



**ENN 新奥**

ENN Energy Holdings Limited

# 2023 Annual Results Company Presentation

25 March 2024



# Business Highlight



Core profit reached RMB **7.59 bil**, domestic basic business increased by **8.2%** to RMB **6.09 bil**



Core profit payout ratio increased from **37%** to **40%**, total dividends amounted to **HKD2.95** per share



Retail gas sales volume reached **25.14 bil m<sup>3</sup>**. The Group developed **17.56 mil m<sup>3</sup>** installed daily capacity for C/I customers, and **1.85 mil** new residential customers



Revenue of IE increased by **32.5%** to **RMB 14.51 bil**



Gross profit of Value Added Business increased by **21.1%** to **RMB 2.52 bil**



The international credit rating is stable and improving, credit ratings from S&P, Moody's and Fitch are **BBB+ (stable)**, **Baa1 (stable)** and **BBB+ (positive)**

# Digital Intelligence Application and Safety Management

- Safety is the bottom line and requirement of ENN Energy. In 2023, ENN increased safety investment, strengthened the management of potential hazards, and consolidated the intrinsic safety. Additionally, ENN Energy was continuing to enhance digital intelligence and safety management, guaranteeing safety risks are visible, prioritised, and well-managed, with the construction of an intelligent control system for safety management.

## IoT + Intelligence for Safety Management

Continuously increased the deployment of IoT to create the ability of intelligent identification of risks in the whole scene, and analyze data through intelligent models to realize intelligent warning of security risks and guarantee safe operations

- IoT device access: 70,000+ Laser head, IoT meter, remote valve.....
- Video device access: 15,000+ Engineering Dome Camera, Pipeline connection monitor, Citygate Camera.....
- Intelligent Recognition Capability: 108 Safety wear identification, large machinery identification, automatic pressure monitoring.....

Strengthening the prevention of risk operation and the management of dangers, continuously improve the safety management

Safety management	Safety operations
<ul style="list-style-type: none"><li>■ User safety risks investigation<ul style="list-style-type: none"><li>Cooperated with local governments to promote the management of hoses、 non-extinguishing stoves and in-line water heaters</li><li>With the help of security digital intelligence, promoted safety protection products such as leakage alarm cut-off devices to improve the level of indoor safety management</li></ul></li><li>■ Old pipeline network renovation<ul style="list-style-type: none"><li>Fixed 31,000 old pipelines;</li><li>Replaced 1,088.68 kilometers of iron pipelines , and 861.93 kilometers of 20 years old or older steel pipelines.</li></ul></li></ul>	<ul style="list-style-type: none"><li>■ Improve regulations<ul style="list-style-type: none"><li>Completion of more than 20 guidelines for delivery of operational tools;</li><li>Improved emergency capacity building regulations</li></ul></li><li>■ Stress responsibility<ul style="list-style-type: none"><li>Signed and implemented of the certificate of full responsibility for safety at all level</li></ul></li><li>■ Enhancement of capacity<ul style="list-style-type: none"><li>Conducted training sessions for 427,696 person-times and security certifications for 5,184 key employees</li><li>Organized 9,895 emergency response exercises</li></ul></li><li>■ Held events such as the Leaders to the Front Line and, Lifting Governance, etc.</li></ul>

## Industry Responsibility and Safety Operation

- ✓ Experienced more than 200 government safety inspections , and more than 60 companies were honored with government red-tape documents or special commendations.
- ✓ Undertook a number of national projects、 regulations and standards drafting, leading the industry to upgrade safety standards.



# ESG Advancement for Sustainable Development

## Environment



Carbon emission intensity  
(Baseline year: 2019)



**28.5%**  
2022: 27.8%



Help society & clients reduce emission

**56.10 mil tons**

2022: 52.69 mil tons

## Social



Occupational injury case/mil hrs reduced to

**0.40**

2022: 0.41

Number of enterprises certified to ISO 45001 safety and health management system

**76**

2022: 62

## Governance

Compliance Management Systems Certification

**ISO37301**

Anti-bribery Management Systems Certification

**ISO37001**

Number of key employees trained in anti-corruption

**1,556 persons**

2022: 1,407 persons

## Climate-specific Action

- ✓ To address climate change, the Company identified key climate risks and opportunities based on TCFD disclosure requirements, and published a climate-related financial disclosure report in December 2023.



## MGP-specific Action

- ✓ Actively responded to the MGP organization, completed methane emission testing around the gas downstream for civil gas replacement and external network replacement scenarios, and equipped more than 200 gate stations, storage and distribution stations with methane detection laser heads



## ESG Rating Performance

### MSCI ESG rated AA for second consecutive year

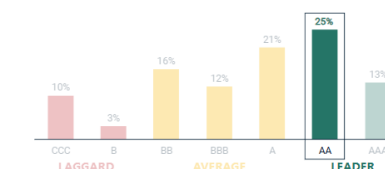
ESG Rating history

MSCI ESG Rating history data over the last five years or since records began.



