ENN新奥

ENN Energy Holdings Limited

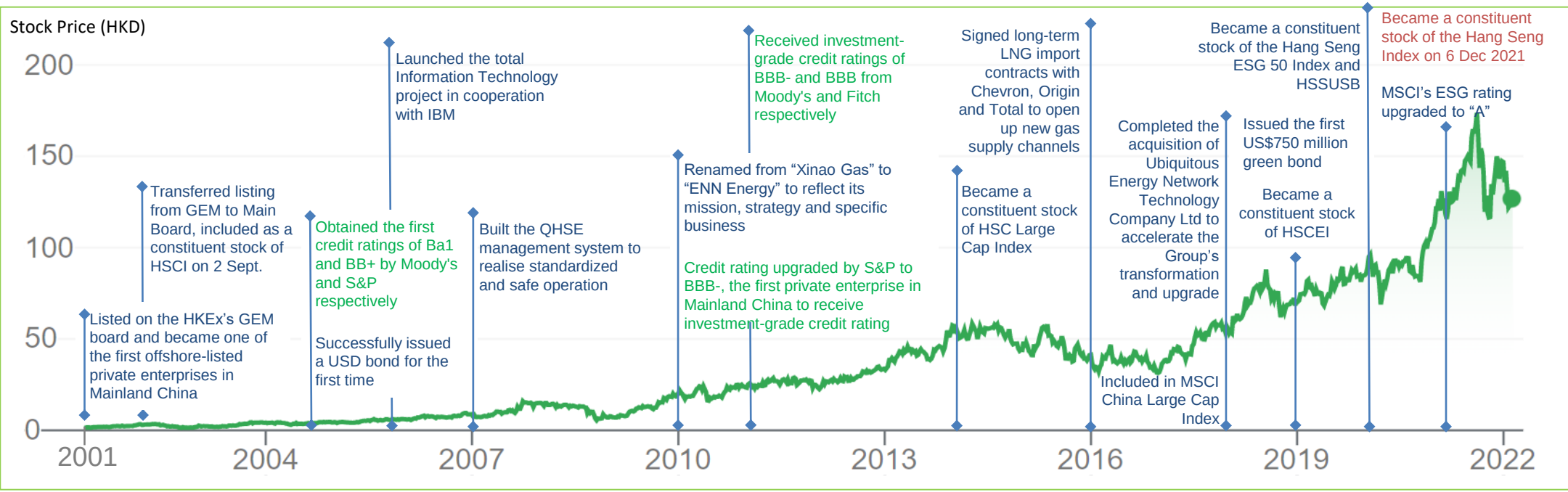
2021 Annual Results

Presentation Materials

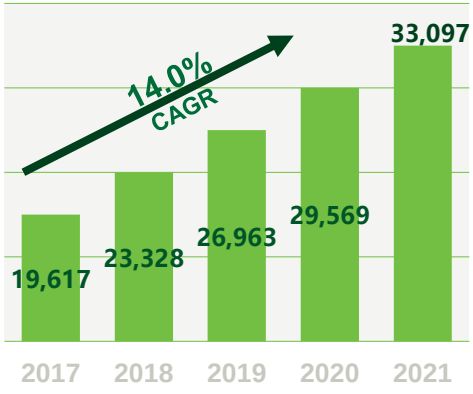
18 March 2022

20-Years of Excellence, ENN Becomes a Blue-chip Stock Ready to Set Off a New Journey

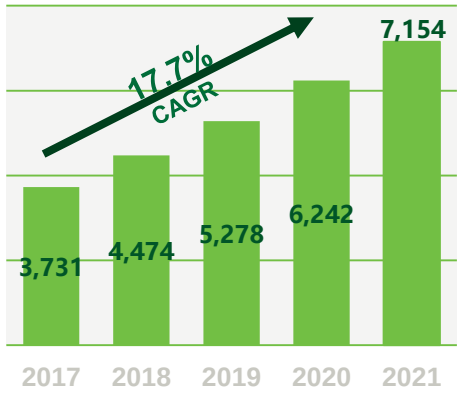
Total shareholder return* over the past 20 years >137x



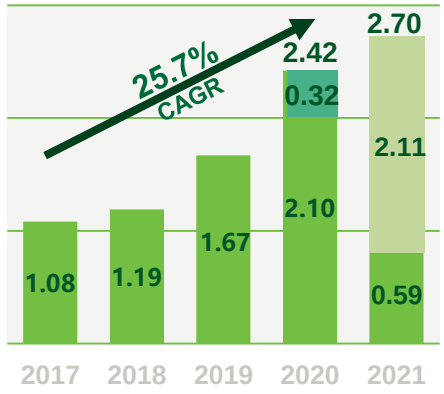
Total Gas Sales Vol (mil m³)



Core Profit (RMB mil)



DPS (HKD)



Committed to developing ENN Energy into a high-quality blue-chip company

- Continue to lead the low-carbon development and strengthen the Group's influence in the industry
- Facilitate low-cost financing to support business expansion capitalising on strong credit ratings
- Strive to achieve carbon neutrality target by 2050
- Gradually increase dividend payout ratio and continue to enhance shareholder returns
- Broaden shareholder base including index-linked funds, ESG funds and retail investors

**Total shareholder return = (Stock price movement in the past 20 yrs+ total dividends) /IPO price (HKD1.15; Closing price in 31 Dec 2021: HKD147)*

Highlights of 2021

Formulated “Decarbonisation Action 2030 – Journey to Net Zero”
Set the goal of carbon neutrality by 2050

Sales volume of IE increased by **58.3%** to **19,065 mil kWh** , **31** new IE projects was added, total number of operational projects increased to **150**

Retail gas sales vol increased by **15.1%** to **25,269 mil m^3**
Developed **21.04 mil m^3** installed daily capacity for C/I customers and
2.62 mil new residential customers

Acquired **20** citygas and regional pipeline network projects
Further expanded our operating regions

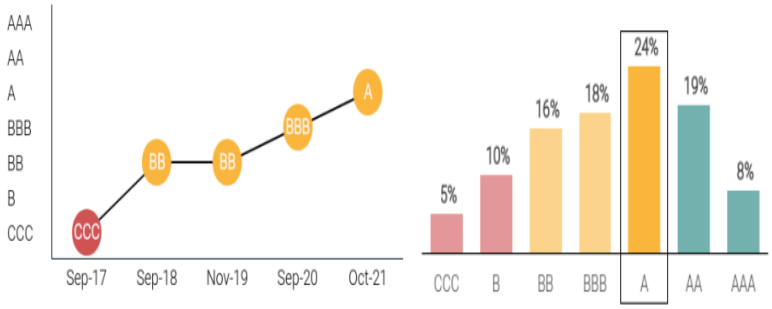
Gross profit of Value Added Business increased by **31.3%** to **RMB1,723 mil**

Core profit increased by **14.6%** to **RMB7,154 mil**
Free cash flow reached **RMB2,936 mil**
Total dividends amounted to **HKD2.70** per share, dividend payout ratio increased to **35%**

Enhanced ESG Governance and Performance

ESG Rating Performance

MSCI ESG rating upgraded to “A”



A

Hang Seng Sustainability Index

2020：A

B

CDP

First Rating

55

DJSI Sustainability Score

2020：51

Environment

Carbon emission intensity (Baseline year: 2019)

↓ 17.3%

Helped society & clients reduce emission

49.07 million tons

2020：42.11 million tons

No. of member companies obtaining environmental management system certification ISO14001

40

By end of 2020：17

Strengthen methane emission monitoring and treatment

BOG

25.05 million m³

Coverage of methane monitoring system

20.2%

Society

Percentage of female in senior management

57.1%

2020：55.6%

Occupational injury case/mil hrs

1.09

2020：1.27

Target to reduce to **0.75** by 2030

Investment in Operation Safety

RMB1.48 bil

2020：RMB1.21 bil

The rectification rate of first-class hidden hazard of gas leakage

100%

Governance

Enhanced the % of female board members

18.2%

2020：10%

2025 target: **30%**

Obtained Information Security Management Certificate

ISO27001

0

Corruption cases, Complaints, Environmental illegal case

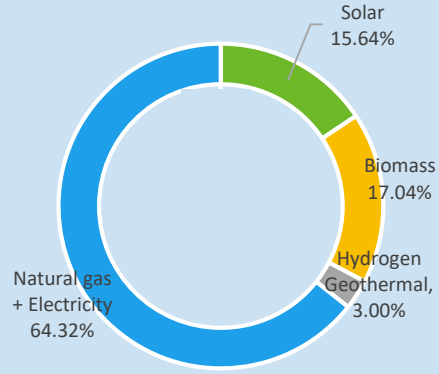
Decarbonisation in Action

Methane Management

- Advocate more **eco-partners** to work together
- **Set emission reduction targets** and work with alliance partners to control the Methane intensity under 0.25%
- Identify emission sources and advance **onsite methane detection technologies**. Install laser methane monitoring system in all citygate stations by 2022
- **Disclose methane emission data in 2023.** Continue to improve transparency and seek third-party verification
- Upgrade internal system and performance evaluation mechanism, gradually link to **management remuneration**

Utilisation of Renewables for Integrated Energy Business

- Enhance the use of **solar, biomass, geothermal energy** and other renewable energy. Increase the share of renewables from **20%** in 2021 to **36%** in 2030
- Improve the overall energy efficiency of energy generating facilities by 5% by 2030
- Promote carbon-negative technologies and introduce CCUS pilot projects by 2025, which will neutralise 5% annual carbon emissions caused by fossil fuels



Green Office

- **Low-carbon transformation for Langfang headquarters**
  - Install electrical automation and Serlink smart energy system to enhance intelligent management
  - Upgrade and maintain geothermal heat pumps and related hardware to improve energy operation efficiency
  - Upgrade and optimize energy using facilities such as water heaters and lighting energy-saving systems to reduce energy demand
  - Installed 194.4kW distributed PV plant to provide clean and green power

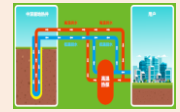
Energy saved **280,000kWh/year** **36%**

Emission reduced **168 tons/year** **50%**

Application of Green Technology

Geothermal Heat

Ground source heat pump technology



Middle-deep underground heat exchange technology

Biomass

- Biomass rapid thermolysis technology

Hydrogen

- Plan to set up a laboratory in Shijiazhuang to conduct research on the application of hydrogen blending technology in natural gas pipeline
- Biomass hydrogen production technology

Energy Storage

- Develop energy storage technology and introduce sodium-ion batteries energy system

Ensure Intrinsic Safety, Build a Brand for Safety

ENN Energy strives to **achieve industry-best performance on safety, establish a leading digitalised intelligent system and build a brand for safety**

The government enhanced safety supervision

- ✓ The new Work Safety Law came into force on September 1, 2021
- ✓ The Work Safety Commission of the State Council issued the National Work Program for Special Improvement of Town Gas Safety in November 2021
- ✓ The Ministry of Housing and Urban-Rural Development issued an emergency notice to require local governments to effectively strengthen the safety supervision of the gas industry in January 2022

ENN Energy strengthened intrinsic safety

- **Improve accountability:** quantified the safety regulations of **24** main roles
- **Enhance capacity:** constructed training sites for **31** enterprises; conducted **over 100,000** pre-service certifications for general staff
- **Assessment and inspection**: carried out comprehensive safety assessment on **over 60** enterprises and comprehensive inspection of operation safety on **over 120** enterprises
- **Hidden hazard management:** issued all-scenario inspection guidelines; **117** units prepared self-inspection programs; chiefs led **424** hidden hazard inspections; rectification/control rate of problems and hidden hazards reached **100%**

Old pipeline management

- Set up **a special management working group**
- Completed the hidden hazard inspection, leak detection, pipeline maintenance and replacement of all pipelines over 20 years old, replaced a total of **780 km** of pipelines

In-door hidden hazard management

- Provide safety inspection for households **1-2 times/year** and for C/I users **1 time/month** , higher than the national standard
- Modified in-door risk classification and formulated standardised handling procedure
- Replaced automatic shutoff valves and other facilities for **494,919** users

Engineering safety management

- Control key engineering process and high-risk operations
- Optimize contractor management

Citygate safety management

- Conduct safety assessment and self-inspection
- Process intrinsic safety + Leak detection + Entry inspection + Perimeter security

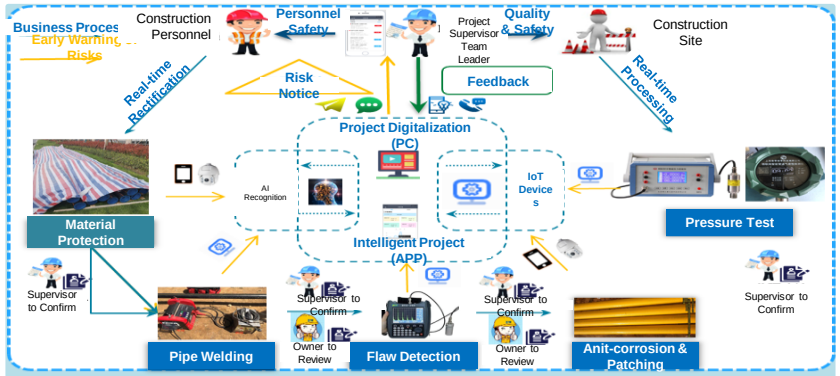
Build an ecosystem for emergency management

- Conduct a comprehensive mapping in **emergency staffing, plans, equipment and drills** to make up for the shortcomings
- Work with local governments in emergency response to integrate gas emergencies into the overall emergency response system of governments, promote the **development of an ecosystem for emergency management**

Built an Intelligent Safety Management System

Leveraged IoT and AI technology to comprehensively build an intelligent safety management system with “multiple business scenarios directed by an intelligent operation center” realizing the all-scenario safety concept of “Knowing the Key Points, Discovering the Weak Links, Designating Responsible Personnel”.

