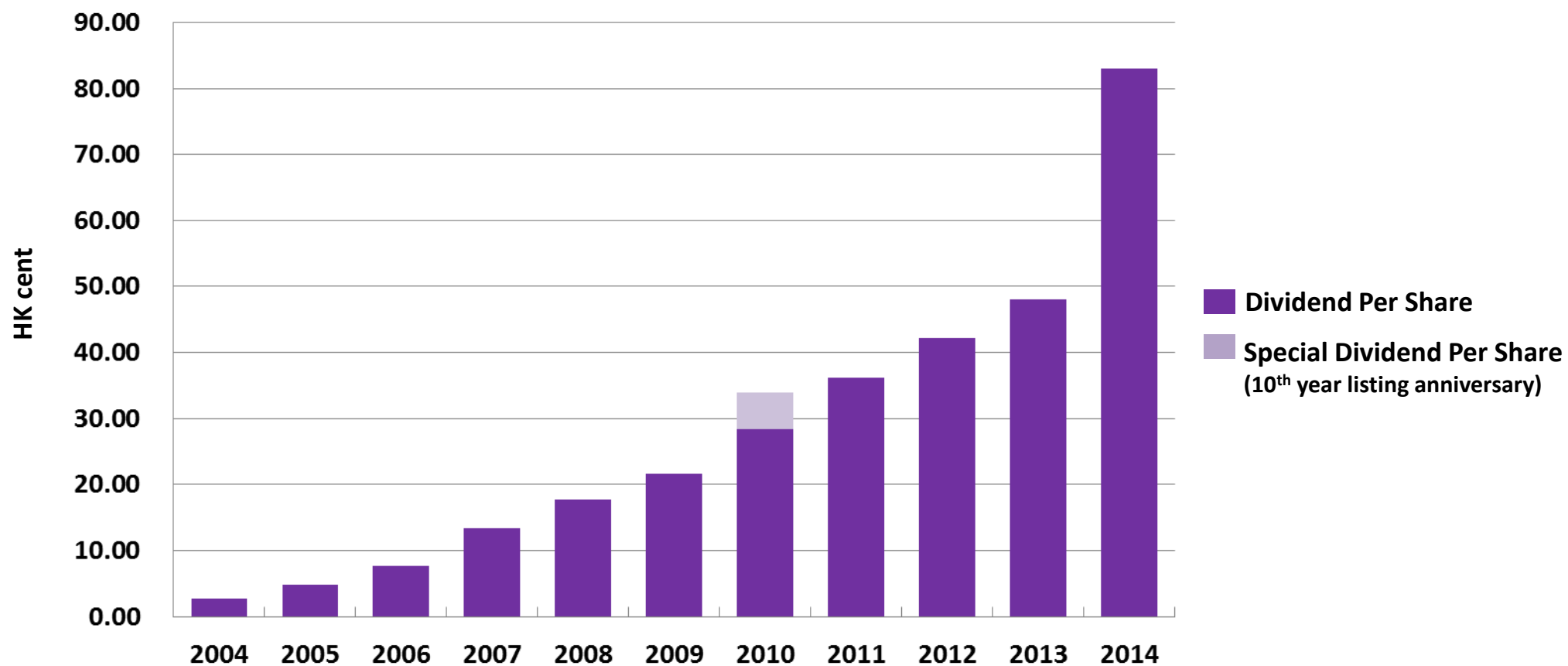


Financial Highlights

(RMB million)	2014	2013	<i>Change</i>
Revenue	29,087	22,966	26.7%
Gross Profit	6,069	5,464	11.1%
EBITDA	5,395	4,741	13.8%
EBIT	4,552	4,012	13.5%
Profit attributable to owners of the Company	2,968	1,252	137.1%
EPS - Basic (RMB)	2.74	1.16	136.2%

Financial Highlights

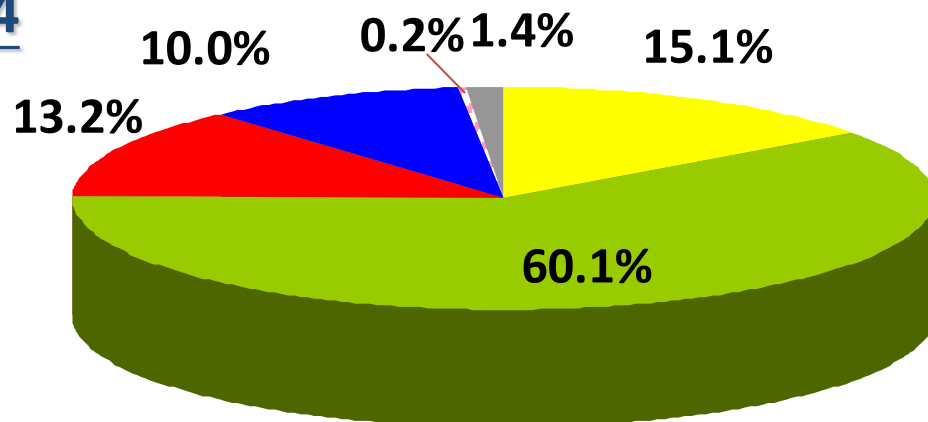
	2014	2013	Change
Dividend Per Share (HK cent)	83	48	+73%



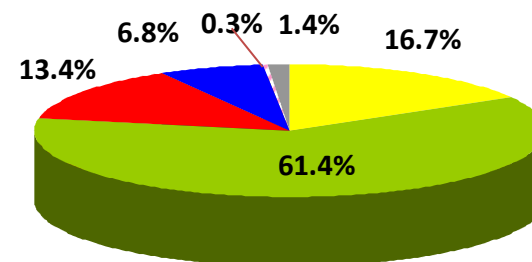


Revenue Breakdown

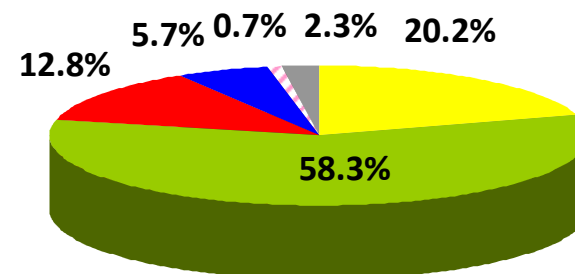
2014



2013



2012



Core Operating Segments	2014 (RMB mil)	2013 (RMB mil)	Change
Gas connection	4,403	3,843	14.6%
Sales of piped gas	17,485	14,102	24.0%
Vehicle gas refuelling stations	3,849	3,085	24.8%
Wholesale of gas	2,898	1,551	86.8%

- 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)