ESG Rating distribution in relation to industry peers

Universe: MSCI ACWI Index constituents utilities, (465 companies)



**AA is the highest rating among peers in Greater China region**

**63**

CSA Sustainability development questionnaire scores  
2022: 56

**B**

CDP Rating  
2022: B-

Sustainalytics Rating improved to **22.7**

2022: 26.3

# Content

## 1. 2023 Results Overview

## 2. 2024 Key Initiatives

# Results Overview

- Despite the challenges of economic recovery after the epidemic and fluctuations in international and domestic resource prices, ENN continued to innovate and take multiple measures to optimise the business structure, and has achieved a 3.5% increase in revenue

Item (RMB mil)	FY2023	FY2022	Change
<u>Key Financial Data</u>			
Revenue	113,858	110,051	+3.5%
Gross profit	14,338	15,756	-9.0%
EBITDA^	14,401	14,426	-0.2%
Profit attributable to Shareholders	6,816	5,867	+16.2%
Core Profit*	7,586	7,966	-4.8%
among these: Overseas LNG sales	1,495	2,335	-36.0%
Domestic basic business	6,091	5,631	+8.2%
Core EPS (RMB)	6.72	7.06	-4.8%

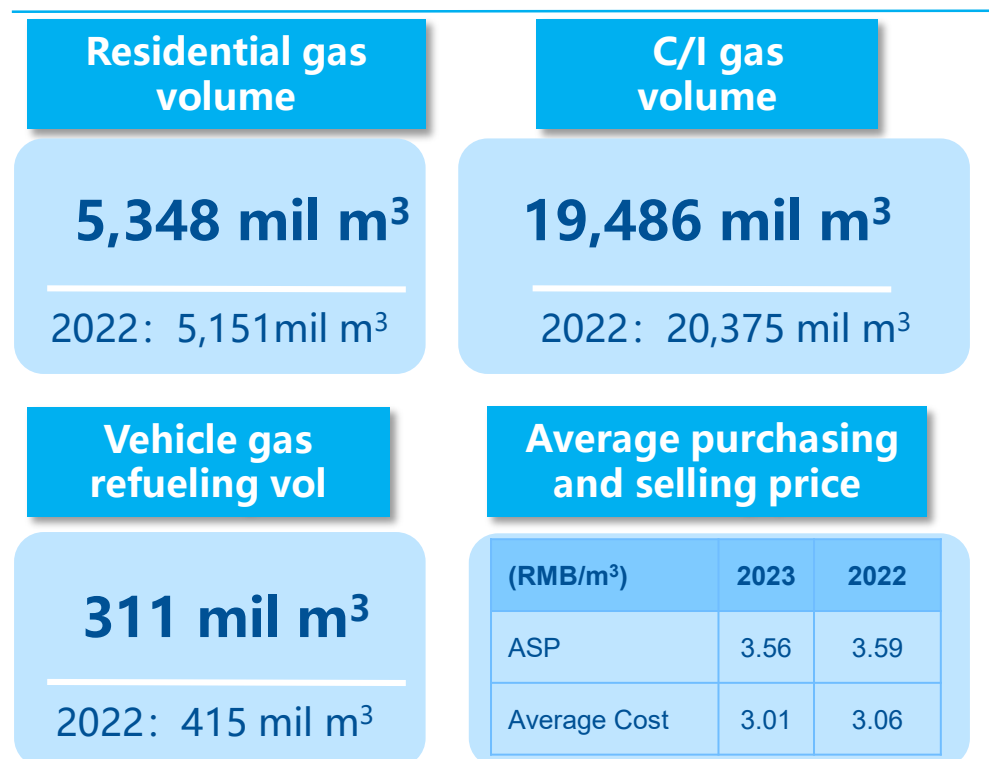
^ EBITDA = Includes JV, ASSO but excludes one-time items

\*Core Profit=Profit attributable to Shareholders excluding other gains and losses (excluding net realised settlement on commodity derivative financial instruments and gain on repurchase of senior notes), deferred tax relating to unrealised (losses) gains on commodity derivative financial instruments and share-based payment expenses.

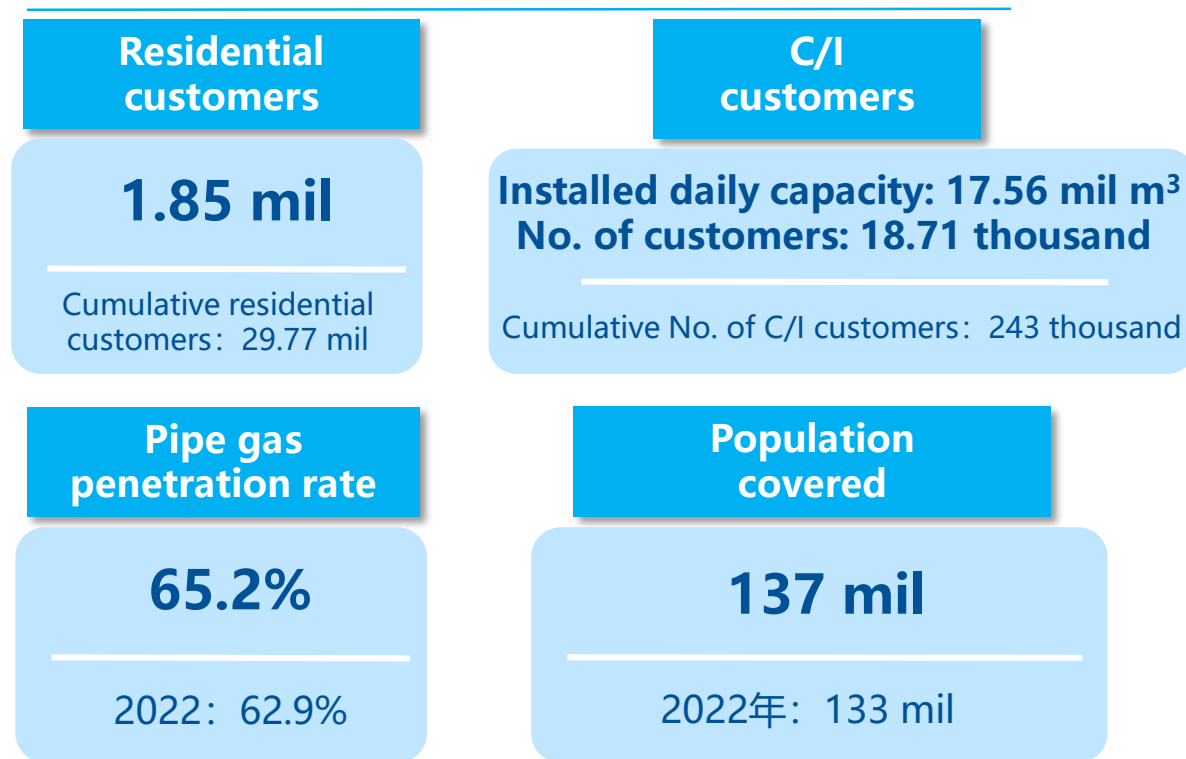
# Natural Gas Business Performance

- Residential gas volume grew steadily, while C/I gas volume declined due to power plants. Natural gas procurement costs continued to fall which contributed to reducing costs of customers