Intelligent Project



- **Pipeline excavation and installation**: full-process control and data collection, risk indication, closed-loop disposal
- **Hazardous operations:** full-process management of online operations; safety education and training, confirmation; construction site supervision

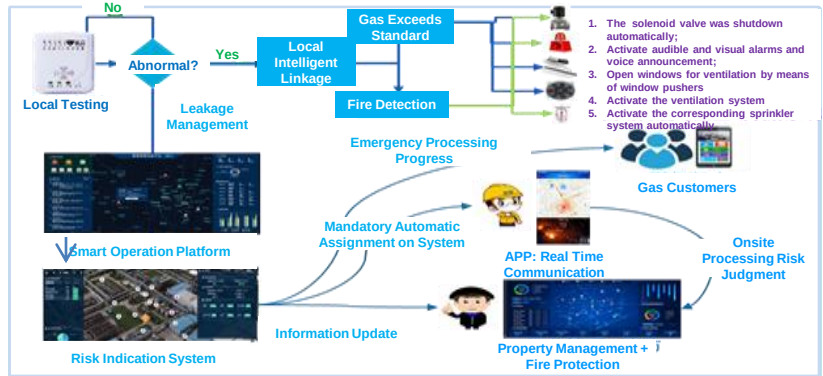
Intelligent Operation Center

Predictive Regulation | Risk indication

Integrated command | Decision Evaluation

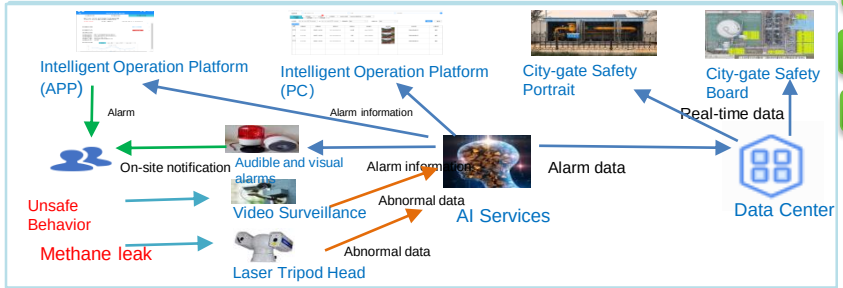
Data Driven | Customer Interaction

Smart Operation



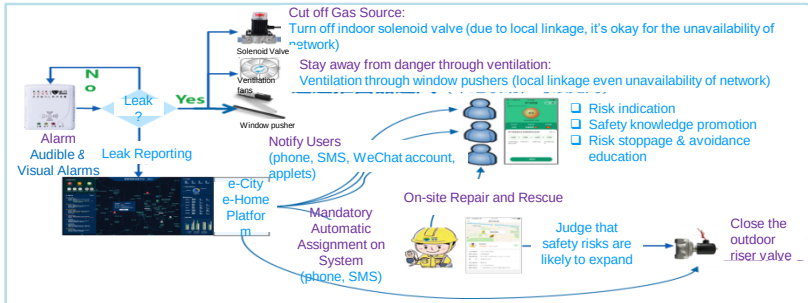
- **Online simulation**: Real-time monitoring through SCADA + online pipeline simulation technology
- **IoT**: sensing environmental changes, initiating multi-level linkage of on-site equipment, carrying out risk warning and response

Smart City-gate Stations



- **Real-time monitoring:** monitor gas leaks and unsafe behavior using laser tripod head and intelligent AI camera equipment for 7 * 24 hours, with laser leak detection accuracy of up to 5ppm and accurate positioning by photo
- **Timely disposal:** second-level automatic alarm triggering, PC terminal, accurate push and disposal through APP terminals, the whole-process traceability

Intelligent Safety Inspection



- **IoT + cloud:** sensing changes in the indoor environment through the alarm system and IoT equipment; monitoring staff-client information interaction on the management platform for risk prompting, warning and response
- IoT meter penetration rate for C/I users reached **48.5%** and **36.6%** respectively

Scenario as the foundation | **IoT as the key** | **Platform as the carrier** | **Data as a resource** | **Intelligence as goal**

Content

Steady Growth in Operating Results

（RMB million）	2021	2020	Changes
Key Financial Data			
Revenue	**93,113**	**71,617**	**↑ 30.0%**
Segment Revenue			
Retail gas sales	*49,247*	*40,510*	↑ 21.6% *Gas vol growth, gas price hike*
IE business	*7,805*	*5,042*	↑ 54.8% *Utilisation increased, new projects commenced*
Value added business	*2,341*	*1,685*	↑ 38.9% *Diversified product portfolio, increased penetration*
Wholesale of gas	*25,634*	*17,936*	↑ 42.9% *LNG price hike*
Construction & installation	*8,086*	*6,444*	↑ 25.5% *More new connections, stable fee*
Gross Profit	**14,056**	**12,332**	**↑14.0%**
EBITDA^	13,631	12,207	↑11.7%
Profit attributable to Shareholders	7,755	6,278	↑23.5%
Core Profit*	**7,154**	**6,242**	**↑14.6%**
Core EPS (RMB)	**6.35**	**5.55**	**↑14.4%**

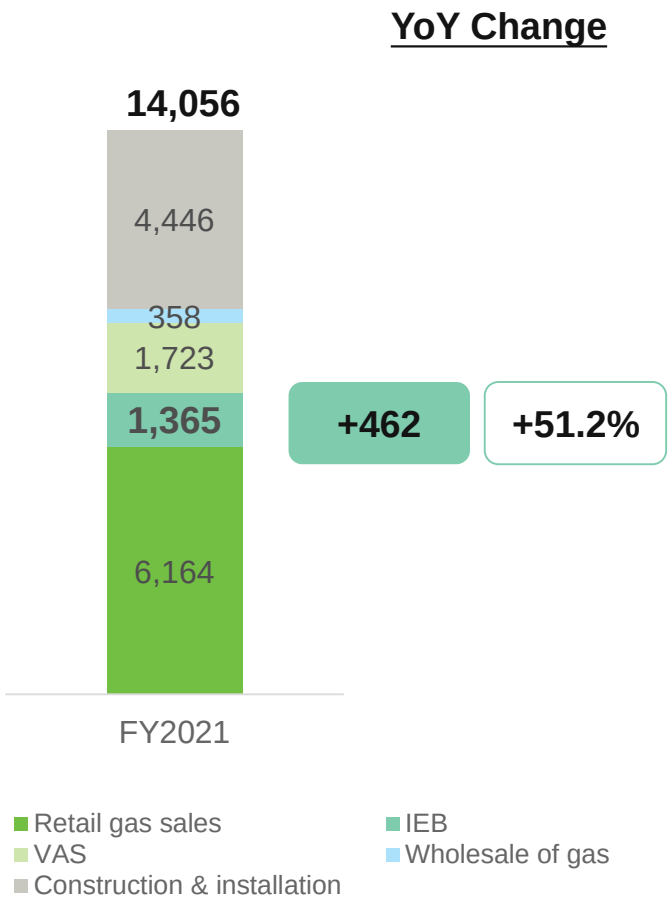
^ EBITDA = Includes JCE, Asso but excludes one-time items

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

IE Business

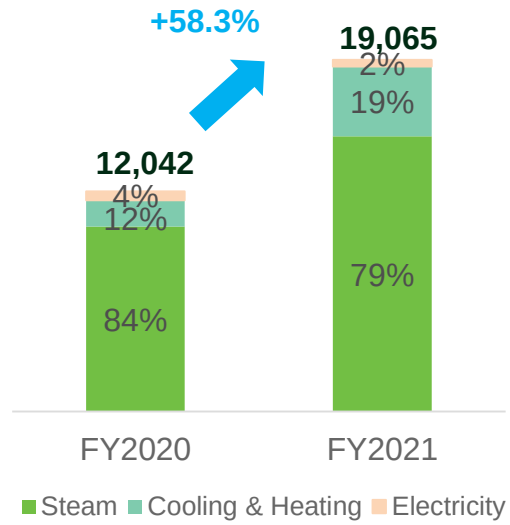
- Provide customers with low-carbon/zero-carbon energy solutions which are driven by their needs, adaptive to local conditions and prioritising the use of renewables

2021 Gross Profit (RMB mil)



Annual Performance

IE sales vol (mil kWh)



Operational

Under construction

150 | 42

Energy Sales Potential

>36 billion kWh

Clean energy solutions for customers

(No. of Projects) **79**

Utilise renewable energy

(Energy Sales Vol) **20%**

Generated from renewables

Positive environmental impact for customers

Energy Consumption (Standard Coal)

2,120,281 tons

CO_2 emissions

6,666,714 tons

Low-carbon Industrial Park

- Developed intelligent low-carbon industrial parks prioritising the use of renewables and complementing multi-energy sources, to satisfy customer demand for energy saving, carbon reduction and energy cost reduction
- There were **52** low-carbon industrial parks in operation contributing to a revenue of **RMB1.96 bil,** up **116%** yoy. Signed **261** new industrial parks with energy consumption potential of **114.5 billion kWh**.

Xuancheng Economic Development Area in Anhui Province

Low-carbon solutions:

- ✓ **Multi-energy integration**, incremental distribution grid + wind + solar + natural gas micro-combustion engine + power plant waste heat
- ✓ Power generation operation and maintenance + boiler hosting operation + digitalisation platform **to improve operational energy efficiency**
- ✓ Configure **energy storage power plants** to complement the distribution grid, regulate electricity allocation and reduce the cost of electricity purchase
- ✓ Realize the **integration** of electricity, heat, gas and digital intelligence networks to create a national intelligent low-carbon industrial park

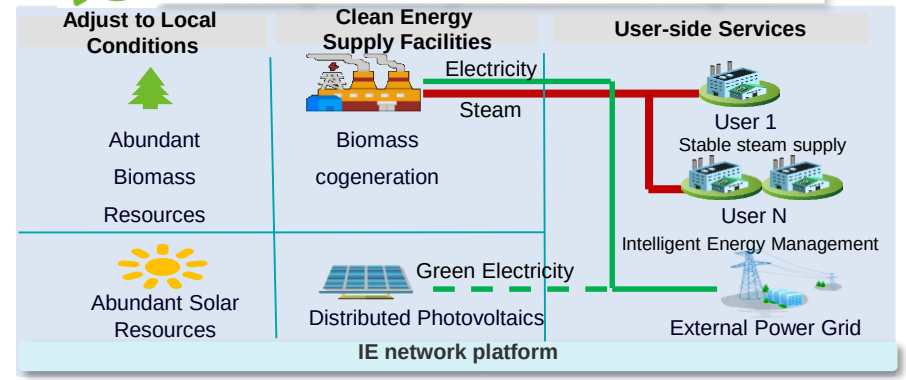
Energy consumption scale

- Steam **350,000 tons/year**
- Electricity **160 million kWh/year**

Emission reduction benefits

- Energy-saving standard coal equivalent **49,000 tons/year**
- CO_2 reduction **128,000 tons/year**

Yizhou Economic Development Area in Guangxi Zhuang Autonomous Region



Low-carbon solutions:

- ✓ **Renewable energy use**, biomass co-generation + distributed solar energy
- ✓ **Energy management system** optimizes the operation efficiency of equipment and energy used in the park
- ✓ **Carbon trading potential:** Green Power + CCER carbon assets

Energy consumption scale

- Steam **250,000 tons/year**
- Electricity **360,000 tons/year**

Emission reduction benefits

- Energy-saving standard coal **26,000 tons/year**
- CO_2 reduction **68,000 tons/year**

Low-carbon Factory

- Energy consumption and carbon emission dual control policy, differential power tariffs and carbon trading stimulated customers demand for energy efficiency enhancement as well as energy structure optimization. The Group helped customers developed low-carbon factories by offering array of energy services, incl. consulting services and low-carbon energy supply
- There were **443** low-carbon factories in operation contributing to **RMB3,694 mil** of revenue, up **53%** yoy

CBAK Battery in Dalian

Customer Pain Points

- Boiler emissions exceed the standard imposing a huge pressure on consumption reduction
- Rough energy management

Low-carbon Solutions

- **Energy-saving optimization of 69 processes** + professional boiler hosting operation
- Smart energy management + Billing optimization
- **Renewable energy use**, distributed solar + biomass boiler + green power procurement

Achievement

CO_2 reduction **16,800 tons/year**

Customers' energy costs reduction **RMB2.08 million per year**

Tongrentang in Yutian, Hebei

Customer Pain Points

- Inefficient energy control systems
- High energy consumption

Low-carbon Solutions

- Upgrade control system in an intelligent manner through **Serlink energy management system**
- Energy facility hosting + Energy efficiency consulting + PV
- **Green Factory Certification**

Achievement

CO_2 reduction **9,500 tons/year**

Customers' energy costs reduction **RMB3.79 million per year**

Low-carbon Buildings

- Leveraging on the development opportunity of low-carbon and green building, with the adoption of digital intelligence platform, to offer low-carbon solutions and energy facilities hosting service, helped customers save energy and reduce carbon emissions and energy costs
- There were **38** low-carbon buildings in operation contributing to **RMB2,151 mil** of revenue, up **25%** yoy