- Revenue attributable to gas sales accounted for 83.3%, up 1.7ppts yoy
- Contribution from connection fee continued to reduce

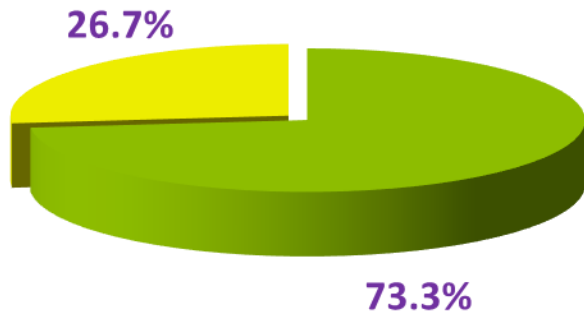


High-Quality Customer Mix (By Revenue)

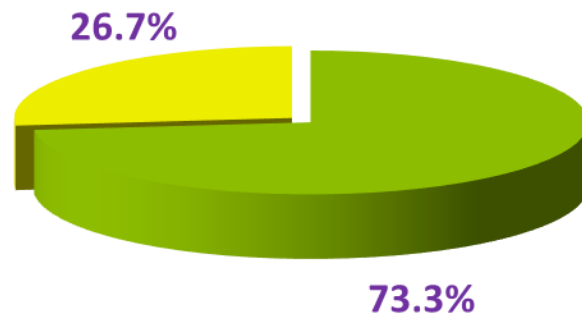
- Residential customers
- Commercial / Industrial "C/I" customers
- Vehicle gas refuelling stations
- Wholesale of gas

2014

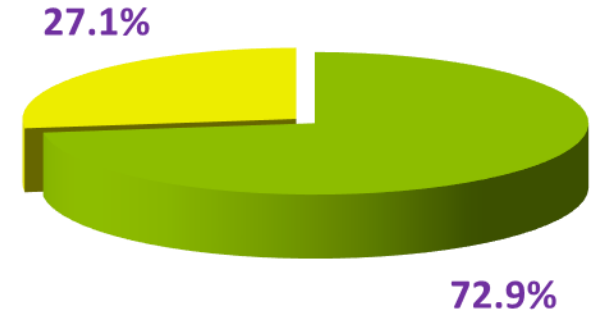
Gas connection



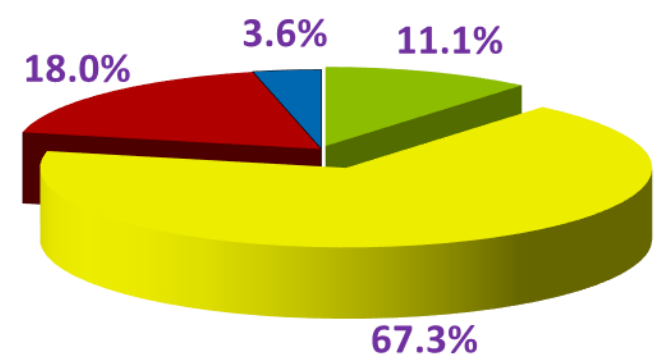
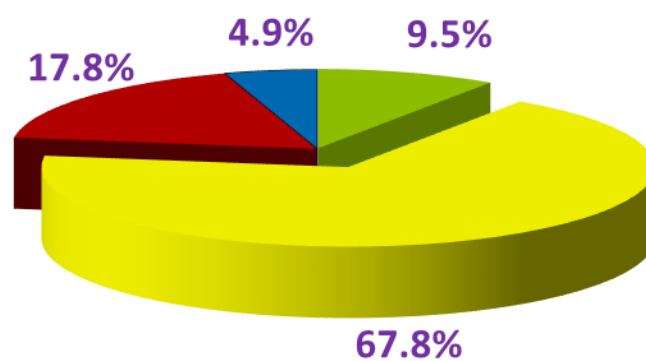
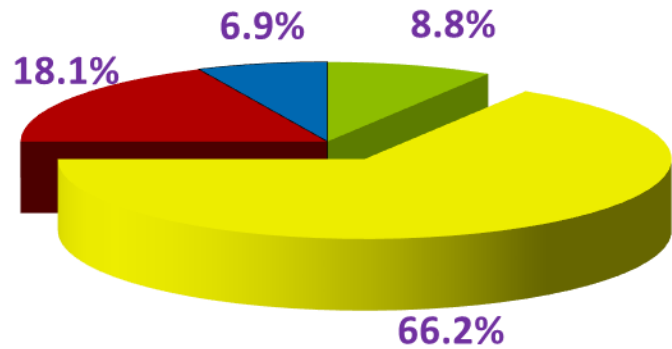
2013



2012



Gas sales





Margin Analysis

- During the year, the gross profit margin dropped by 2.9ppts and net profit margin increased by 4.6ppts compared with the same period last year

Gross profit margin	Net profit margin
20.9% (2013: 23.8%)	12.4% (2013: 7.8%)
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 in 2H2014 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 projects	
<u>Net profit margin:</u> <ol style="list-style-type: none">1. Stripping out impact from CB, net profit margin in 2014 was 10.5% compared with 11.3% in 2013, dropped by 0.8ppts	



Financial Resources and Liquidity

(RMB billion)	<u>At 31 Dec 2014</u>	<u>At 31 Dec 2013</u>	<u>Change</u>
Cash on hand	10.50	6.82	54.0%
A/R Days	15	18	(3)
Total Debts	14.50	12.44	16.6%
- Short-term loans	1.53	0.92	66.3%
- Long-term loans	2.67	3.10	(13.9)%
- 10-year bonds	4.52	4.50	0.4%
- Convertible bonds	3.36	3.93	(14.5)%
- 5-year bonds	2.42	-	-
Net Gearing Ratio	27.5%	47.3%	(19.8)%
ROE*	20.8%	19.7%	1.1%

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

- RMB4 billion was paid for the investment in Sinopec Marketing in Feb 2015, current net gearing ratio is 55.0%