## Gas sales business

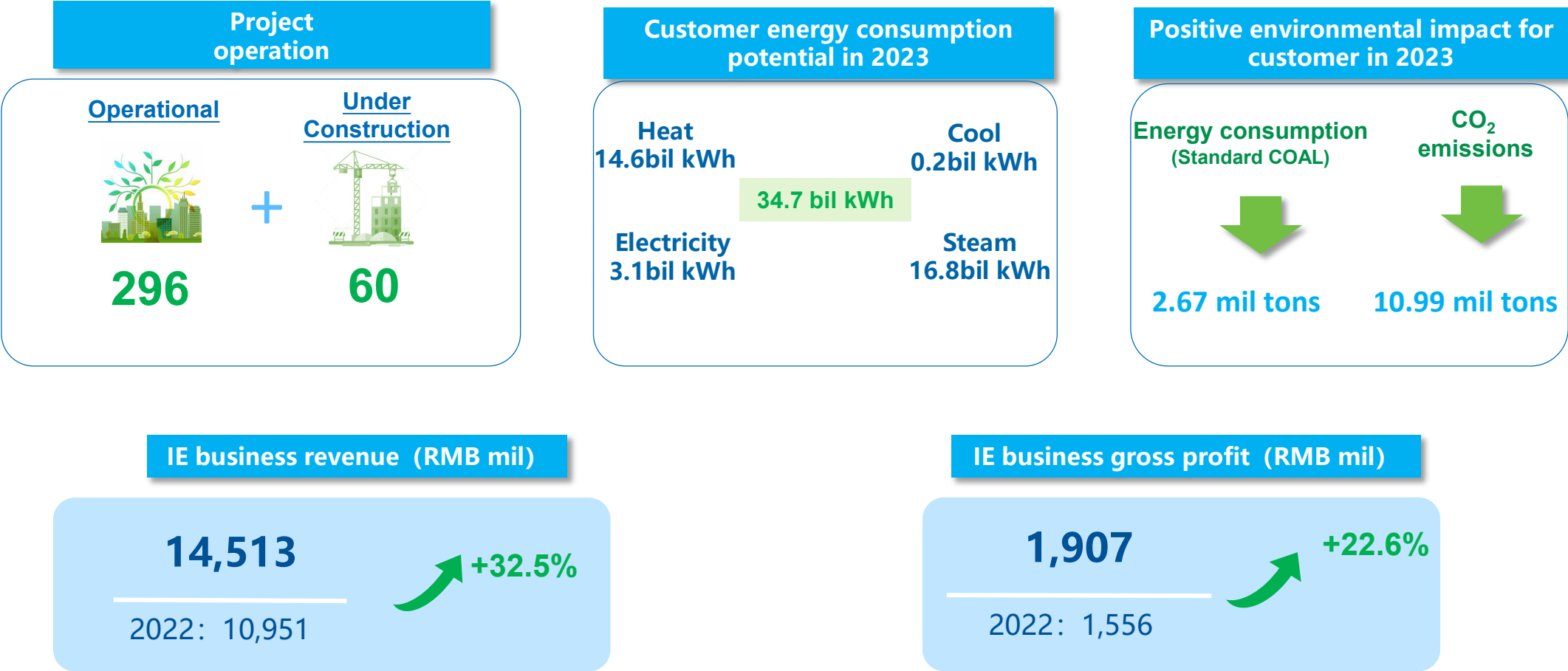


## Installation business



# IE Business Performance

■ IE business revenue increased by 32.5% in 2023

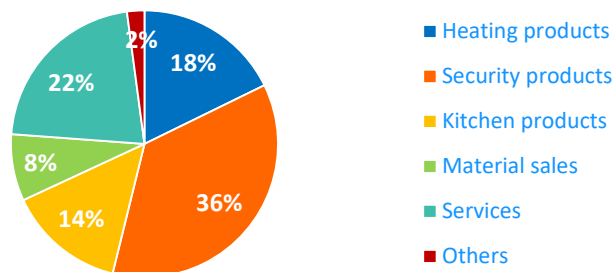




# Value Added Business Performance

- Accelerated the promotion of safety products and services, kitchen-related products and services, as well as innovated smart communities and other models, realized a 21.1% increase in gross profit on sales.

Breakdown  
by Products



Value Creation per  
Household

RMB 124

2022: RMB 118

VAB Revenue (RMB mil)

3,702

+18.9%

2022: 3,114

Multi-product  
customer coverage

New Customers

79.9%

Existing Customers

22.6%

VAB Gross profit (RMB mil)