Service Model

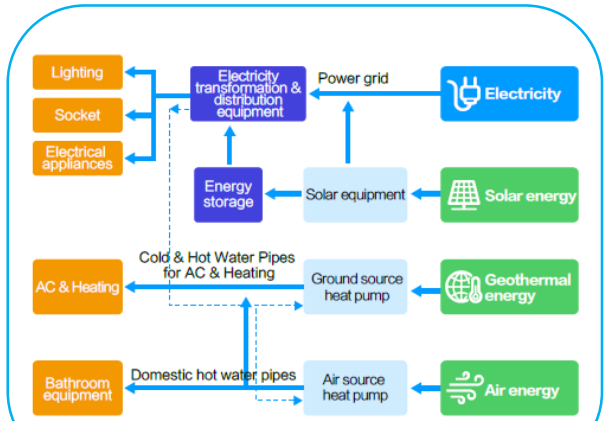
Existing buildings — Focus on existing energy-intensive buildings such as airports, hotels, shopping malls and office buildings in urban areas

New buildings — Conduct low-carbon designs and planning based on the concept of its IE solutions

Low-carbon Solution

- Envelope structure
- Tubular Illumination
- Intelligent shading system
- Independent temperature and humidity control
- Energy recovery elevator
- Photothermal utilization
- Energy-saving lamps, electrical appliances
- Solar building integration
- Energy-saving door and window system

Low-carbon Operation



- Energy efficiency analysis
- Carbon emission analysis
- Multi-technology coupling analysis
- Integrated energy Index
- Green building solutions
- Low-carbon solutions
- Energy + Carbon coupling analysis
- Carbon footprint Analysis

- Load forecasting
- Climate compensation
- Comprehensive monitoring & analysis
- Sub-monitoring
- Optimisation of operation strategy
- Green building benchmarking
- Real-time analysis of energy efficiency
- Real-time matching of demand and supply

Mangrove Tree Resort World in Qingdao

Customer Pain Points

- Rough energy management
- Inefficient equipment operation and maintenance
- Defective process system
- Energy waste

Low-carbon solutions

- **Optimize energy system equipment** by installing energy savers and frequency converters and recovering gas residual heat to reduce electricity consumption;
- Installing air-source heat pumps and solar energy to **improve energy use**;
- Host operation of existing energy facilities;
- **Intelligent upgrade of control system** to improve operating efficiency

CO_2 reduction **601 tons/year**

Energy costs reduction **RMB600,000 /year**

Low-carbon Transportation

- To build a smart low-carbon transportation platform based on digital intelligence system and various business scenarios
- **17** charging stations were put into operation with **more than 20** stations under construction and **3** battery-swap stations were put into operation with **5** stations under construction, mainly located in Shanghai and Quanzhou.

Battery-Swap Business

- **Positioning:** automotive business transformation, low-carbon travel
- **Resources:** venue, customers, team, experience
- **Markets:** lease, car-hailing, urban distribution, short-distance, heavy-duty trucks
- **Models:** vehicle-electricity separation, battery operation, tram collective purchase
- **Extension:** photovoltaic, micro-combustion engine, energy storage

- **Based on business scenarios and digital intelligence technology**
- **Build a smart transportation energy platform**
- **Ensure safe operation and management**
- **Digital interaction with customers**

Smart Low-carbon Transportation Platform

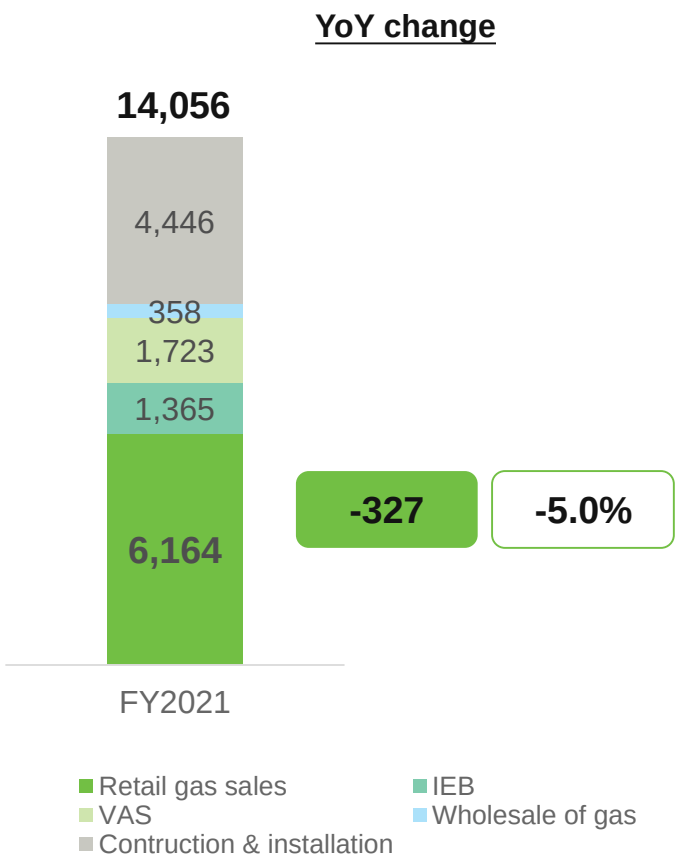
Charging Business

- **Positioning:** supplement battery-swap business and support smart city
- **Resources:** customers, team, eco-partners
- **Markets:** household cars, urban distribution, sanitation, public transportation
- **Models:** charging post operation, catering and leisure services
- **Extension:** PV-energy storage-charging integration, supporting new communities

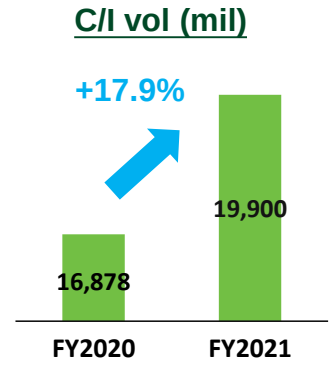
Retail Gas Sales Business

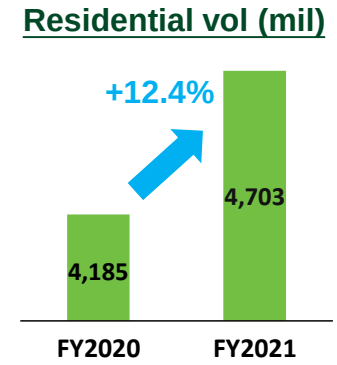
- Benefiting from macroeconomic growth and low-carbon development policies, natural gas consumption maintained rapid growth;
- Through various measures such as flexible pricing strategies and resource planning, we continued to expand the scale of gas volume by seizing opportunities brought by carbon peaking and carbon neutrality, coal-to-gas conversion and heating in southern regions.

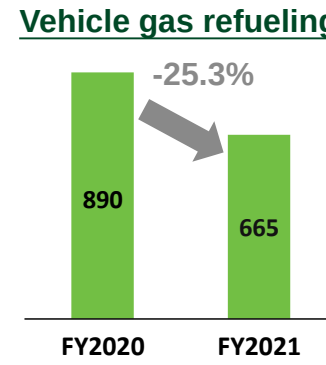
2021 Gross profit (RMB mil)



Annual Performance







Dollar margin decreased by 0.09/m³

(RMB/m³)	2021	2020
Residential	2.93	2.81
C/I	3.17	2.76
Vehicle gas station	4.04	3.41
ASP	3.15	2.79
Average cost	2.60	2.14
Dollar margin (ex. VAT)	**0.51**	**0.60**

- ✓ More frequent and larger magnitude of citygate price hike in 2021: 5% in 2Q, 10% in 3Q, 30-35% in 4Q
- ✓ Surge in LNG price yoy
- ✓ Increased gas cost has not been fully passed through during the year
- ✓ Share of large C/I customers increased

Resources Optimisation and Diversification

➢ Ensuring base volume supply from three majors, while leveraging on our scale to obtain diversified resources, so as to enhance supply capacity and reduce procurement costs

Three majors

- ✓ Deepen collaboration with the majors to secure resources

LNG

- ✓ LNG import volume in 2021 was **1.58 mil tons**
- ✓ Costs of LNG long-term contracts are secured by **oil price cap** and **derivative contracts**
- ✓ Advanced lock-in domestic LNG resources **1mil+ m^3/day**

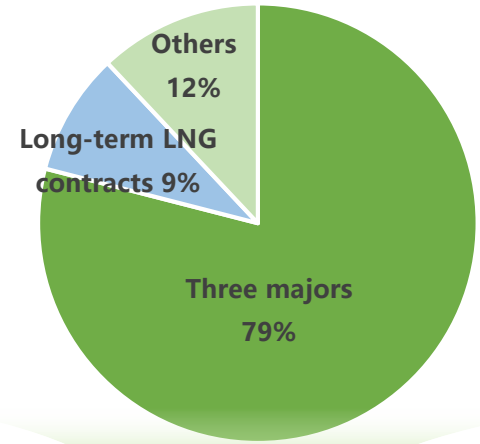
Unconventional Gas

- ✓ Obtained unconventional resources from Shanxi, Shaanxi & Sichuan with capacity **2mil+ m^3/day**

Storage & Terminals

- ✓ Obtained storage capacity from NPC to enhance profit through seasonal price difference
- ✓ Self-owned storage capacity of **109mil m^3**
- ✓ Connection of Zhoushan terminal to pipeline network facilitated LNG import for gas companies

Gas source structure in 2021

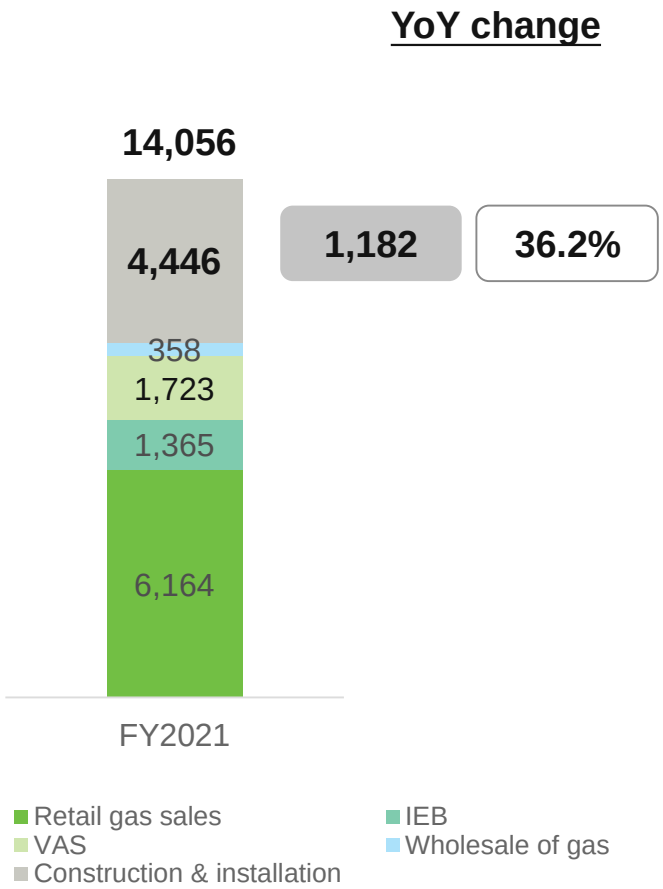


- ✓ Growing base vol from 3 majors
- ✓ Continued to obtain competitive unconventional and LNG resources
- ✓ Enhanced resources flexibility

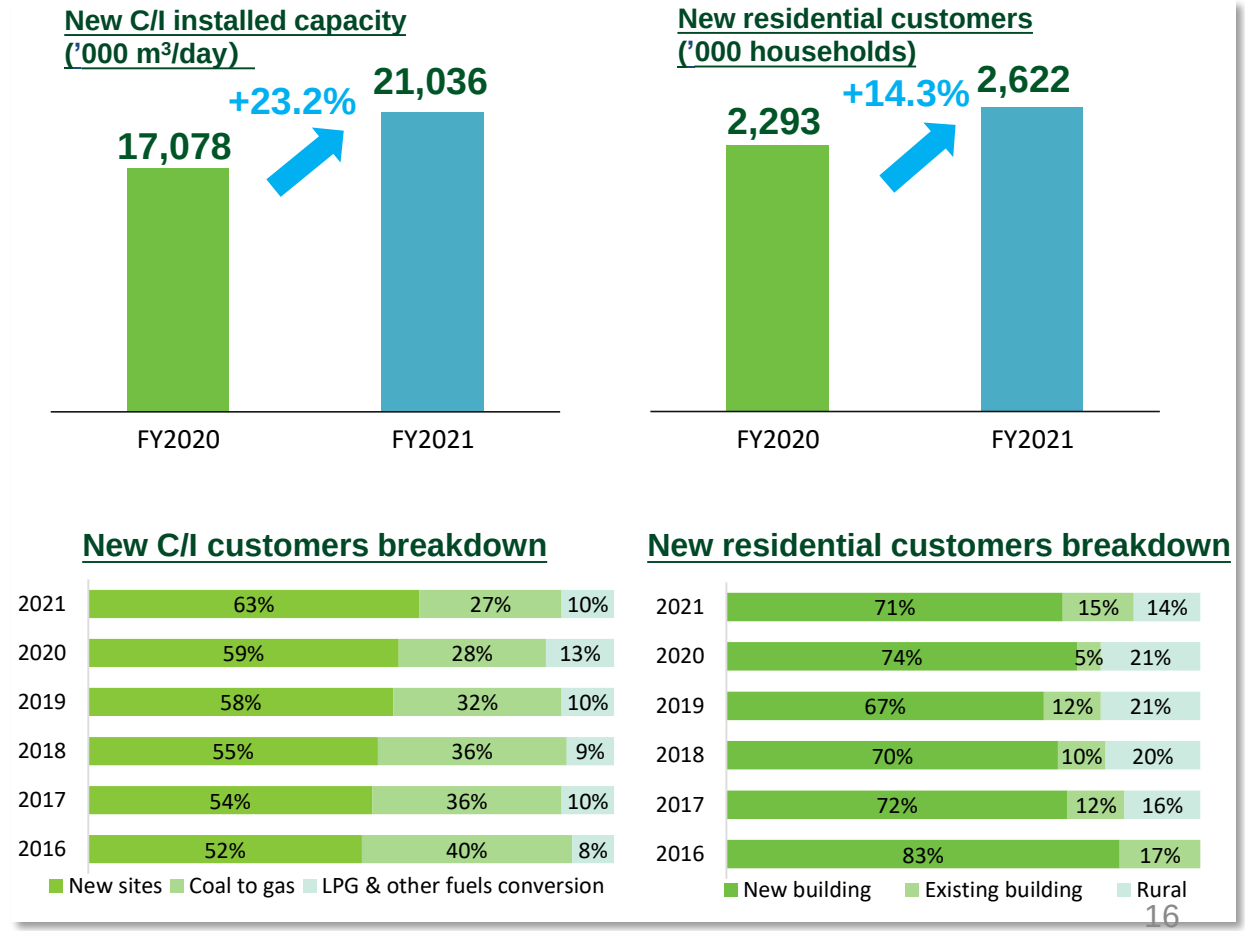
Construction & Installation

- Continue to explore C/I users development potential and push forward coal-fired boiler replacement by leveraging the opportunity of the fight against air pollution;
- Large-scale urbanization needs to be coupled with the use of clean energy to improve the environment and meet the public's pursuit of a high-quality of life bringing huge potential for the development of urban residential users.