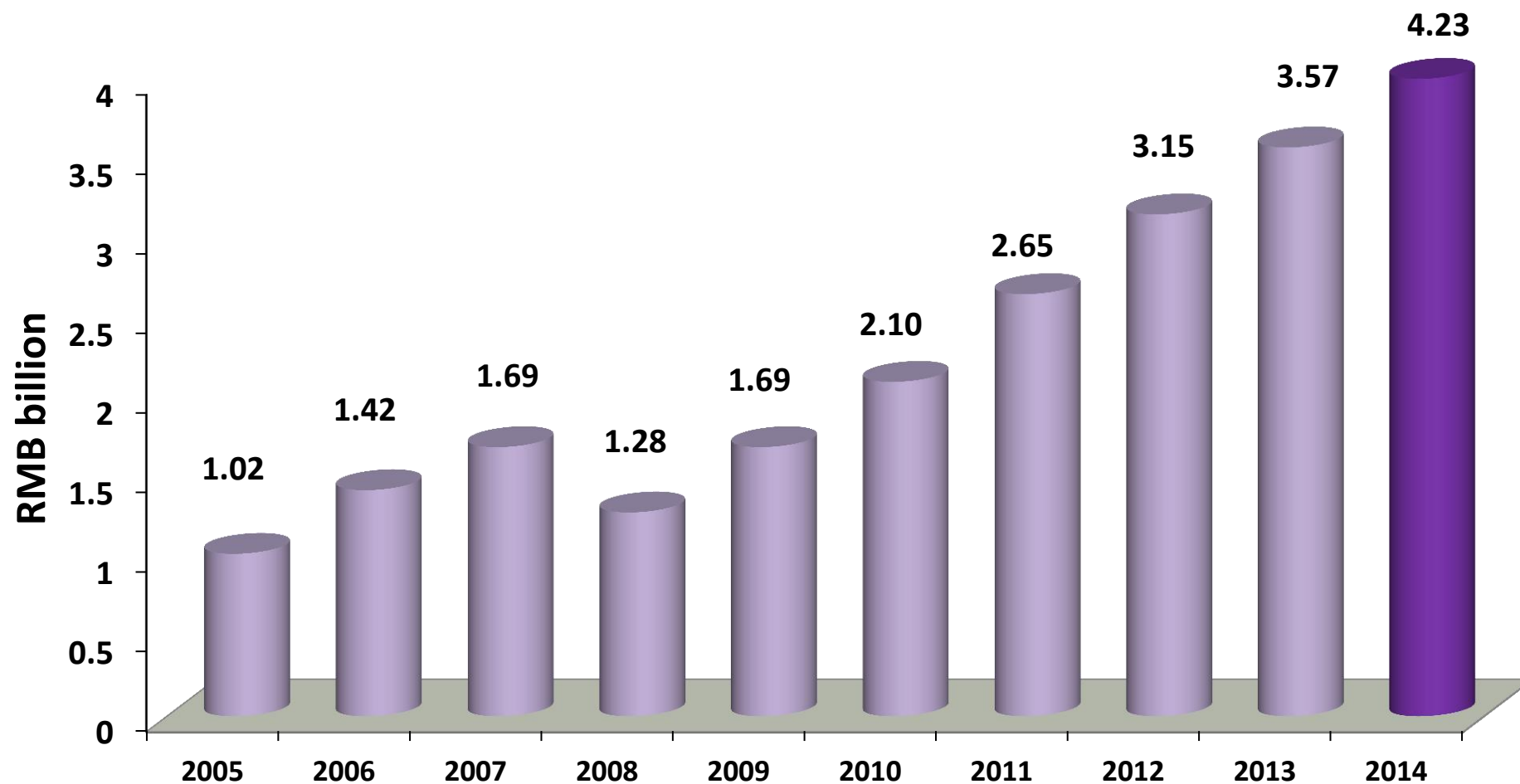


Refinancing Plan

Maintained robust credit ratings

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

As of 31 Dec 2014 (RMB billion)		Refinancing Plan
Total Debt	14.50	
Short-term loans: Subsidiary level loans	1.53	<ul style="list-style-type: none"> After the payment to Sinopec Marketing, we have RMB6.50 billion cash on hand while our working capital demands RMB3-4 billion cash only, leading to a surplus cash of RMB2.50 billion, which is enough to refinance the short-term loans
Long-term loans	2.67	<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
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	3.36	<ul style="list-style-type: none"> Due 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



- The Group had RMB 892 million positive free cash flow in 2014 (2013: RMB 235 million positive free cash flow)

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Key Operational Data

	2014	2013	Change
Coverage & Gas Penetration Rates of PRC Projects			
Number of project cities	142	134	8
Connectable urban population coverage ('000)	65,375	61,015	7.1%
Connectable households coverage ('000)	21,792	20,338	7.1%
Piped gas (including natural gas) penetration rate (%)	48.7%	45.6%	3.1%
Accumulated Connection of Piped Gas			
Residential (households)	10,604,598	9,274,794	14.3%
C/I customers (sites)	47,689	38,939	8,750
Installed designed daily capacity for C/I customers (m ³)	50,243,155	41,864,127	20.0%
Connection of Piped Natural Gas			
Acc. connected / converted households	10,524,408	9,200,671	14.4%
Increase in the Period (ex. acq & conversion)	1,322,723	1,220,411	8.4%
Acc. connected / converted C/I customers (sites)	47,503	38,787	8,716
Increase in the Period (ex. acq & conversion)	8,660	7,700	960
Acc. connected / converted C/I customers (m ³)	50,188,368	41,820,125	20.0%
Increase in the Period (ex. acq & conversion)	8,317,243	8,045,922	3.4%

Key Operational Data

	2014	2013 Change	
Gas Infrastructure			
Length of intermediate & main pipelines (km)	27,065	23,907	13.2%
Natural gas processing stations	149	137	12
Combined daily capacity of natural gas processing stations ('000 m ³)	73,617	58,088	26.7%
CNG refuelling stations	286	268	18
LNG refuelling stations	241	180	61
Gas Sales Volume			
Piped natural gas ('000 m ³)	7,896,334	6,494,513	21.6%
Vehicle natural gas ('000 m ³)	1,419,078	1,172,493	21.0%
Wholesale natural gas ('000 m ³)	804,160	370,019	117.3%
Total natural gas sales ('000 m³)	10,119,572	8,037,025	25.9%
Other piped gas ('000 m ³)	6,276	73,705	-91.5%
Other vehicle gas ('000 m ³)	22,245	14,204	56.6%
Total gas sales ('000 m³)	10,148,093	8,124,934	24.9%