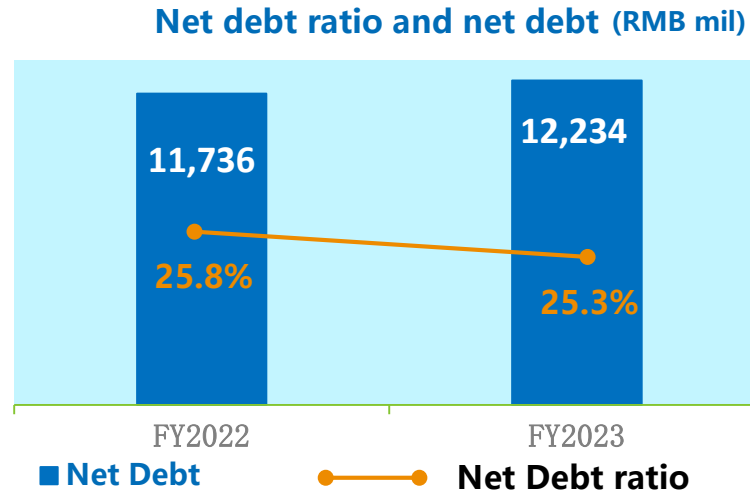
2,517

+21.1%

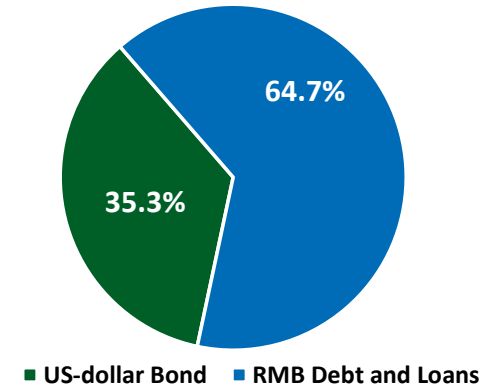
2022: 2,078

# Solvency Ability and Adequate Line of Credit

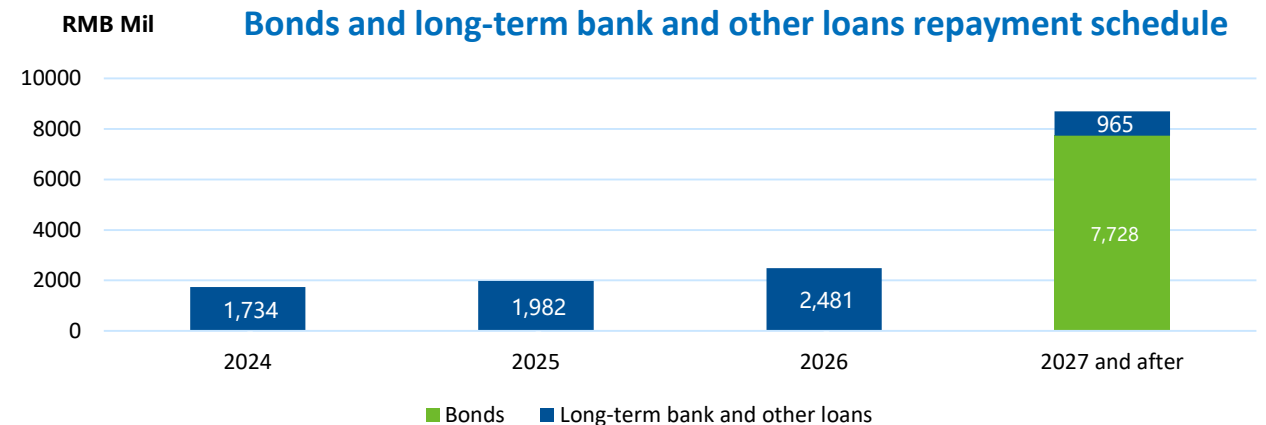
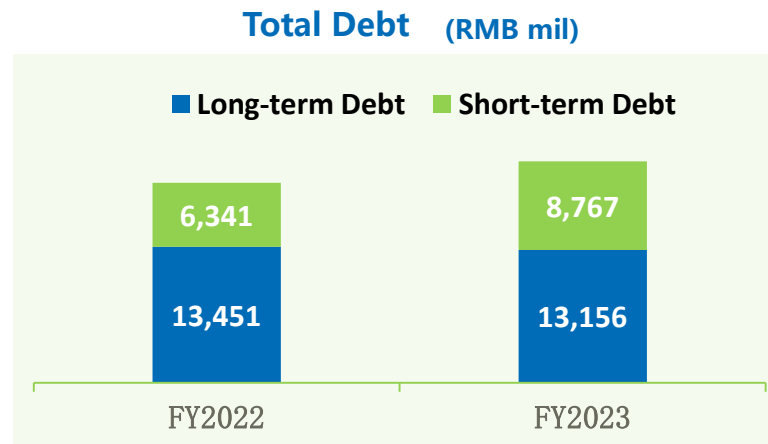
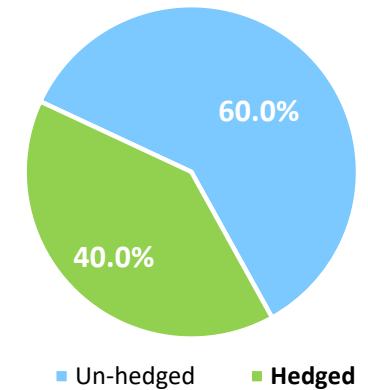
- Credit ratings from S&P, Moody's and Fitch are **BBB+ (stable)**, **Baa1 (stable)** and **BBB+ (positive)**
- Average finance cost was **3.53%**, low finance cost and ample financial resources ensured business expansion



Debt structure ( by currency)