2021 Gross profit (RMB mil)



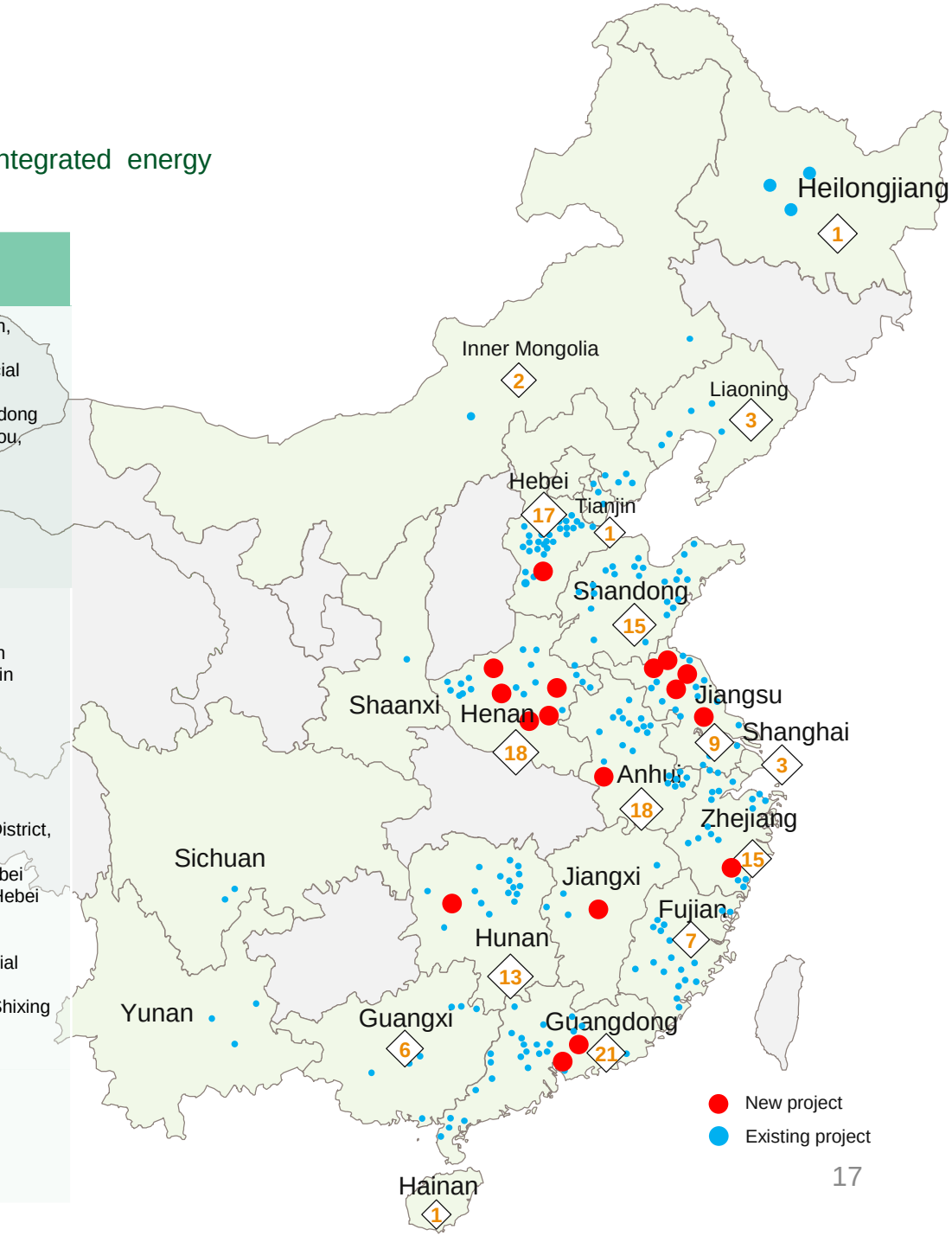
Annual Performance



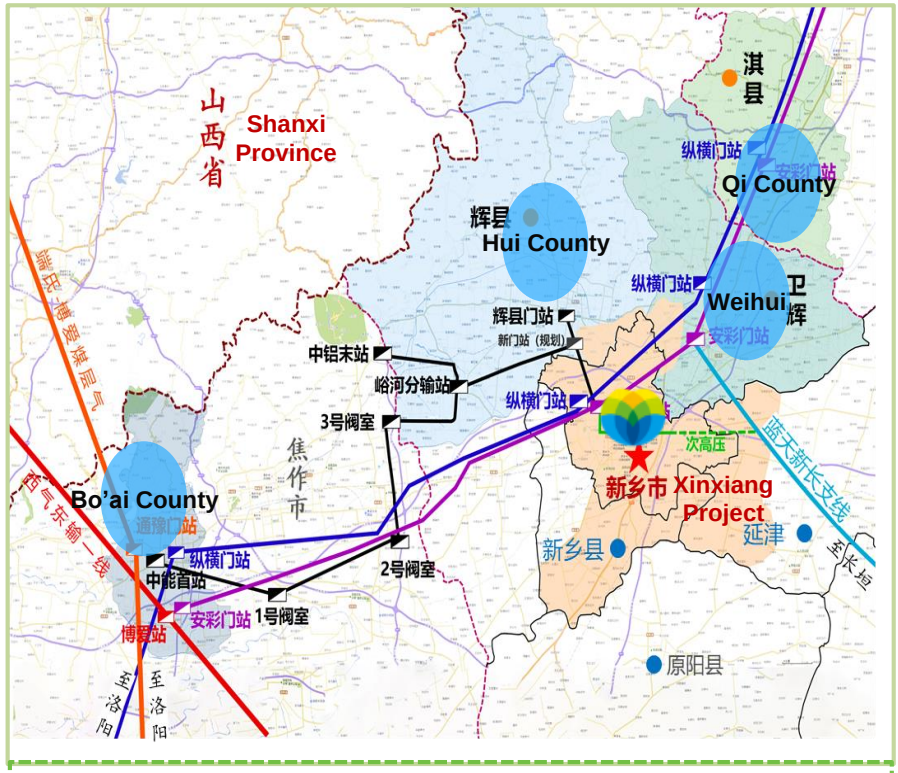
Expansion of Operating Regions

Added **51** new citygas projects, regional pipeline projects and integrated energy projects covering 21 provinces, municipalities and autonomous regions

Total Projects	New Projects	
Citygas Projects 252 ◯	1. Ruyang Industrial Cluster , Henan 2. Hui County, Henan 3. Weihui City, Henan 4. Boai County, Henan 5. Qi County, Henan 6. HuBin New District, Suqian, Jiangsu 7. Coastal Industrial Park, Xiangshui County, Yan Cheng, Jiangsu 8. HuBin New District, Suqian, Jiangsu 9. Huai An Industrial Park, Jiangsu 10. 13 Towns in Ganyu District, Lianyungang, Jiangsu	11. Zijin Lantang Industrial New Town, Guangdong 12. Guangdong-Guangxi Interprovincial Pilot Cooperation Special Zone, Fengkai Town, Zhaoqing, Guangdong 13. Qiangjiang Industrial Park, Chizhou, Anhui 14. Rui'an, Zhejiang 15. Pingshan County, Hebei 16. Huitong Industrial Area, Hunan 17. Guangxin District, Shangrao City, Jiangxi
Integrated Energy Projects 150 ◇	1. Huai An Finance Center, Jiangsu 2. High-tech District in Qidong, Jiangsu 3. Xinxin Textile, Jiangsu 4. Nantong Leteng Textile, Jiangsu 5. Northern Zhejiang Medical Center 6. Zhejiang Hehong Paper 7. Nanxun District, Zhejiang 8. Quzhou Hospital, Zhejiang 9. Anhui Huilong Wuhe 10. Xuancheng Economic Development District, Anhui 11. Yingjiang Economic Development District, Anqing, Anhui 12. Minhong Fiber, Fujian 13. Jinjiang Yibao Material, Fujian 14. Dongjiang Garden, Shandong 15. Yankou Photovoltaic Power Station, Shandong 16. Southern Line Steam Transfer, Shunnan, Shandong	17. Mangrove Tree Hotel, Qingdao, Shandong 18. Evergrande Golden World, Henan 19. Incremental Distribution Network in Yanjin, Henan 20. Xinxiang County, Henan 21. Mazhai Project, Henan 22. Xiangjiang Happy City, Hunan 23. Hunan CRRC 24. Shanxu Town, Guangxi 25. Yizhou Economic Development District, Guangxi 26. Jinzhou Mayu Industrial Park, Hebei 27. Heating Project for Hengsheng, Hebei 28. Shexian Economic Development District 29. Daqing Linyuan Chemical Industrial Park, Heilongjiang 30. Hydrogen Production Project of Shixing Yaoye, Hulu Dao, Liaoning 31. Liaoning CBAK
Regional Pipeline Projects 3	1. Henan Tongyu Pipeline 2. Henan CNG Pipeline 3. Guangxi Qinzhou Pipeline	



Henan Zhongyuan Project



Project Overview:

- Including four concessions in Hui County, Weihui City, Qi County and Bo'ai and the Zhongneng Pipeline
- Covering 3 industrial clusters including food, building materials, equipment and chemical industries.
- 200,000 residential users and 1,410 C/I users

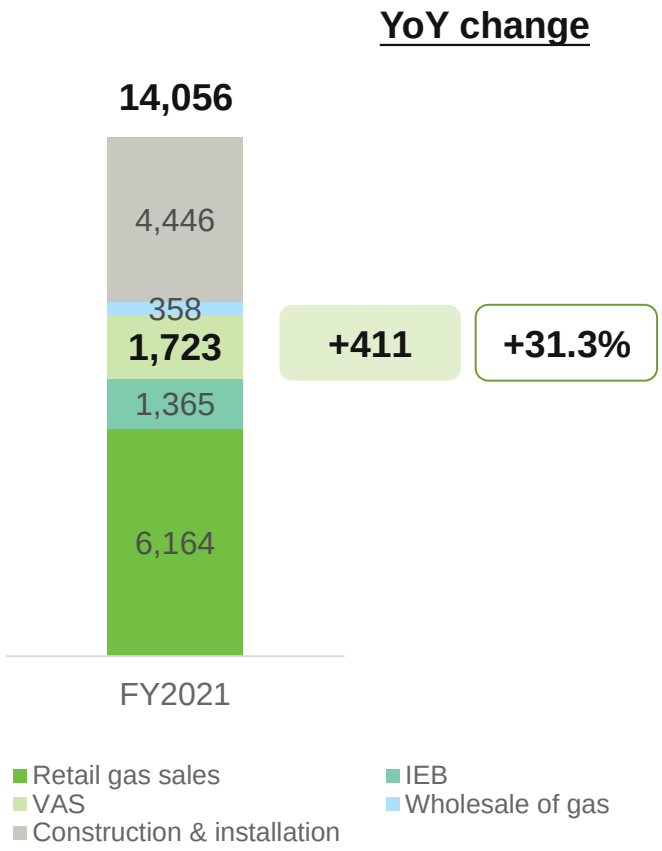
Project Value

- ✓ Expect to contribute incremental gas vol of **900 million m^3** over the next 3 years
- ✓ Reduce pipeline transmission fees of Xinxiang project
- ✓ Procure **low-cost CBM gas source** from Shanxi to reduce costs
- ✓ Establish multiple-gas source channels, build a regional resource pool and an interconnected gas network to achieve **regional synergy**
- ✓ Start from steam supply, power services, rooftop photovoltaic to provide energy services to customers in high-load industries such as food, building materials, chemicals, paper making, **to explore more business opportunity for integrated energy business** and improve the level of digitaliisation of industrial parks/enterprises
- ✓ **Expand value added business** based on sound customer service platform, product portfolio and ecosystem resources

Value Added Business

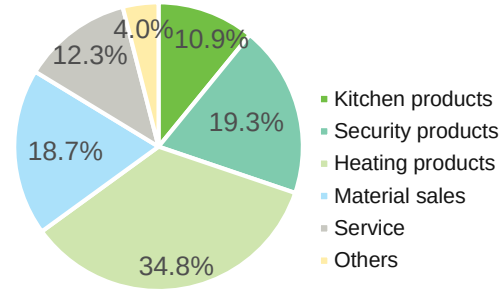
- Based on superior customer services and product portfolio, provide one-stop solutions for customers to enhance per customer value
- Expand product mix both vertically and horizontally, innovate new business model for products and services to create higher value

2021 Gross profit (RMB mil)

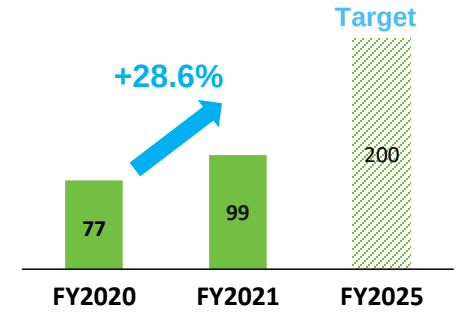


Annual Performance

Revenue breakdown



Value creation per household (RMB)



Rising penetration rate

New customers

21%

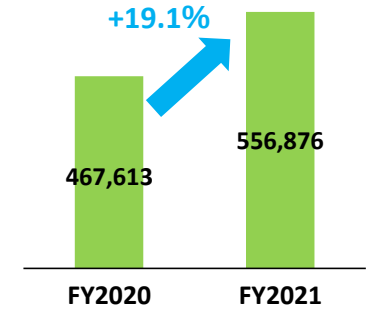
2020: 20%

Exisiting customers

9%

2020: 7%

"Gratle" Product Sales (unit)



Value Creation Model Upgrade

- Match products and services based on business scenarios to provide personalized, cost-effective, one-stop solutions to satisfy customers' demands for gas safety, convenient services, life quality, clean heating, etc.