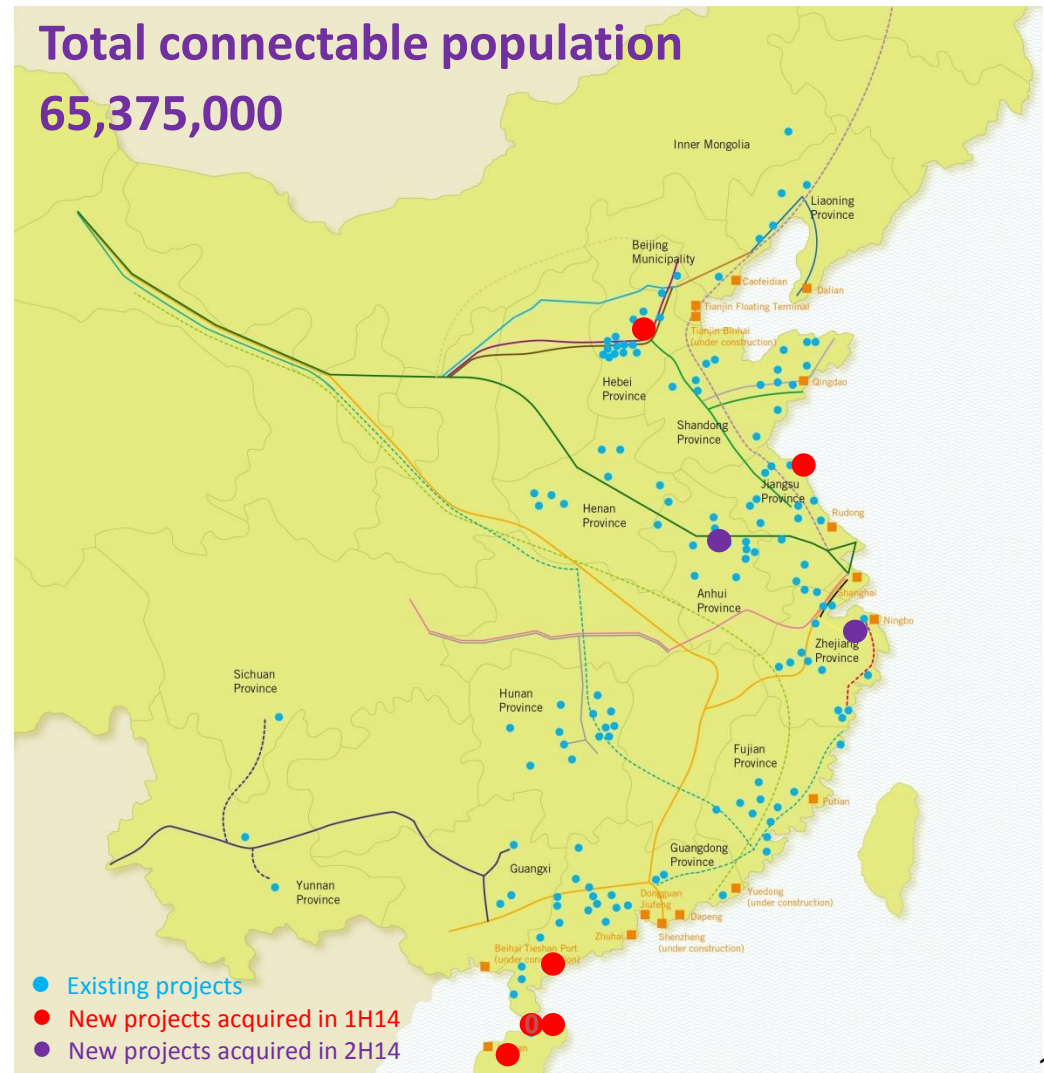


New Projects Development

8 New Projects located in 6 provinces were acquired

Total 142 Projects spanning across 16 provinces, autonomous regions and municipalities

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)	103,000
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
<u>New Projects Acquired in 2H2014</u>		
Anhui	Yingshang Industrial Park, Fuyang (阜陽市潁上工業園區)	NA
Zhejiang	Ningbo Daxie Development Zone (寧波大榭開發區)	NA
		Additional coverage: 633,000





New Projects Development

Our competitive advantages in acquiring new concessions nearby existing projects



Sufficient Piped-gas Supply

➤ **36 new concessions** acquired in 2014



Nation-wide Customer Call Centre

➤ **Total 114 concessions** extended from existing projects since 2012



Advanced National Dispatch Centre



Good Relationship with Local Government



New Projects Development

36 new concessions managed by existing project companies

Province	Project
Anhui 安徽省	Chuzhou Southern Suburb(滁州南郊區): Shahe Town Industrial Park (沙河鎮工業園) Shahuang Industrial Park (沙黃工業園) Laian Shuikou Town Industrial Zone (來安水口鎮工業集中區)
Guangdong 廣東省	Guangzhou International Innovative City Nanan Development Zone (廣州國際創新城南岸起步區) Zhaoqing Southern China Renewable Resources Industrial Park (肇慶市華南再生資源產業園)
Guangxi 廣西省	Lingchuan 3 rd Street Industrial Park (靈川三街工業園)
Hainan 海南省	Lingao Jinpai Harbour Provincial Development Zone (臨高金牌港省級開發區) Maniao Bay Development Zone (馬袅灣開發區) Longbo Bay Development Zone (龍波灣開發區) Haikou Longwan Zone (海口龍灣區)
Henan 河南省	Luoyang Wanan Mountain Zone (洛陽萬安山區域) Luoyang Koudian Town (洛陽寇店鎮): Lijia Village Industrial Park (李家村工業園) Zheshang Innovative Industrial Park (浙商創新產業園) Shangqiu Liangyuan (商丘梁園區): Shuangba Industrial Park(雙八工業園) Aluminium Industrial Park(鋁工業園)

Province	Project
Henan 河南省	Xinxiang Fengquan Industrial Zone (新鄉鳳泉區產業聚集區) Xinxiang Dakuai Town Industrial Zone (新鄉大塊鎮工業區) Song County Industrial Zone (嵩縣產業聚集區)
Jiangsu 江蘇省	Huaian District, Huaian(淮安市淮安區): Jiqiao Town(季橋鎮), Xiqiao Town(席橋鎮), Linji Town(林集鎮), Nanzha Town(南開鎮), Fanji Town(范集鎮), Madian Town(馬甸鎮), Sanbao Town(三堡鄉), Jianhuai Town(建淮鄉) Zhongbao Town, Xinghua (興化市中堡鎮) Diaoyu Town, Xinghua (興化市釣魚鎮) Xinghua Changrong Industrial Park (興化昌榮工業園區) Funing Goudun Town Industrial Park (阜寧溝墩鎮工業園區) Jianhu County Hengji Town Industrial Park (建湖縣恒濟鎮工業園) Lugou Town Industrial Park (盧溝鎮工業園) Yandan Town Industrial Park (顏單鎮工業園)
Shandong 山東省	Dongjiakou Langya Holiday Resort (董家口琅琊旅遊度假區)
Zhejiang 浙江省	Quzhou Qujiang District Shangfang Town Industrial Park (衢州衢江區上方鎮園區) Gaojia Town Industrial Park (高家鎮園區)