FX risk management - against long-term USD debt

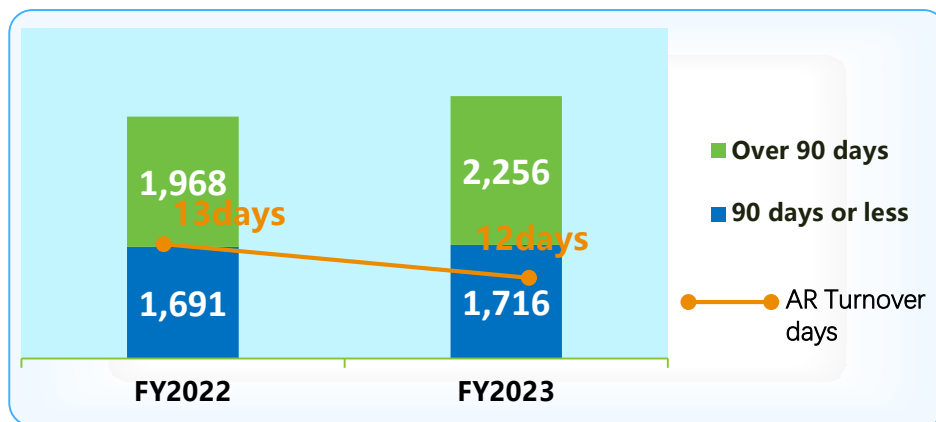


Cash on hand: RMB 9.7 bil; Unutilised credit facilities : RMB 17.2 bil

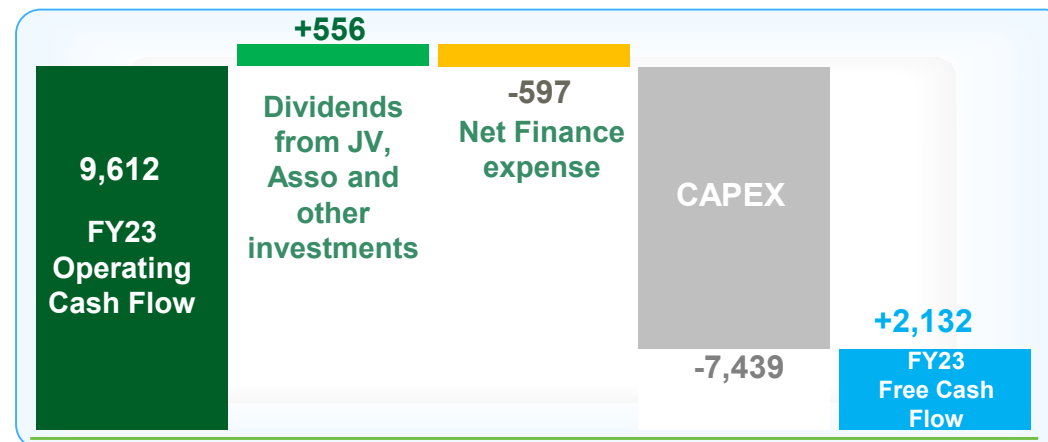
# Financial Management and Cash Flow

- Steady growth in the main business coupled with prudent financial management has resulted in long-term stable cash inflows and continued optimization of receivable turnover days to support a consistently high dividend payout ratio to shareholders.

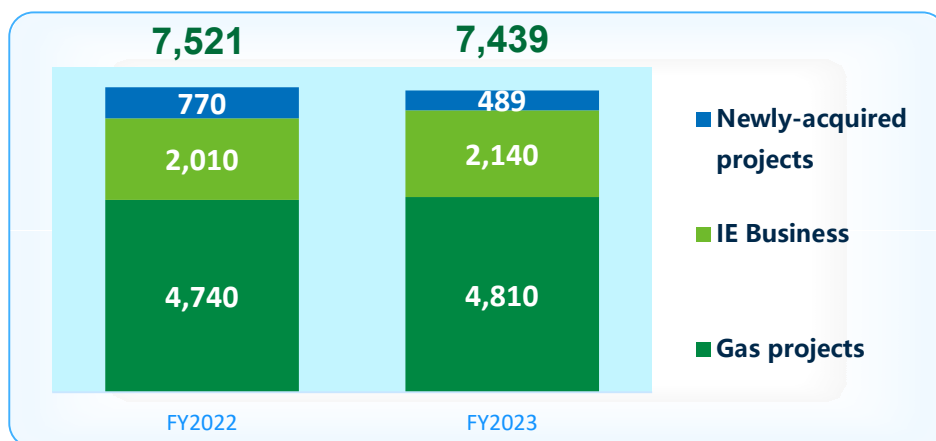
AR & Turnover Day (RMB mil)



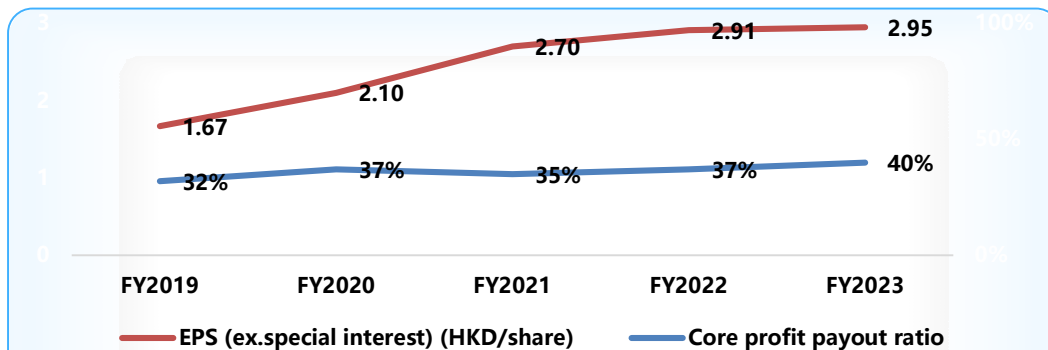
Sustained positive free cash inflow (RMB mil)



CAPEX (RMB mil)