Security Products

- ✓ Provide safety and security products and services to households leveraging on safety check


Bellows


Alarm


Auto shut-off volve


Smart meter


Insurance


Kitchen renovation

Low-carbon Products

- ✓ Provide low-carbon, energy saving products and services

Energy saving gas appliances


Solar-powered heating system


Air-source heat pump


Geothermal heat pump


Gas heat pump

Smart Products

- ✓ Develop innovative smart products based on customised demands

LoRa IoT Smart products

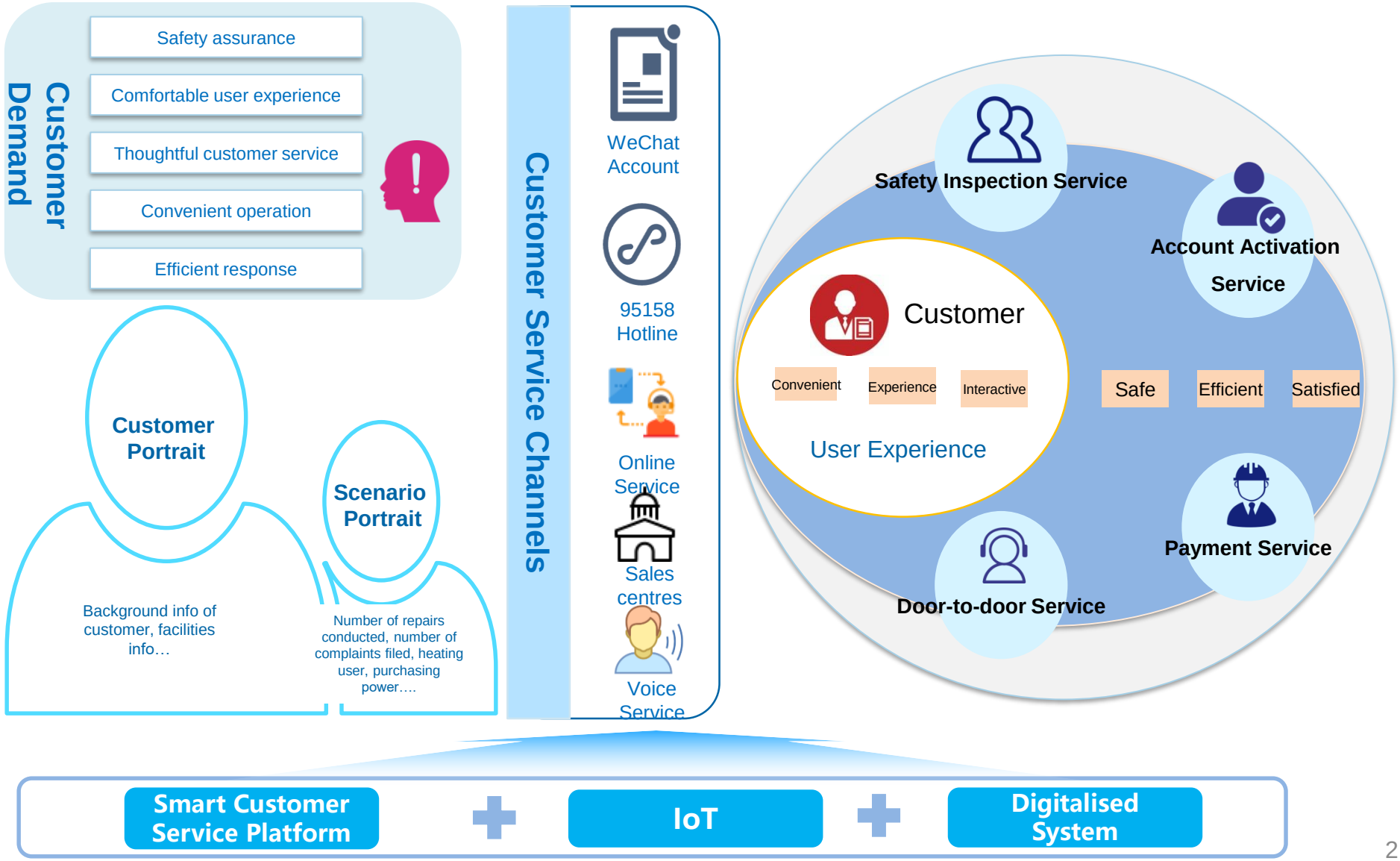
NFC debit card


Online bill payment platform

Gratle 格瑞泰 + other brands

Improved Customer Service Capability

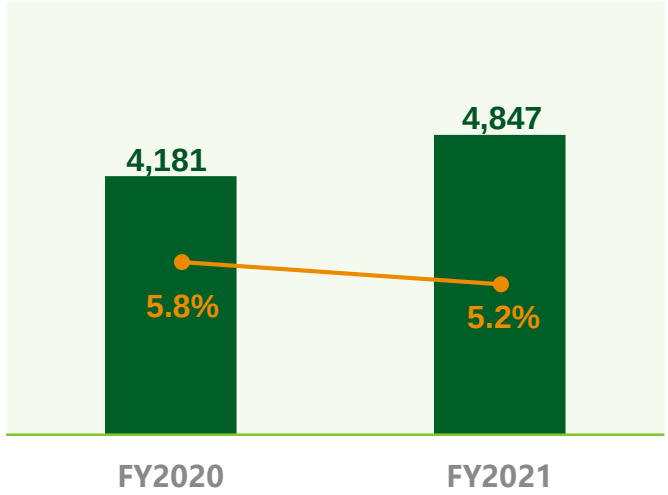
- Leverage on digitalisation to ensure indoor safety, enhance customer experience and credibility



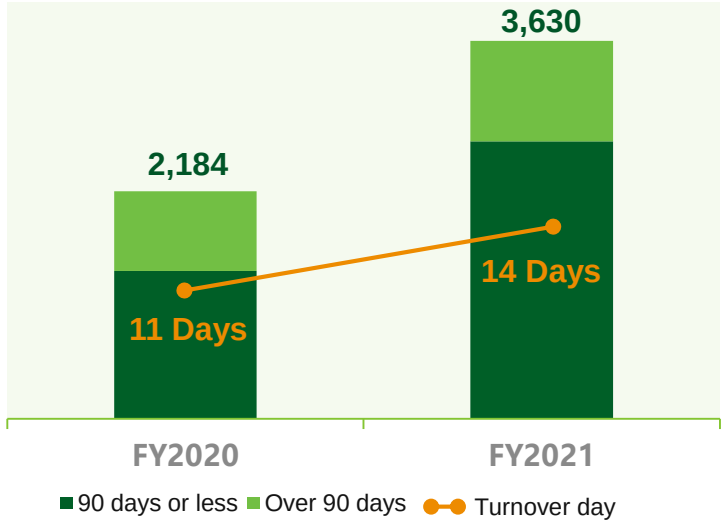
Content

Robust Financial Performance

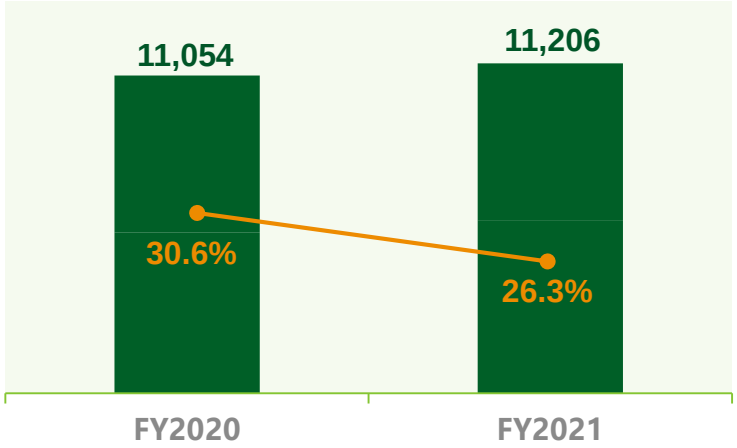
SG&A and SG&A Margin (RMB mil)



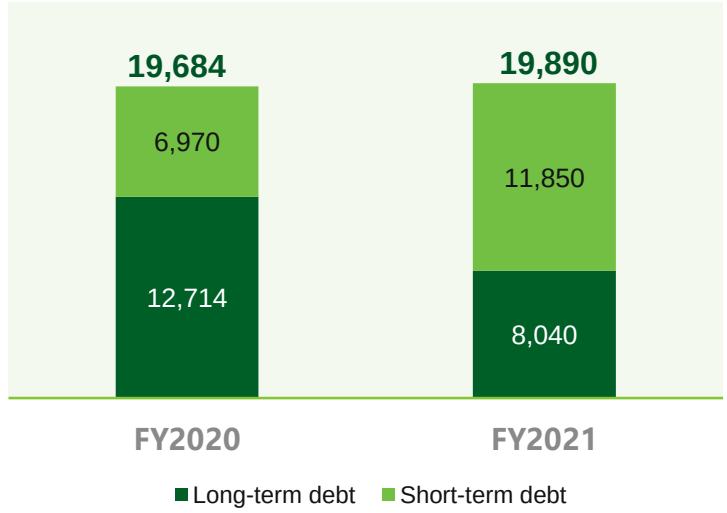
AR & Turnover Day (RMB mil)



Net Gearing Ratio & Net Debt (RMB mil)



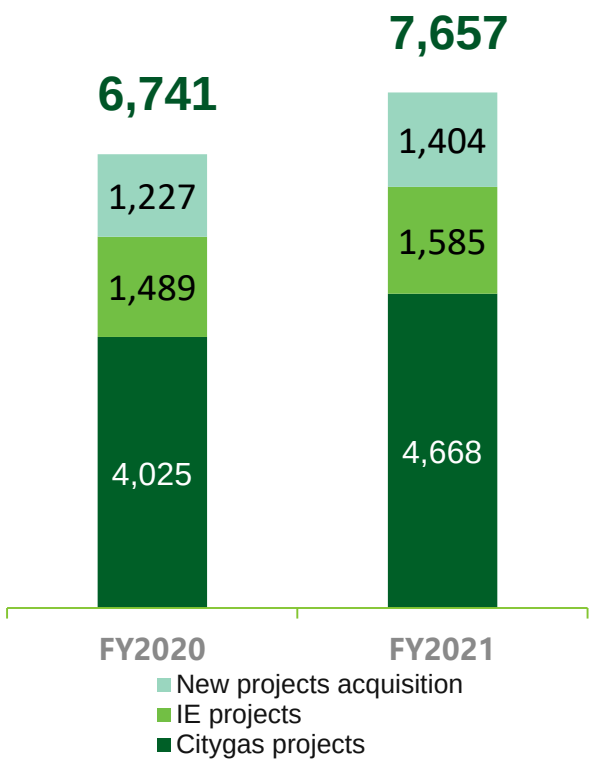
Total Debt (RMB mil)



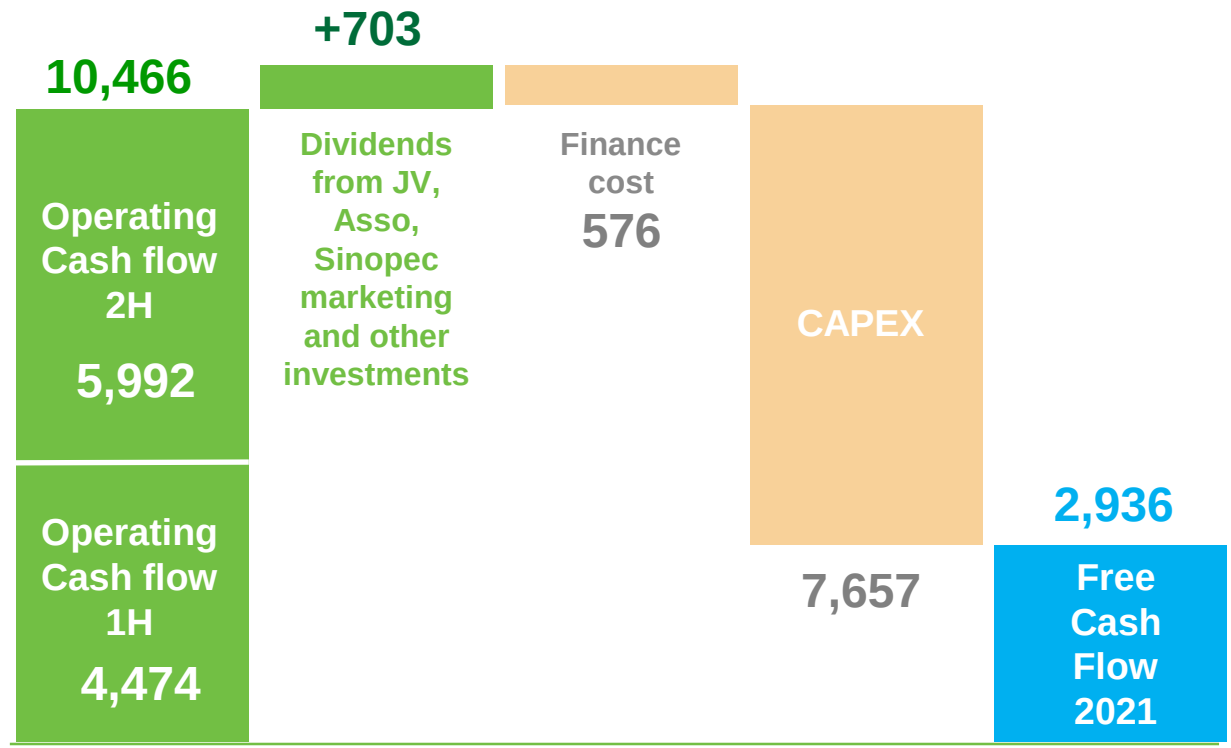
CAPEX & Cash Flow Analysis

- Steady growth of our core businesses coupled with prudent financial management, continued to generate positive free cash flow