Strategic Co-operation

Sinopec Marketing

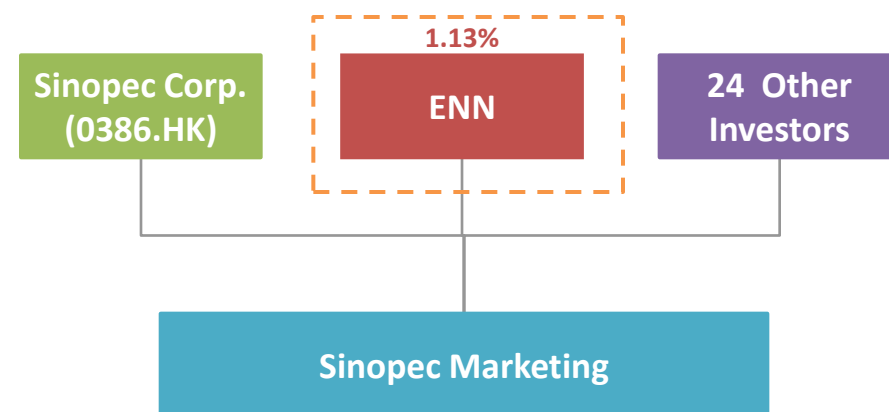
- Became one of their shareholders
- More co-operations in the downstream arena
 - LNG distribution for its gas stations
 - Explore opportunity in CNG/LNG refuelling stations development

Tianjin Material & Equipment Group

- Established joint venture to push forward LNG refuelling stations development

LNG bunkering business

- Alliance with international & domestic partners to develop LNG bunkering in various regions
 - Korea-China
 - Tianjin and Bohai Rim regions
 - Guangxi and Hainan



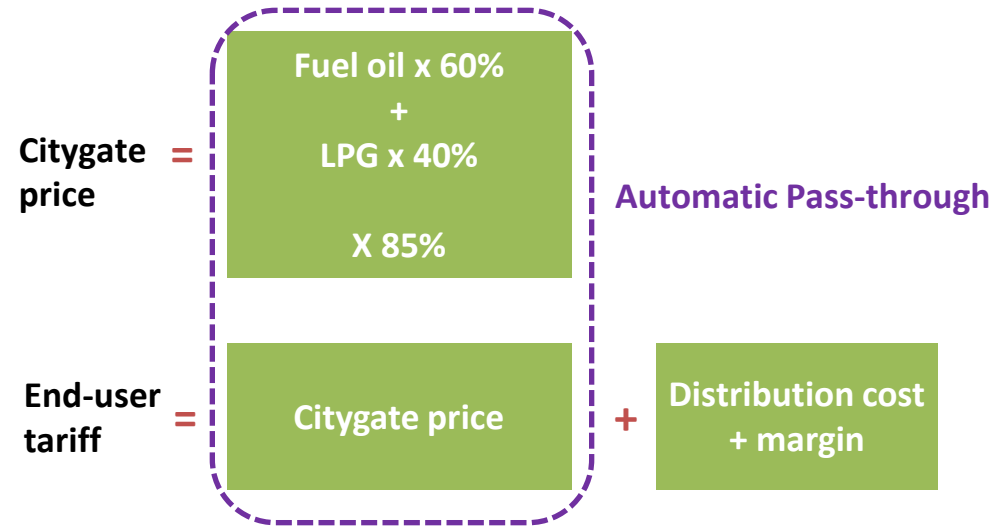
- Largest oil products supplier in China with over 60% market share
- Over 30,000 petrol stations
- Over 23,000 convenience stores
- Large base of loyal customers across China



Natural Gas Pricing Reform

- **Effective from 1 April 2015:**
- Incremental gas citygate price **-0.44/m³**
- Existing gas citygate price **+0.04/m³**
- Both citygate prices converge
- The Group expected average piped gas cost to be reduced by 0.15/m³

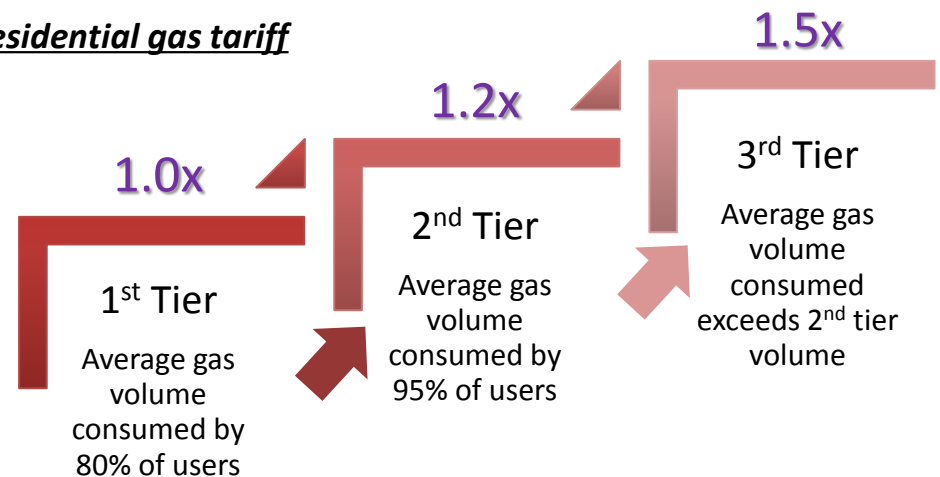
Non-residential gas tariff



By the end of 2015:

- NDRC proposed to establish tier pricing mechanism for residential gas usage in all city
- The Group has 24 projects with residential tier pricing mechanism

Residential gas tariff



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Deepen Gas Penetration

Strong organic growth potential from C/I users

➤ Coal-to-gas conversion

“By 2018, eliminate 400,000 steam tonnes of obsolete coal-fired boilers.”

“By 2020, 112bil m³ of natural gas will be used for coal-to-gas conversion.”

➤ Energy saving solutions

➤ Distributed energy system

Business opportunities from residential customers

➤ Sales of OEM gas appliances “GREAT”

- Leverage on our large residential customer base

➤ Old building connections

- Only 48.7% penetrated



Coal-fired boilers



Gas-fired



Over 10.6mil conncted residential customers



Vehicle Refuelling Stations

- **Favourable government policies –**
“Starting from 2015, all diesel trucks need to comply with National IV emission standard, the sales and registration of trucks with National III standard engines will be restricted.”

“By 2017, the supply of National V standard gasoline and diesel fuels will be available nation-wide.”