Dividend per share and payout ratio



Payout ratio will keep growing at around 3-4 percentage points per year

# Content

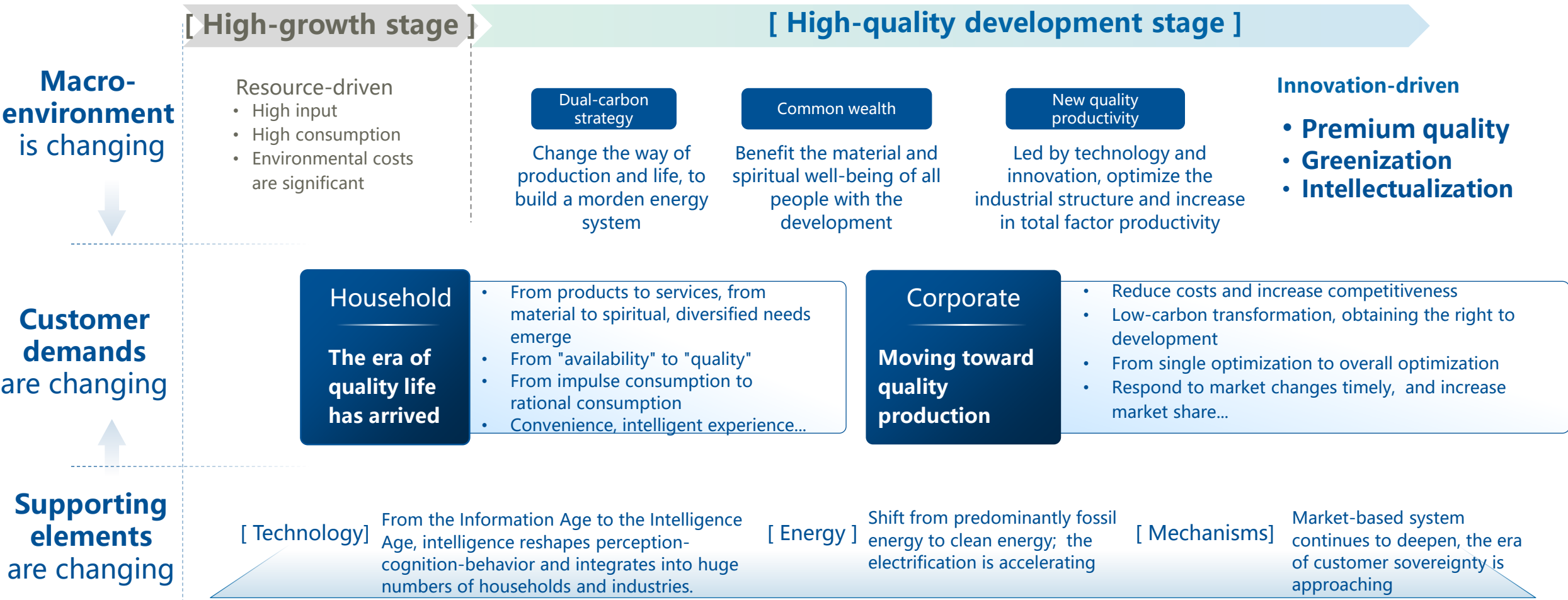
1. 2023 Annual Results Overview

2. 2024 Key Initiatives



# New Opportunities and New Requirements for the Company's Development

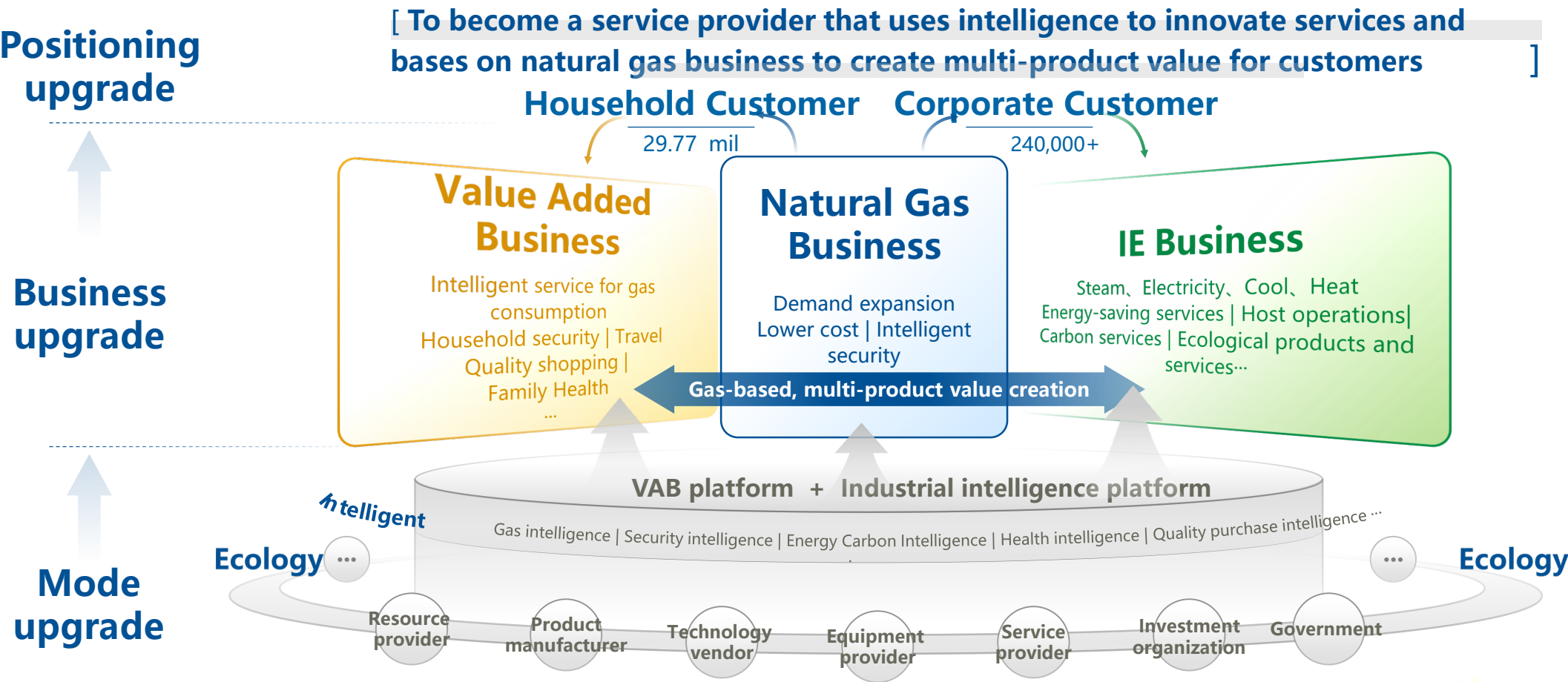
- China's economy has shifted from a high-speed growth to a high-quality development, with profound changes in customer demand and intelligent reshaping of production and life. The changing times bring new opportunities and requirements for the company's development.