CAPEX (RMB mil)



Cash Flow (RMB mil)

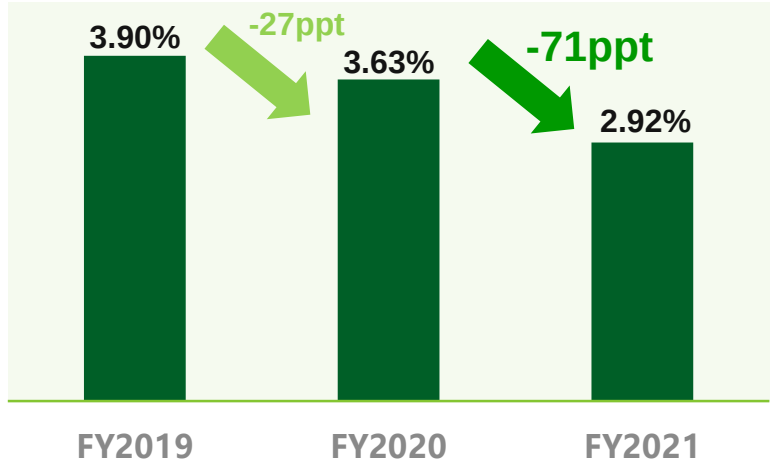


Ample Financial Resources and Liquidity

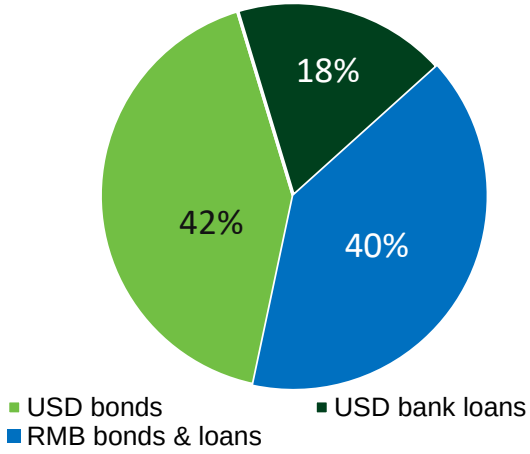
- Credit ratings upgraded by two international rating agencies, finance cost further declined to 2.92% in 2021, financial flexibility improved
- Low financing cost and ample financial resources ensure our continuous business expansion

Rating Agency	2021	2020
S&P Global Ratings	BBB	BBB
Moody's Investors Service	Baa1 ↑ *Upgraded in Dec 21*	Baa2
FitchRatings	BBB+ ↑ *Upgraded in Jan 22*	BBB

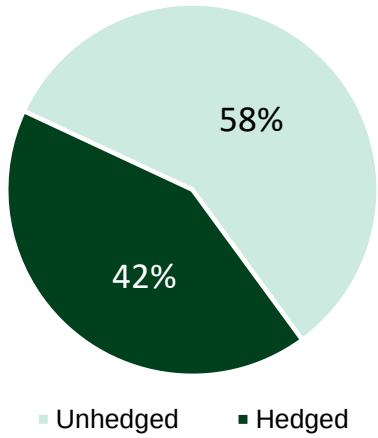
Declining financing cost year on year



Debt Structure(by currency)



FX Risk Management – Long-term USD Bonds



Ample Financial Resources

RMB (mil)	Amount
Cash on hand	**8,684**
Unutilised credit facilities	**16,070**

Content

Opportunities and Challenges

- ✓ **Implement the "carbon peaking and carbon neutrality" strategy with a focus on safety and stability and seek progress while ensuring energy safety and economic development**
- ✓ **Extending energy system reform from upstream and midstream to downstream**
- ✓ **Safety has been highly concerned by the government**

- ✓ **With demand contraction, the pandemic impact, partial economic recovery and counter-cyclical adjustment, macroeconomic development faced increasing uncertainties**
- ✓ **The integration of data intelligence with industries accelerated across all scenarios, which reconstructed the business logic**

Macro Factors

Changes in the industry landscape

- With profound structural changes and further marketisation in the natural gas industry, we need to accelerate business innovation to achieve personalized value creation
- Competition in integrated energy and carbon services is getting fierce, scale and differentiated solutions become more important

Changes in customer demands

- Energy saving and carbon reduction have become the immediate demand of customers; natural gas consumption will continue to grow at a fast pace and the integrated energy business will see significant opportunities
- We need to provide compelling security, energy and low-carbon total solutions based on customer demands

New requirements for core competencies

- Based on digital intelligence technology, we need to continuously improve the key capabilities of cognition, planning, design, delivery, operation and matching
- We need to build an ecosystem and quickly strengthen key capabilities such as carbon services and process optimization to realize a closed loop of value creation

Develop Integrated Energy Services with Scale and Quality(1/2)

➢ **Deeply understand customers by further developing existing customers on a multi-dimensional basis and flexibly expand new customers from various aspects to create a industry benchmark, rapidly implement various low-carbon solutions and promote the scale-up of integrated energy services**

Four Low-carbon Solutions

Low-carbon Factories

- Adopt specific policies for different companies, especially those export-oriented and energy-intensive companies, and strive to help customers build low-carbon factories

Low-carbon Industrial Park

- Conduct overall energy system upgrade focusing on new urban areas, industry-transferred industrial parks, suburban industrial parks and emerging industrial parks

Low-carbon Buildings

- Focus on public institutions, universities, hotels, hospitals, transportation hubs to provide integrated low-carbon building solutions for customers

Low-carbon Transportation

- Promote the charging and battery-swap business for vehicles such as taxis, ride-hailing cars and commercial vehicles including heavy-duty trucks

Overall Strategies

Existing Customers

- Extend integrated energy business to existing gas customers
- Deep dive into existing customers to explore full value chain business potential

New Customers

- Grasp customer demands, expand energy & carbon consulting, low-carbon planning, energy-use services, digital intelligence platform and other services
- Strengthen alliance M&A to achieve growth

Demonstration

- Create a number of demonstration projects to set businss models, standards and products

Supported by digital products

IE Simulation (including energy + carbon)

- Bench-marking Diagnosis
- Sub-simulation
- Integrated Simulation
- Effectiveness Evaluation

Optimize strategies ⇄ Operating data

IE Operation

- Equipment Management
- Inspection Management
- Work Order Management
- Energy & Carbon Accounting
- Energy & Carbon Trading

Develop Integrated Energy Services with Scale and Quality(2/2)

➢ Provide low-carbon solutions based on customer needs in three areas: electricity, heat and carbon

➢ Expand distributed solar

- Actively expand regional high-quality solar resources

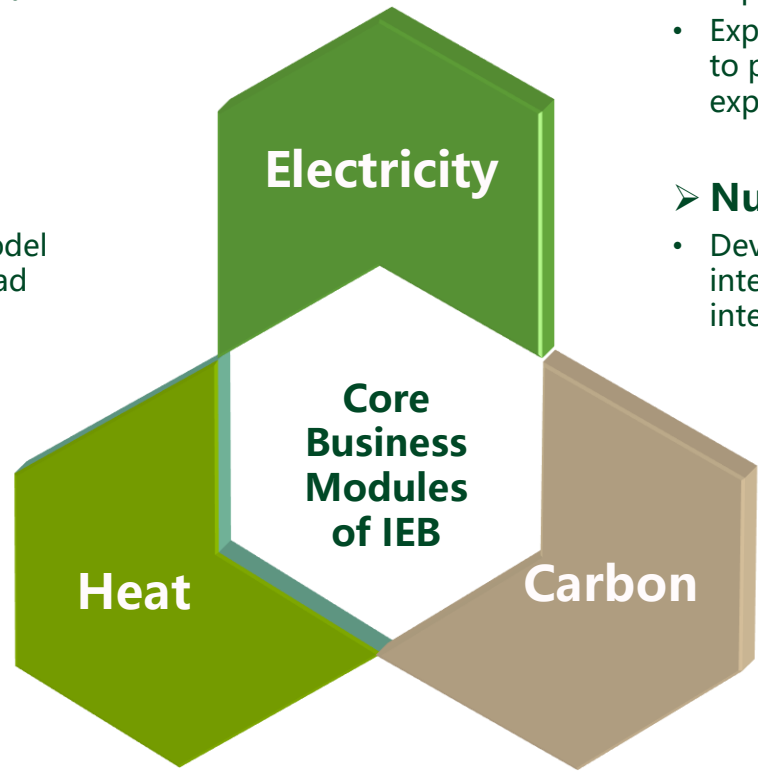
➢ Upgrade electricity trading service

- Carry out green power trading agents, upgrade traditional electricity sales model and expand from electricity sales to load aggregation, virtual power plants, etc.

➢ Utilise biomass

- Manage the full life cycle of biomass utilisation from collection - storage - processing - transportation – usage

➢ Increase the use of natural gas heating and waste heat



➢ Provide sound electricity service

- Expand electricity service to existing customers
- Expand from power operation and maintenance to power usage optimisation, sites hosting, expert diagnosis and other services

➢ Nurture energy storage

- Develop customer-side energy storage and integrate integrated energy to create an integrated system

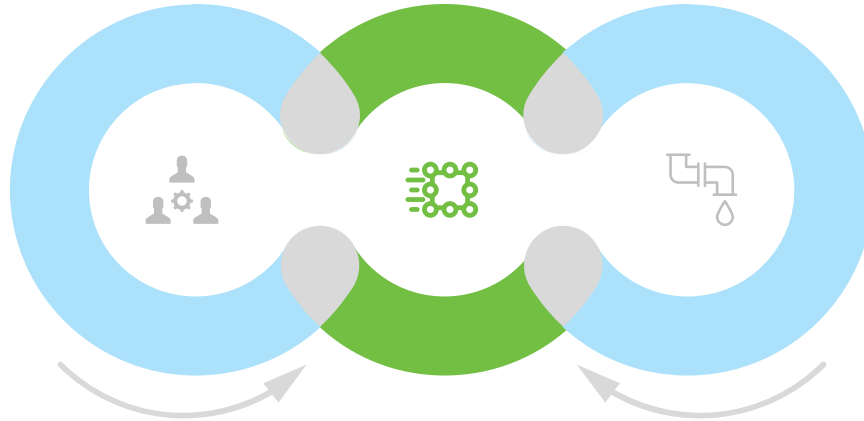
➢ Explore carbon service

- Explore carbon consulting/certification, carbon asset management and other businesses

Expand and Strengthen Gas Distribution Business

Integrate and optimise gas sources

- ✓ Deepen the strategic cooperation with the three majors to secure more resources
- ✓ Create synergies from the ecosystem to have flexible LNG import and other unconventional resources



Smart Matching of Supply & Demand

- ✓ Conduct customer gas demand forecast by category
- ✓ Optimise the matching of customer-resources-channels
- ✓ Provide diversified pricing packages

Scale up market size

- ✓ Initiate and expand the use of substitution for high-carbon energy for high-energy consuming and high-emissions customers
- ✓ Closed-loop customer management （from consumption planning, confirmation, adjustment and execution）
- ✓ Accelerate coal to gas conversions for C/I users, and increase the penetration rate for residential users
- ✓ Acquire citygas projects via M&As in an innovative way

Improve the safety and transmission capacity of Pipeline network, enhance efficiency and reduce costs with digital intelligence

Pipeline network life cycle management

- ✓optimize and develop city gas pipeline network based on customers and resources
- ✓Assess the transmission and distribution capacity of the pipeline network to reduce transmission and distribution bottlenecks
- ✓ Accelerate the application of new gas technologies, processes, materials and products
- ✓ Strengthen the investment of IOT to enhance the intelligence of pipeline network
- ✓ Upgrade engineering digitalization based on risk control
- ✓ Strengthen operational capacity assessment to effectively control risks