- **Establish refuelling stations at strategic locations**



Payback calculation of a CNG taxi	
Average gasoline price (RMB/litre)	6.6
Average CNG price (RMB/m ³)	4.3
Gasoline consumption per km (litre)	0.05
CNG consumption per km (m ³)	0.055
Cost saved per km (RMB)	0.09
Average driving distance (km/day)	400
Daily average savings (RMB)	36
Monthly average savings (RMB)	1,080
Conversion fee (RMB)	3,500
Payback period (months)	3.2

Payback calculation of a new LNG truck	
Average diesel price (RMB/litre)	6.2
Average LNG price (RMB/m ³)	4.5
Diesel consumption per km (litre)	0.4
LNG consumption per km (m ³)	0.44
Cost saved per km (RMB)	0.50
Average driving distance (km/day)	400
Daily average savings (RMB)	200
Monthly average savings (RMB)	6,000
Price difference of LNG truck & diesel truck (RMB)	60,000
Payback period (months)	10.0



Ship Refuelling Stations

- Establishment of codes and standards for the industry
- Government subsidies for the construction of new LNG-powered inner-river vessels ranging from RMB63k-1.4mil
- First-mover advantage at strategic locations



Key markets for LNG bunkering



- ENN's pilot projects
- ENN's projects in operation



Conduct Energy Trading to Reap Synergy

- Asset-light business model which enhances the bottom line
- One of the shareholders of Shanghai Oil & Gas Exchange Centre
- Fully utilize our non-piped gas delivery platform and upstream resources
- Prudent risk management



- ❑ Able to dispatch 736 CNG/LNG trucks
- ❑ One-time transporting capacity reaches 20mil m³

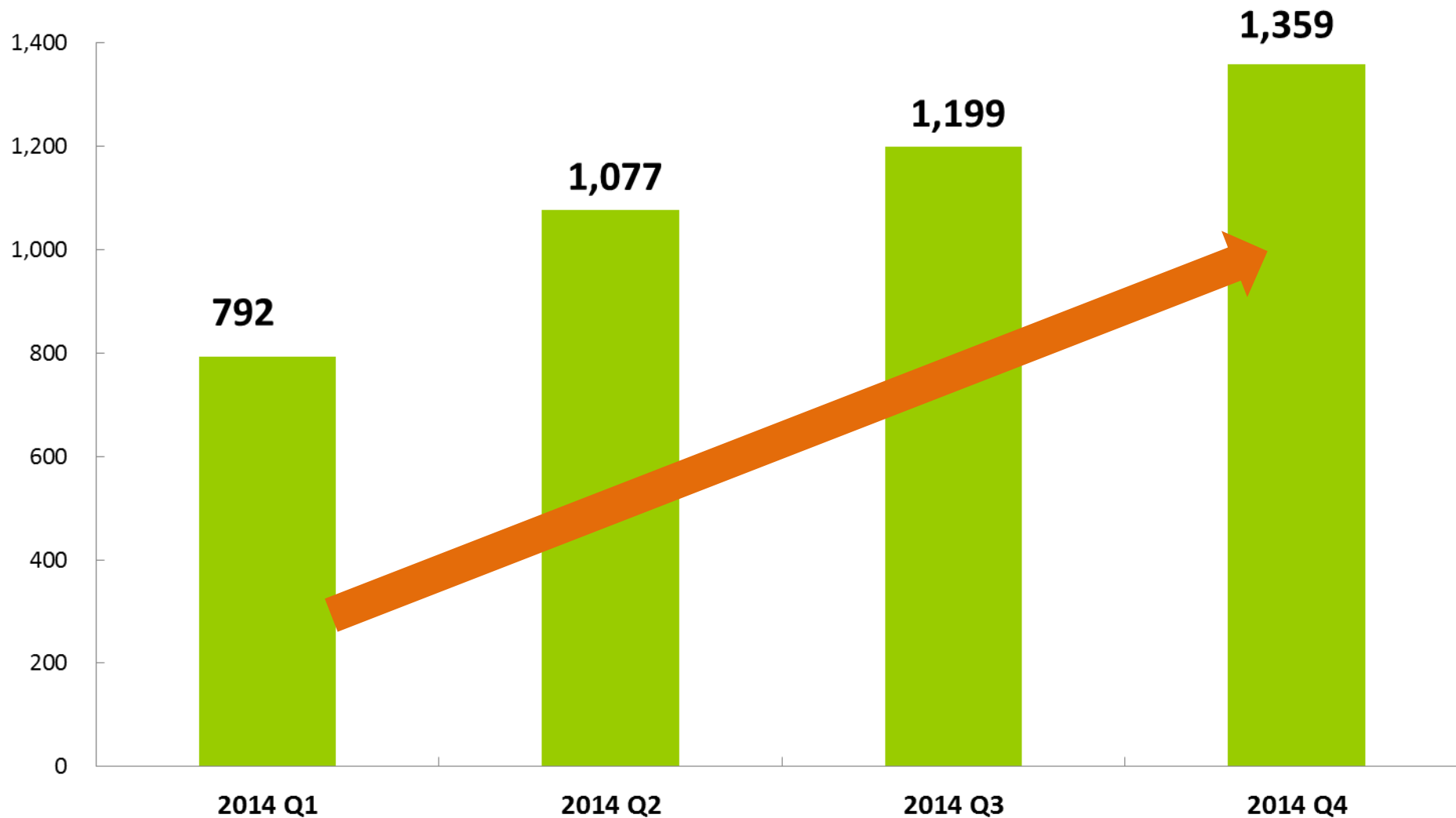


- ❑ Advanced national dispatch centre



North America Refuelling Business

2014 Gas Sales Volume ('000 DGE)



DGE = Diesel gallon equivalent



North America Refuelling Business

- Federal tax rebate of USD0.85/DGE
- Collaborate with industry players to push forward the LNG Excise Tax Equalization Act
- Lower conversion cost and tax rebate sharing with customers
- Increase utilization of existing stations



Payback calculation for LNG trucks

Average diesel price ¹ (USD/gallon)	3.1
Average LNG price ² (USD/DGE)	2.5
Spread (USD/DGE)	0.6
Average miles travelled (miles/year)	100,000
LNG consumption (DGE/year)	18,000
Savings (USD/year)	10,800
Incremental cost for adopting LNG truck (USD)	70,000
Payback (years)	6.5
With Blu v2. fuel system	
Incremental cost for adopting LNG truck (USD)	35,000
Payback (years)	3.2

Notes: 1. Diesel price on West Coast on 11/5/2015 released on EIA
2. Latest LNG retail price at the pump at ENN US stations in 2014

LNG Excise Tax Equalization Act

Fuel Type	Annual Mileage	Fuel consumption/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