“ Only by grasping the changes of the times, keeping up with the needs of customers, and responding to the trend, can win sustainable development! ”

# Customer Demand Drives Natural Gas-based Multi-Product Development for Rapid, Sustainable Growth

- Relying on the 35 years of accumulated customers and capabilities, the company focuses on customers and develops IE business and value added business on the basis of gas, forming a coordinated development pattern of the three businesses, and supporting new leap-forward with a new development model



# Natural Gas Business Development—Industry Development Analysis

- The demand for natural gas is constantly increasing, with both international and domestic resources being plentiful. This creates a vast potential for the development of natural gas.

- **Natural gas continues to grow**, the growth rate is expected to be about 6% in 2024, with an increase of 24-28 bil m<sup>3</sup>
- Consumption has rebounded steadily, **driving the recovery of business in cities** such as catering, and the added value of the catering industry had maintained stable growth in the quarter in 2023
- Traditional manufacturing industries such as **non-ferrous metals, papermaking, and high-end building materials** were stabilized, with a growth rate of more than 6% in 2023, higher than the industrial average, and new energy sources such as **photovoltaics and power batteries** were developing rapidly, with a growth rate of more than 20% in 2023, in Guangdong, Jiangxi, Anhui, Fujian and other regions
- Export orders for **textiles and automobiles** rebounded (the growth rate exceeded 15% from January to February 2024), and **foreign trade exports continued to improve**, in Jiangsu, Zhejiang, Anhui and other regions
- **Diversification of customer needs**: price selection, incremental stock, long and short contracts, gas calorific value, supply guarantee, safe gas consumption, flexible cycle, etc
- In the context of energy security, **the increase in domestic gas storage will continue**, and it is expected to increase by 13~15 bil m<sup>3</sup> in 2024
- The import of pipeline gas from Myanmar and Central Asia was remained at a stable level, and the eastern route between China and Russia continued to increase, whose imported pipeline gas **increased by 7~8 bil m<sup>3</sup>**
- State Grid Zhangzhou, Guangdong Energy Huizhou and Yangjiang, Zhejiang Energy Wenzhou, Hebei Xintian Caofeidian and other new receiving stations have been put into operation, the Three Major Oil and the second echelon of importers of long-term and short-term new contracts have been implemented, is expected to **increase by 4.5 mil ~ 5.5 mil tons**
- International gas prices fall sharply, In February 2024, the price of JKM will drop to 8\$/mmbtu, and the annual price is expected to be 8~14\$/mmbtu. **Opportunities for the emergence of imported LNG**
- **Diversification and marketization of resources**: sources, types, prices, cycles, trading models, etc.



Needs Understanding

Demand continues to grow in 2024, there is still growth space for urban-fueled industrial and commercial, and resources are generous, which is conducive to the development of the front-end market

Resource Understanding



# Natural Gas Business — Use Intelligence to Expand the Scale of Gas

## Household Customer<sup>1</sup>

- With the help of the old community renovation policy, **about 300,000 old households** were rapidly developed
- Focusing on new shanty towns and government guaranteed housing, expanding about **1.1 mil new households**
- **Seize the 2024 price adjustment** and make effort to promote the adjustment of residential prices

### products

Household customer awareness    One-click installation

Intelligent recommendation of gas engineering installation price

Gas engineering installation + stove/security/service...

- "Guiding Opinions of the General Office of the State Council on Comprehensively Promoting the Renovation of Old Urban Communities"
- "Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Super Mega Cities" - involving Dongguan and Qingdao

## Commercial Customer<sup>2</sup>

- Seize the opportunity of safety governance, develop the bottle to pipe market on a large scale, and add **20,000 new customers**
- **Flexible engineering installation package**, shortens the customer replacement cycle and accelerates customer conversion

### products

Intelligent calculation of project price

Engineering Intelligence Services

Gas + Safety and other multi-product packages....

- **Hunan:** The new gas regulations clearly delineate areas where bottled gas is prohibited and restricted
- **Henan:** Plans to promote "bottle to pipe" renovation of 120,000 households in 2024
- **"Bottle to pipe" policy:** Ningbo, Jinhua, Taixing

## Industrial Customer<sup>3</sup>

- Seize the layout of **strategic emerging industries** in coastal provinces and **the opportunity of industrial transfer** in central provinces, obtain industrial business opportunities in a timely manner, and quickly develop customers
- In response to the energy-saving and cost-reducing needs of typical industries such as textiles and steel, we provide **customers with gas technology solutions**, of which the textile dyeing vat market exceeds 500 mil m<sup>3</sup> (> 600 customers)
- Grasp the opportunity of national energy consumption reduction and high-quality industrial development, and deep into the gas potential of industrial customers with the help of **old industrial equipment renewal**

### products

Long-term gas supply service

Gas+liquid combination

Base amount+ increment

Gas sales+ peak shaving

Dye vat direct combustion transformation

Steel sintering natural gas injection

Natural Gas Cutting/Welding....