Planning → **Design** → **Construction** → **Operation**

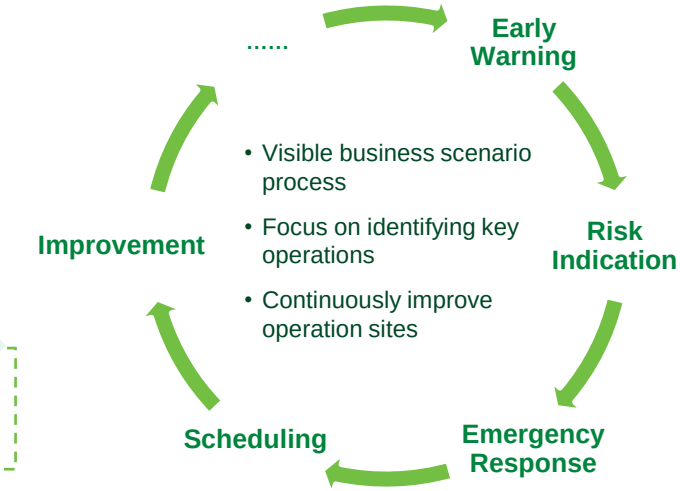
① Data Collection and Integration | ② High Hazard Area Identification | ③Risk Evaluation | ④ Integrated Evaluation | ⑤ Risk Mitigation and Repair and Maintenance | ⑥ Performance evaluation

✓ **Based on all scenarios, establish pipeline integrity management to ensure safe operation**

Digital Technology: IOT Technology | Sensing Technology | SCADA | GIS | Simulation Technology

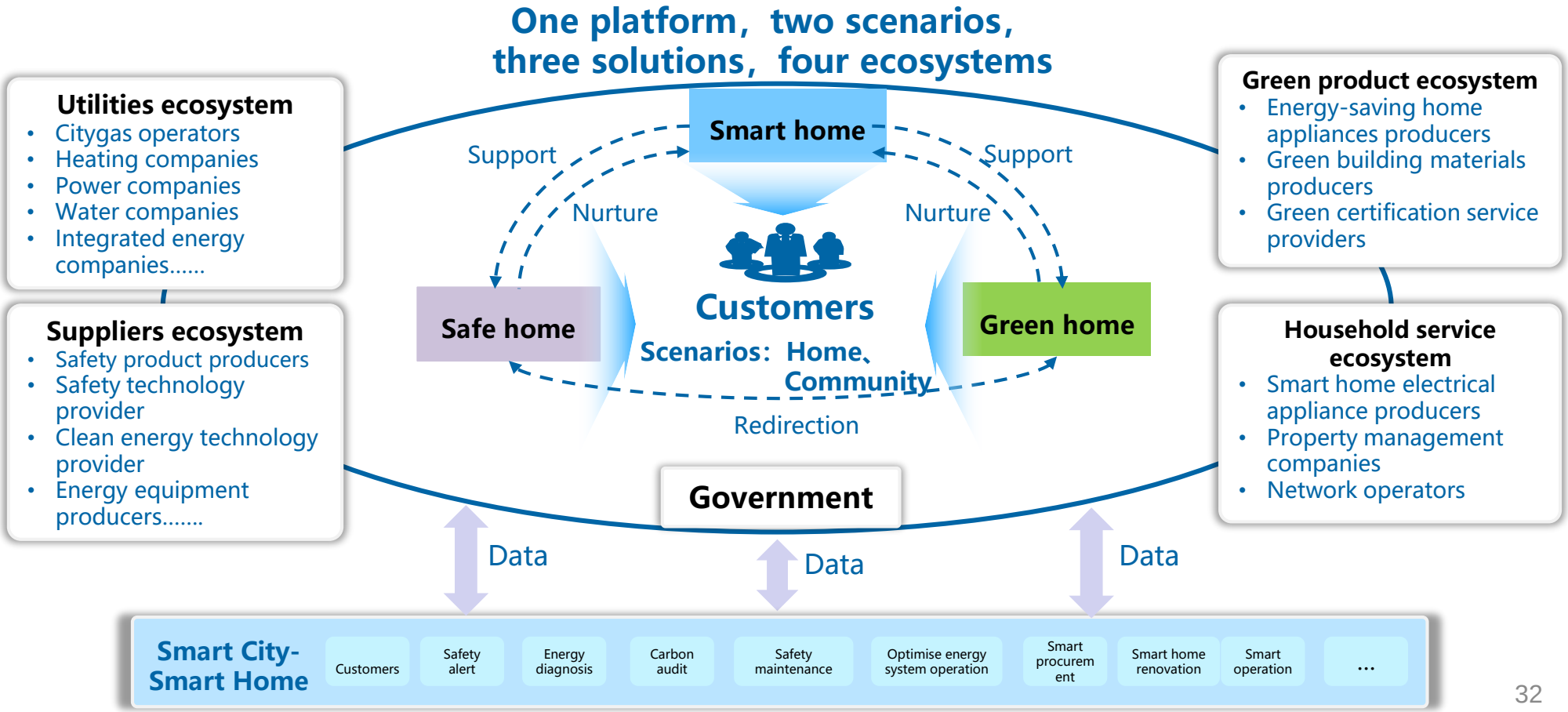
Achieve safe and efficient transmission and distribution

✓ **Build a production and operation mode with intelligent operation center as the core**



VAS Upgrade to "Smart City-Smart Home"

- Business model upgrade from Value Added Service Provider to a Lifestyle Ecosystem Operator, providing quality lifestyle services to all homes
- Focus on the needs for safety, low-carbon, comfort & personalisation, to create a Smart City-Smart Home platform, collaborating with ecosystem partners to provide lifestyle services and products to customers



2022 Guidance

	Targets
IEB revenue	+50%
VAS gross profit	+30%
Retail gas sales volume	+12-15%
Dollar margin	Approx. RMB0.5/m^3
New C/I development	20 mil m^3/day
New residential development	2.4mil
New project(Citygas & IE project)	50
Core profit	+12-15%

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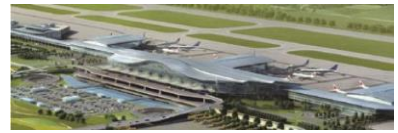
1. Results Review
2. Financial Highlights
3. Development Strategy
4. Appendix

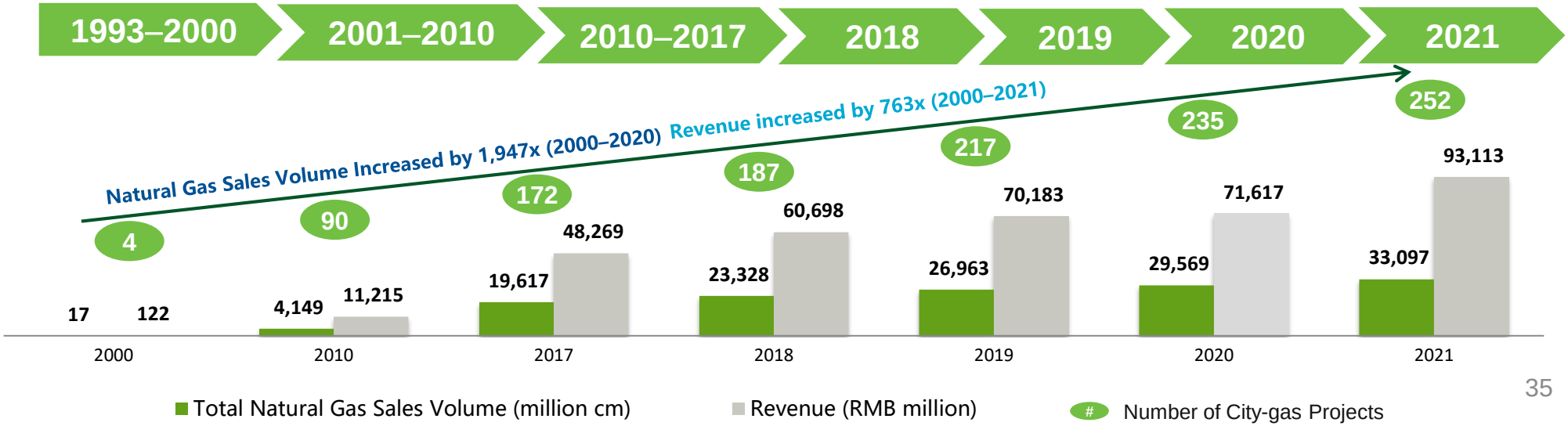
ENN – To Build an Industry-leading Integrated Energy Service Provider

Company Profile

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

Key Business Segments

Retail Gas Sales Business	Integrated Energy Business	Wholesale of Gas	Construction & Installation	Value Added Business
				
• Sell piped gas to residential households and C/I customers • Construct and operate CNG/LNG gas refueling stations	• Based on customers' need, provide multi-energy products according to energy sources available locally, and customize integrated energy solutions	• Conduct natural gas wholesale business to fully utilize its advanced dispatch system, logistics fleet and upstream resources	• Conduct gas pipeline construction and installation for residential and C/I customers	• Provide energy-saving technology, retrofitting services, and inspection and maintenance services • Provide gas-related products and material sales



City Gas Business

Methane Emission (ME) Management 1

- **Align with international standards and improve transparency**

  Joined the Methane Guiding Principles (MGP) in 2021, we aim to adopt best practices for identification, monitoring and reporting of ME, and to disclose ME data align with international standards in 2023 and continuously improve transparency afterwards

- **Improve ME management policies and measures**

  Integrate methane management into daily operations, deploy continuous emission reduction measures, and gradually link performance related to ME management with remuneration

- **Promote the application of onsite detection technology**

  Aim to equip all city-gate stations with the onsite detection devices such as Pan-Tilt-Zoom (PTZ) by end of 2022, so as to improve quality and accuracy of ME data

- **Encourage eco-partners to take actions**

  As a founding member of the China Oil and Gas Methane Alliance, we pledged to achieve the common goal of the alliance and advocate for more eco-partners to take actions on ME management, including taking advanced technologies and improving disclosure transparency

Energy Transportation Decarbonisation 2

- **Adopt clean fuels for self-owned vehicles**

  Aim to achieve carbon emission reduction of 28.3% for self-owned transportation vehicles by eliminating diesel-powered vehicles by end of 2025, and switching to zero-carbon fuels such as hydrogen or bio-fuels around 2030

- **Enhance efficiency and reduce emission with intelligent approaches**

  Continuously implement digital and smart technologies including Yuntu Cloud System and smart dispatching to optimise route and minimise the idling rate, so as to improve efficiency and reduce carbon emissions

- **Promote low-carbon operations of eco-partners**

  Aim to adopt low-carbon transportation as a core criterion for supplier assessment from 2026

Green office 3

- **Energy Conservation in Office Buildings**

  Use of renewable energy

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

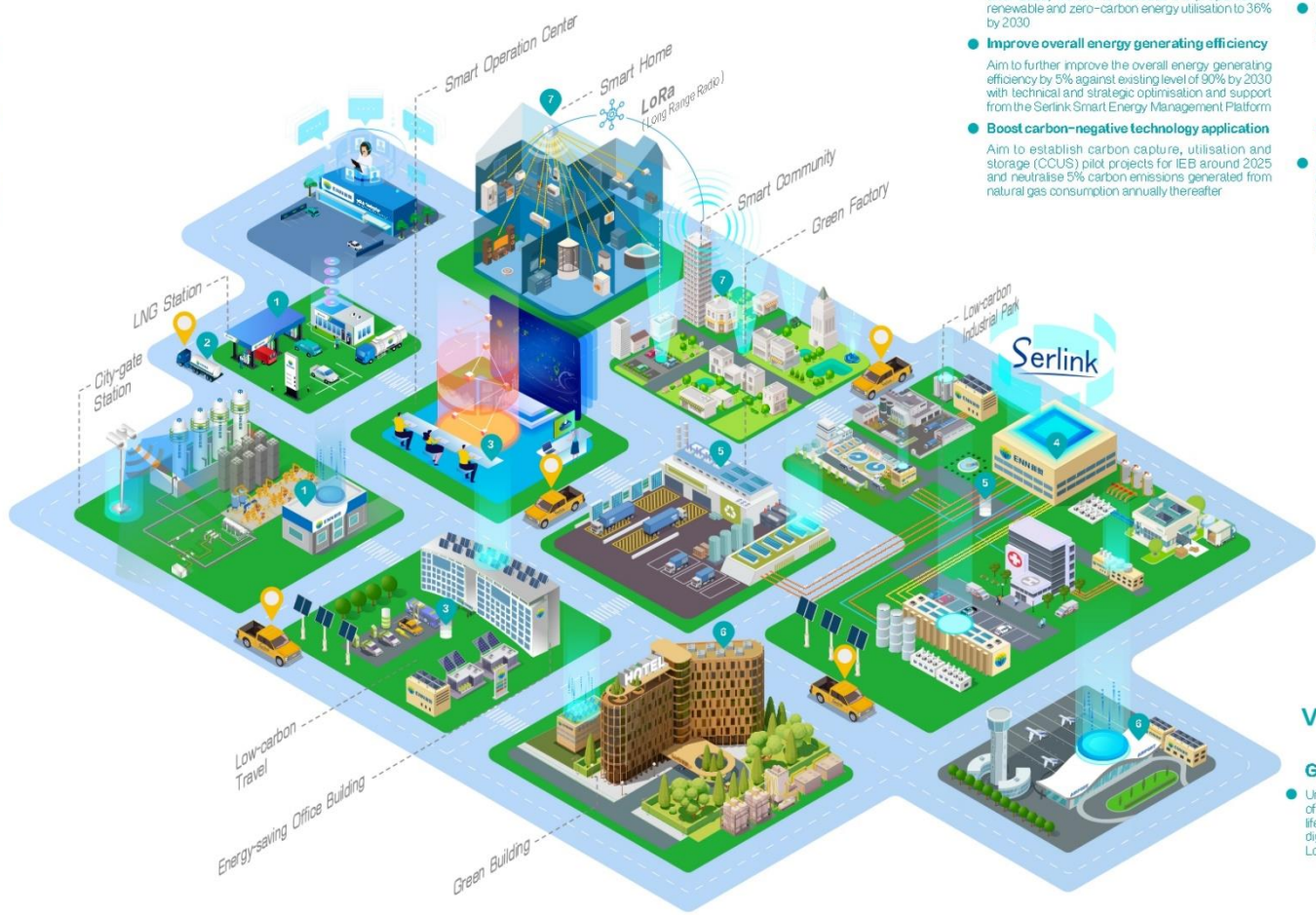
  Energy-saving management of office buildings