However, 1.7 gallon LNG = 1 DGE LNG

Current excise tax per DGE = 41.31cents

If LNG is to be taxed on DGE basis → Excise tax **-41%**

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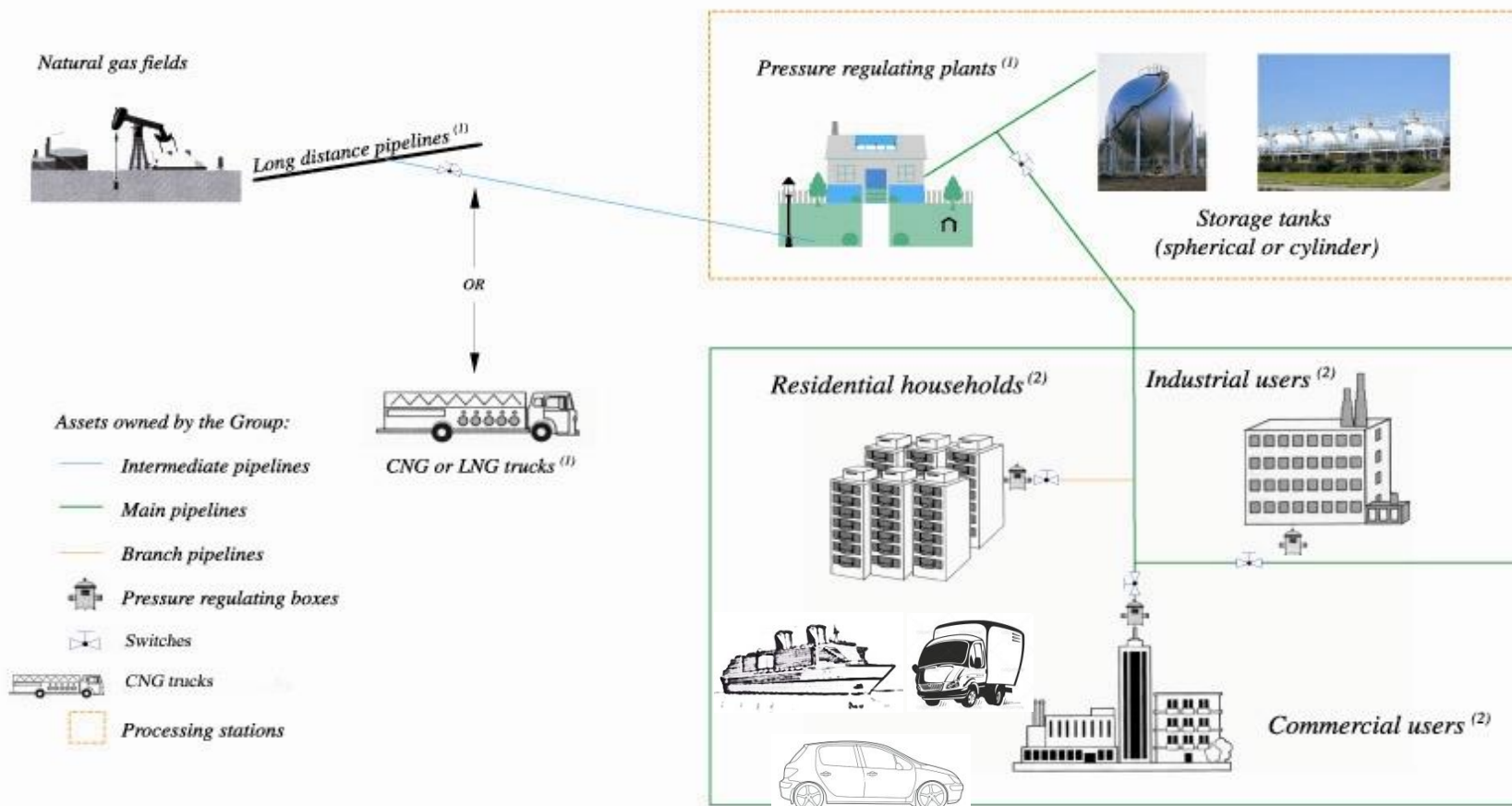
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Natural Gas Pricing Reform

Province	Existing Volume (RMB/m ³ Incl. VAT)	Incremental Volume (RMB/m ³ Incl. VAT)	From 1 April 2015 onward (RMB/m ³ Incl. VAT)	Province	Existing Volume (RMB/m ³ Incl. VAT)	Incremental Volume (RMB/m ³ Incl. VAT)	From 1 April 2015 onward (RMB/m ³ Incl. VAT)
Beijing	2.66	3.14	2.70	Henan	2.67	3.15	2.71
Tianjin	2.66	3.14	2.70	Hubei	2.62	3.10	2.66
Hebei	2.64	3.12	2.68	Hunan	2.62	3.10	2.66
Shanxi	2.57	3.05	2.61	Guangdong	2.86 (unified city-gate price)		2.88
Inner Mongolia	2.00	2.48	2.40	Guangxi	2.69 (unified city-gate price)		2.71
Liaoning	2.64	3.12	2.68	Hainan	2.32	2.78	2.34
Jiling	2.42	2.90	2.46	Chongqing	2.32	2.78	2.34
Heilongjiang	2.42	2.90	2.46	Sichuan	2.33	2.79	2.35
Shanghai	2.84	3.32	2.88	Guizhou	2.37	2.85	2.41
Jiangsu	2.82	3.30	2.86	Yunnan	2.37	2.85	2.41
Zhejiang	2.83	3.31	2.87	Shaanxi	2.00	2.48	2.04
Anhui	2.75	3.23	2.79	Gansu	2.09	2.57	2.13
Jiangxi	2.62	3.10	2.66	Ningxia	2.17	2.65	2.21
Shandong	2.64	3.12	2.68	Qinhai	1.93	2.41	1.97
				Xinjiang	1.81	2.29	1.85