  Aim to reduce energy consumption per unit area of office buildings by 10% by 2025

  - Energy-efficient lighting fixtures and air conditions
  - Paperless office
  - Green building standards for office buildings construction
  - Intelligent management of energy utilisation

- **Low-carbon Travel**

  Aim to replace 50% of self-owned administrative vehicles with new energy vehicles by 2025



Integrated Energy Business (IEB)

Energy Generating Facilities of IEB 4

- **Promote the use of renewable energy**

  By accelerating solar, biomass, geothermal and other renewable energy use, and introducing hydrogen after 2025, we aim to increase the proportion of renewable and zero-carbon energy utilisation to 38% by 2030

- **Improve overall energy generating efficiency**

  Aim to further improve the overall energy generating efficiency by 5% against existing level of 90% by 2030 with technical and strategic optimisation and support from the Serlink Smart Energy Management Platform

- **Boost carbon-negative technology application**

  Aim to establish carbon capture, utilisation and storage (CCUS) pilot projects for IEB around 2025 and neutralise 5% carbon emissions generated from natural gas consumption annually thereafter

Low-carbon Industrial Parks and Green Factories 5

- To assist the green development of industrial parks and customers, we aim to help them build 50 green factories and 50 low-carbon industrial parks by 2025
- By 2030, the number of green factories and low-carbon industrial parks developed for customers will increase to 200 respectively

Green Buildings 6

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

Value Added Business

Green Households 7

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

Application of Low-carbon Energy - Hydrogen

- In cooperation with well-known universities in China, we plan to build a hydrogen energy laboratory in Shijiazhuang and jointly carried out multi-scene hydrogen doping experiments
- Developed the technology of biomass hydrogen production, which has applied for a patent, and produced hydrogen-rich gas from biomass pyrolysis for metallurgical reduction
- Founding member of “Yangtze River Delta Hydrogen Infrastructure Industry Alliance”, aims at exploring the development of hydrogen refueling infrastructure following policies of “Yangtze River Delta G60 Hydrogen Corridor”

Hydrogen produced by Natural gas – A project in Liaoning Huludao

- Provided hydrogen for a pharmaceutical company
- H2 production capacity：1,200 mil m^3/year
- Investment amount：RMB17.39 mil
- Expected return：IRR 20%
- Status：Commenced operation in June 2021

Hydrogen produced by Coke oven gas – A project in Henan Jingbao

- Matched with PSA hydrogen production device, purified the hydrogen-rich tail gas made from coke oven gas ,and exported to provide high purity hydrogen fuel for bus companies
- H2 production capacity：2,000 mil m^3/year
- Status：Commenced operation in Jan 2021

Explore the Application of Low-carbon Energy Distributed Solar

Government's front: "14 · 5 Year Plan" is expected to continue to drive the use of clean energy, and to implement renewable power generation quotas and license waiver policies

Customer's needs: Pressure to digest renewable-generated power, demand for cost reduction and efficiency enhancement

Competitive Edge:

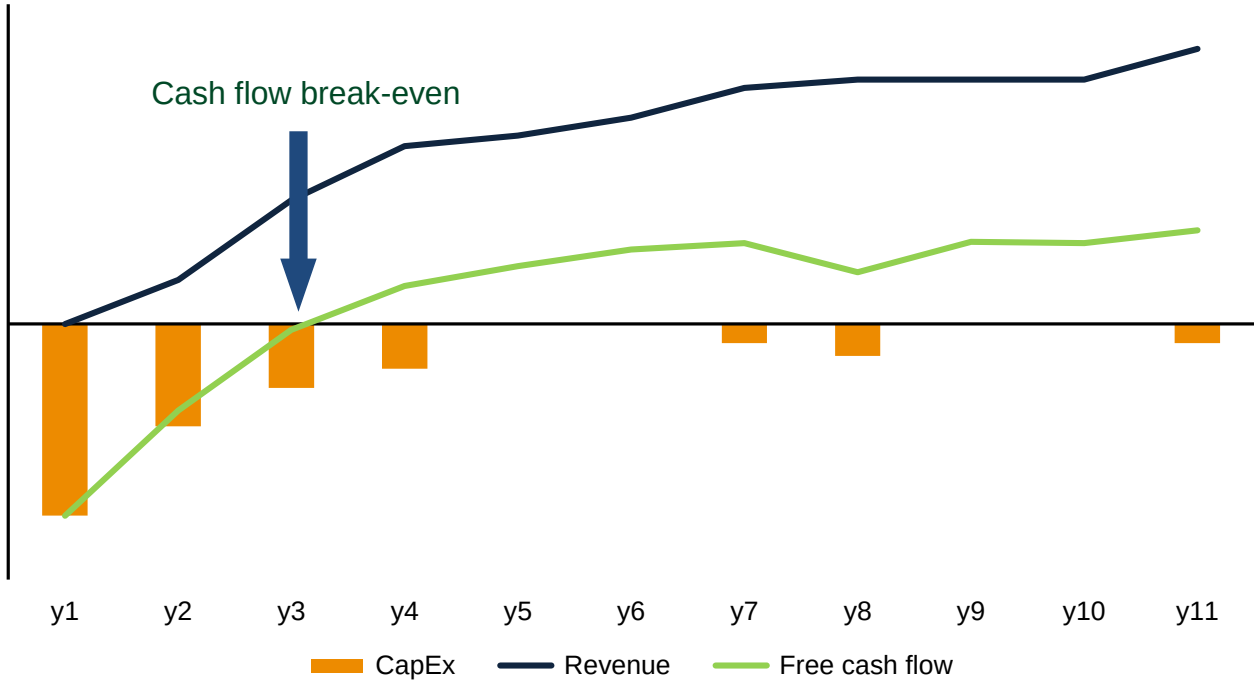
- ENN Energy possesses tremendous C/I customers resources
- Gas concession areas, IE projects, and incremental power distribution networks will create synergy, able to reduce operating costs & mitigate receivables issues

Case Study –Yangkou Distributed Solar Station in Shandong Shouguang

Summary

- Installed capacity: 11.33MW
- Utilized customer's rooftop of 146,000 m^2
- Investment amount: RMB70.98mil
- Operation: Grid connection & all-on-grid
- Generation Capacity: 16mil kWh in 2019
- Tariff Subsidy: RMB0.98/kWh
- Return: IRR 12%

Typical Industrial Park IE Project - Cash Flow Projection



1. Stable & Recurring Income

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

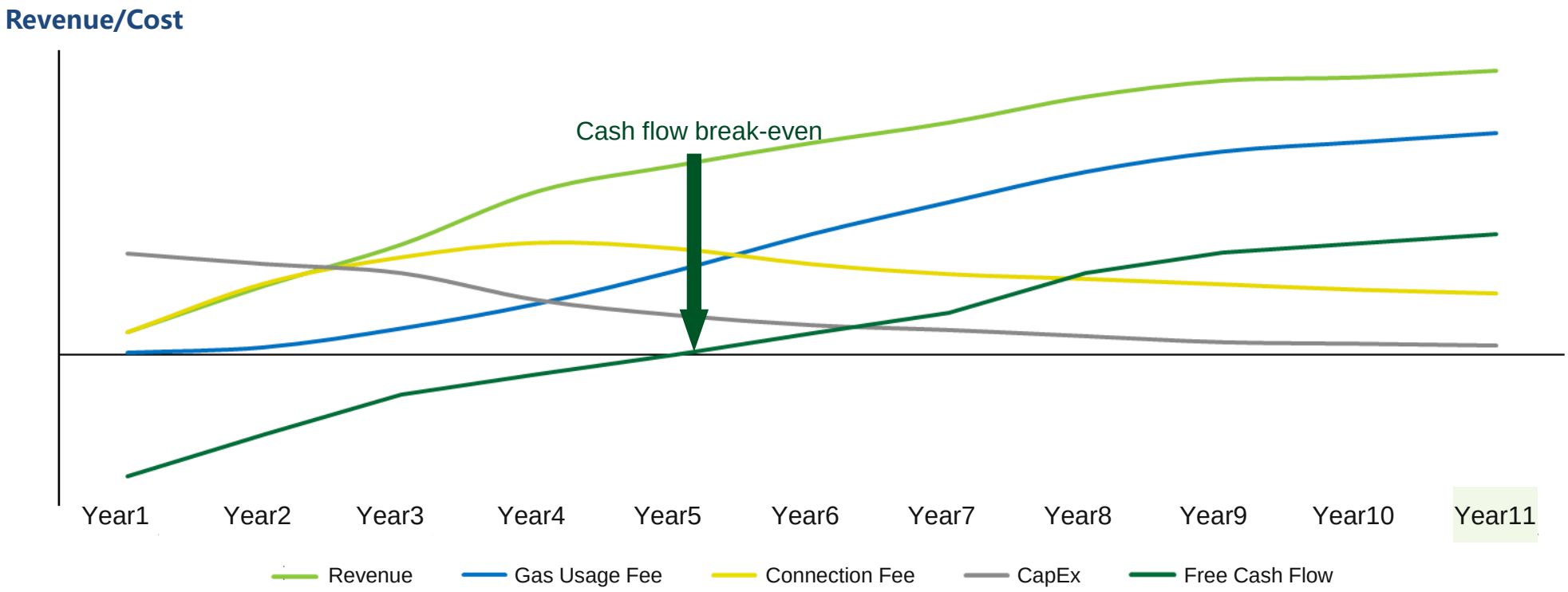
2. Rapid Cash Flow Generation

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

3. Low Risk

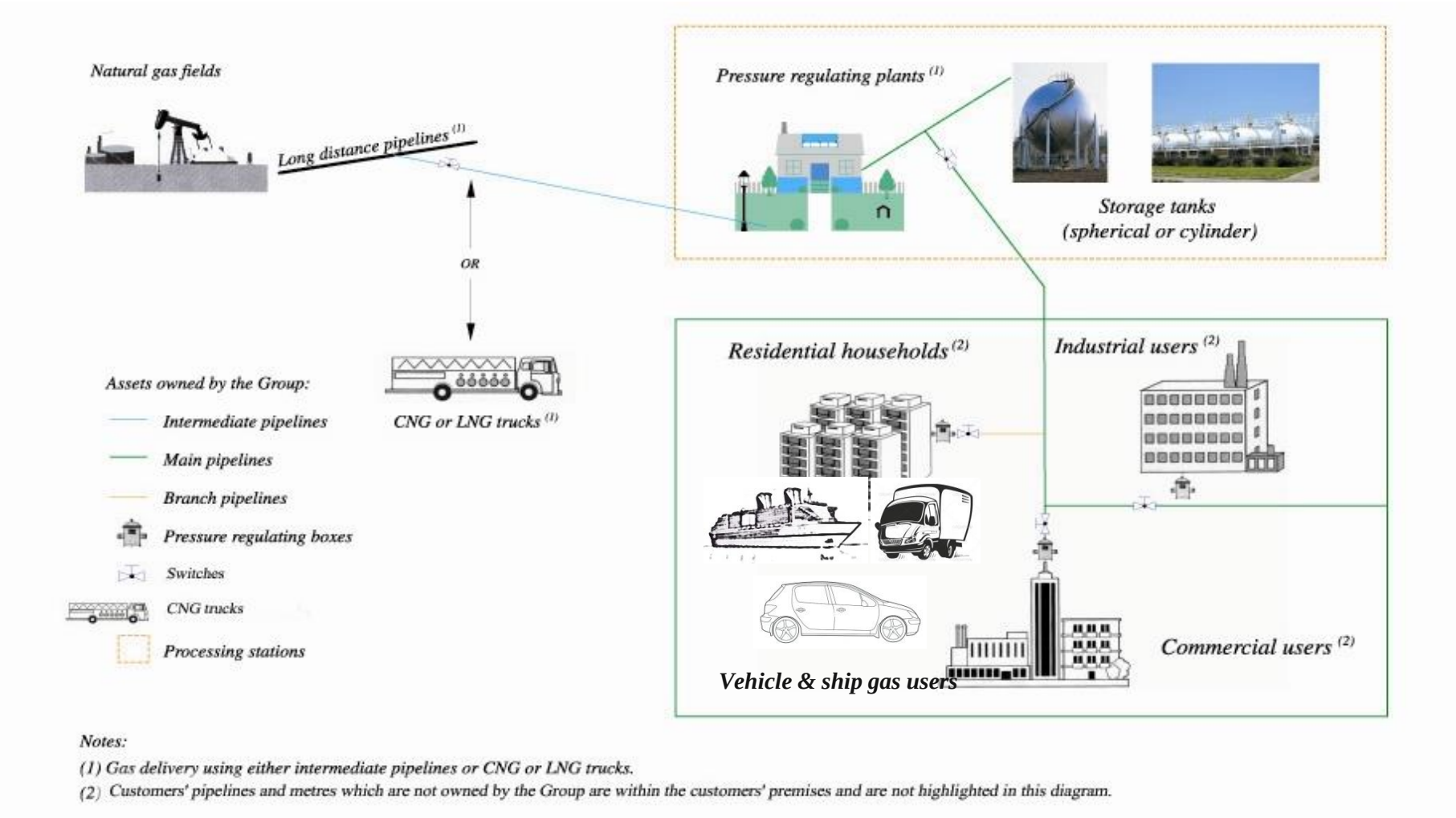
- Diversified customer base in industrial parks helps reduce cyclical risks of certain industry
- Sign minimum energy offtake volume and establish automatic passthrough mechanism with customers
- Market-oriented business model with low regulatory risk

Simplified Model for a Typical City-gas Project



- 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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