Gas Delivery Process



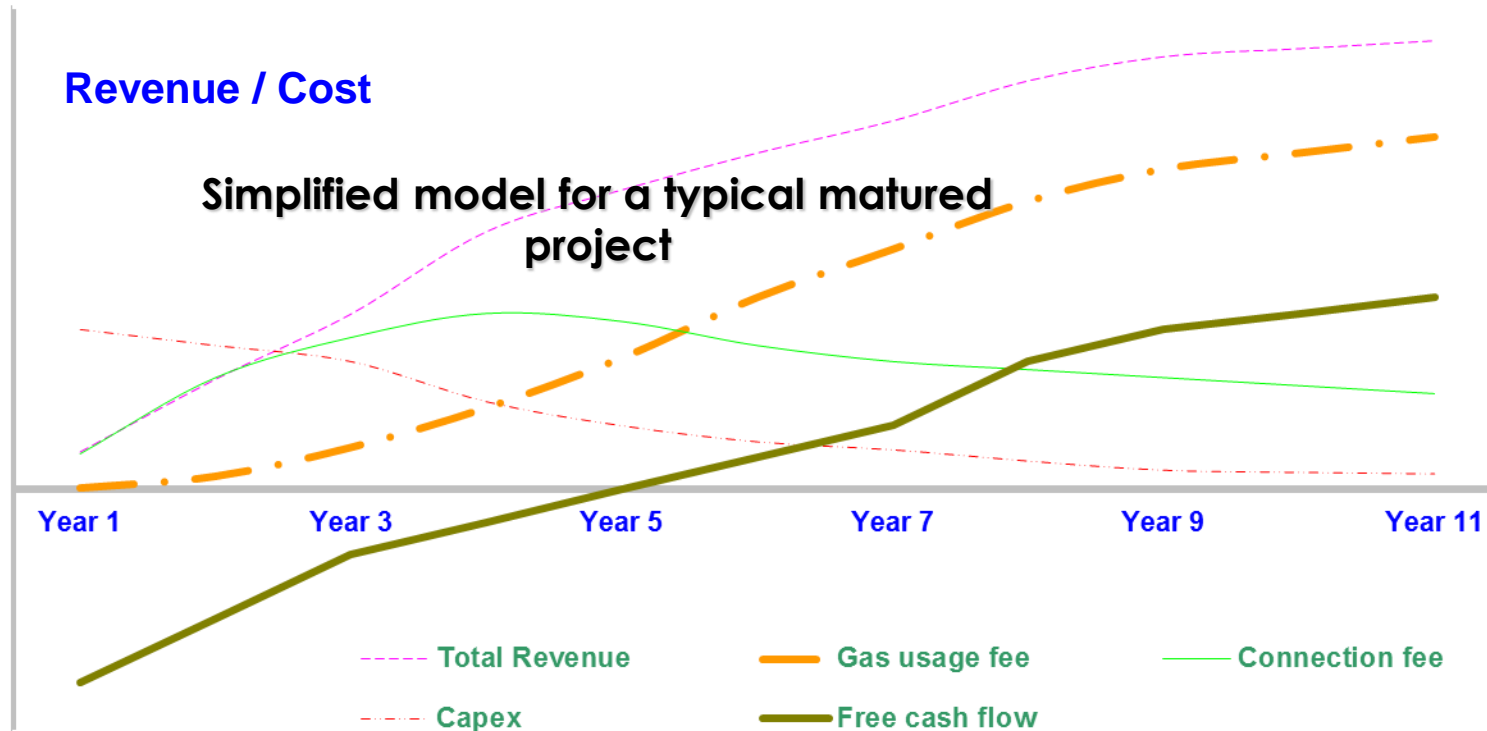
Notes:

(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

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	35.30	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

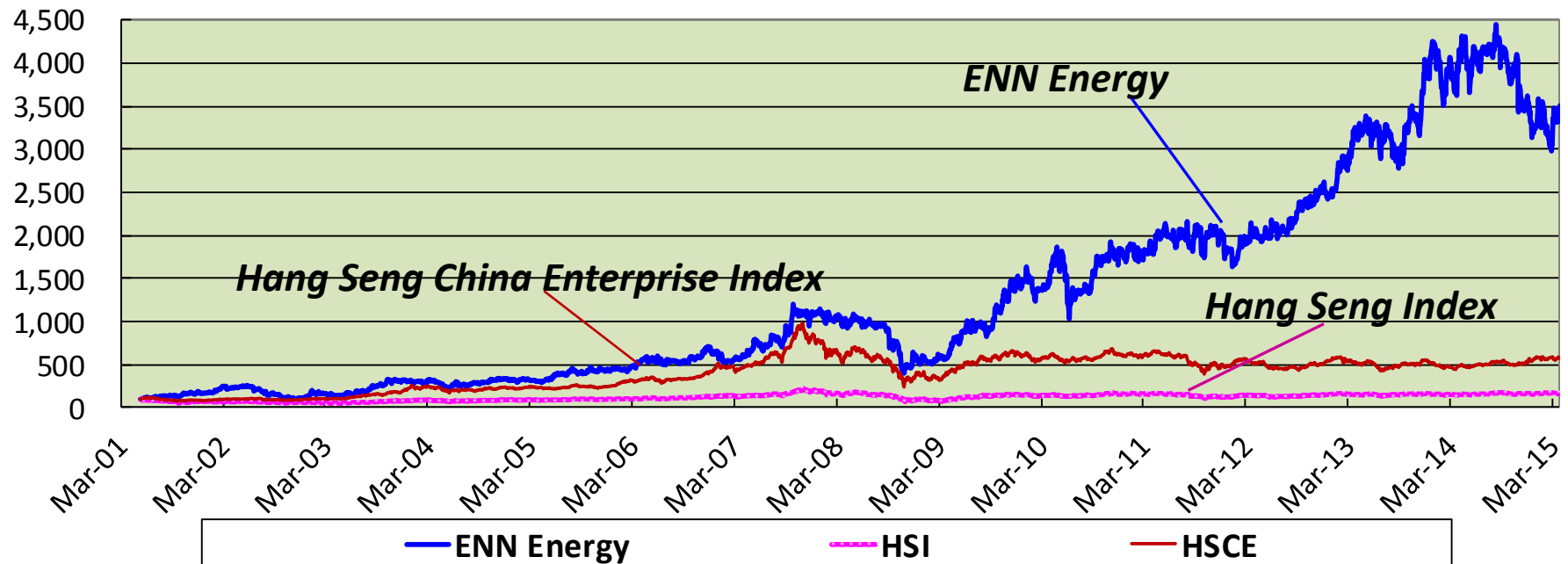
* Heating capacity of NG: 9,000kcal/cubic meter 1kg of LNG = 1.38 cubic meter of NG ** 28 m³ = 1 mmbtu

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>Forbes</p> <p>2013 China's Best CEO 2012 Asia's Fab 50</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>China Affiliate of the Balanced Scorecard Institute</p> <p>"Star Organisation of Strategy Execution in China" for 2008</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>IR Magazine</p> <p>"Top 100 for Investor Relations in Greater China" for 2013/14</p>
		<p>Yazhou Zhoukan</p> <p>"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>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>Forbes</p> <p>"Honor, Cover Design, Oil and Gas Production Services" for 2011</p>
<p>EuroWeek</p>	<p>"Best Asian High Yield Bond Issue of 2005"</p>	<p>Annual International ARC Awards</p> <p>"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</p> <p>"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</p> <p>"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</p> <p>"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 27 March 2015):
HK\$51.3 billion



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