Intelligent price calculation and recommendation (tiered price, energy-linked price, seasonal price)

- Glass company A: 5 years of long-term cooperative service (80,000 m<sup>3</sup>/day)
- Textile company B: 25% energy saving after the transformation of gas direct combustion in dyeing tanks, driving sales of 2.5 mil m<sup>3</sup> per year

In 2024,  
retail gas  
volume to  
increase  
year-on-  
year

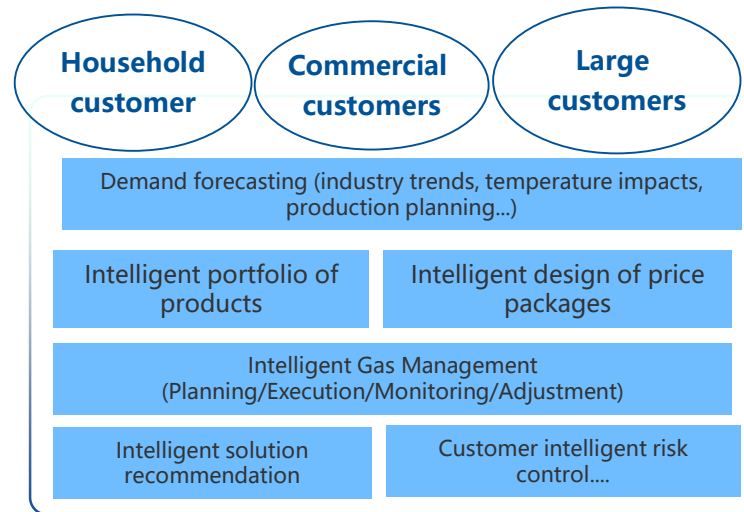
5%



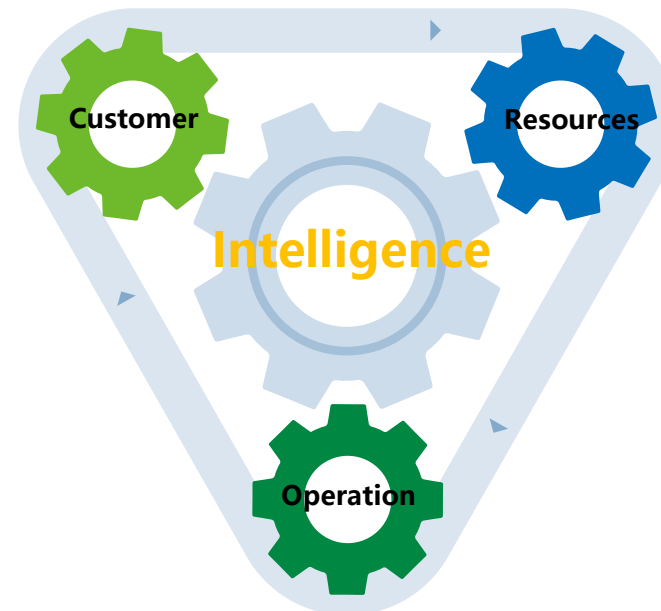
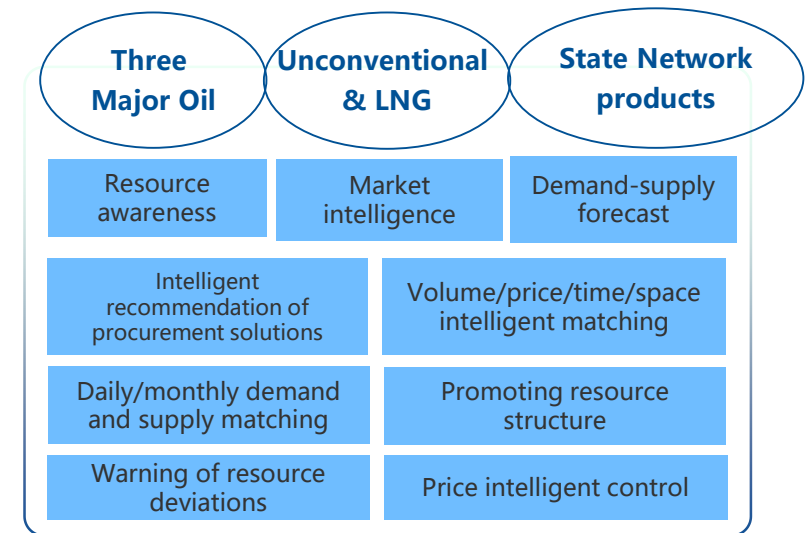
# Natural Gas Business Development—Intelligence Drives Business Value Creation

- Driven by intelligence, to accelerate the upgrading of natural gas business and continuously improve the level of intelligent value generation of customers, resources and operations.

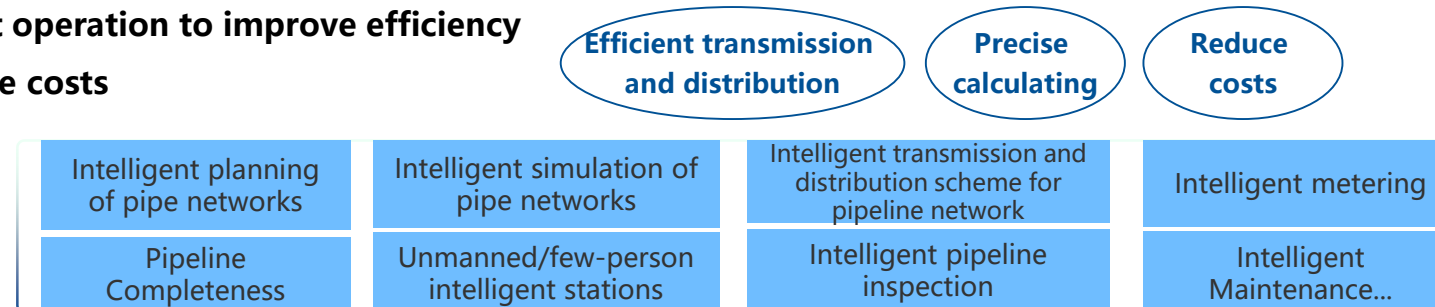
## Intelligence service to meet customer needs



## Intelligence matching optimizes the resource structure

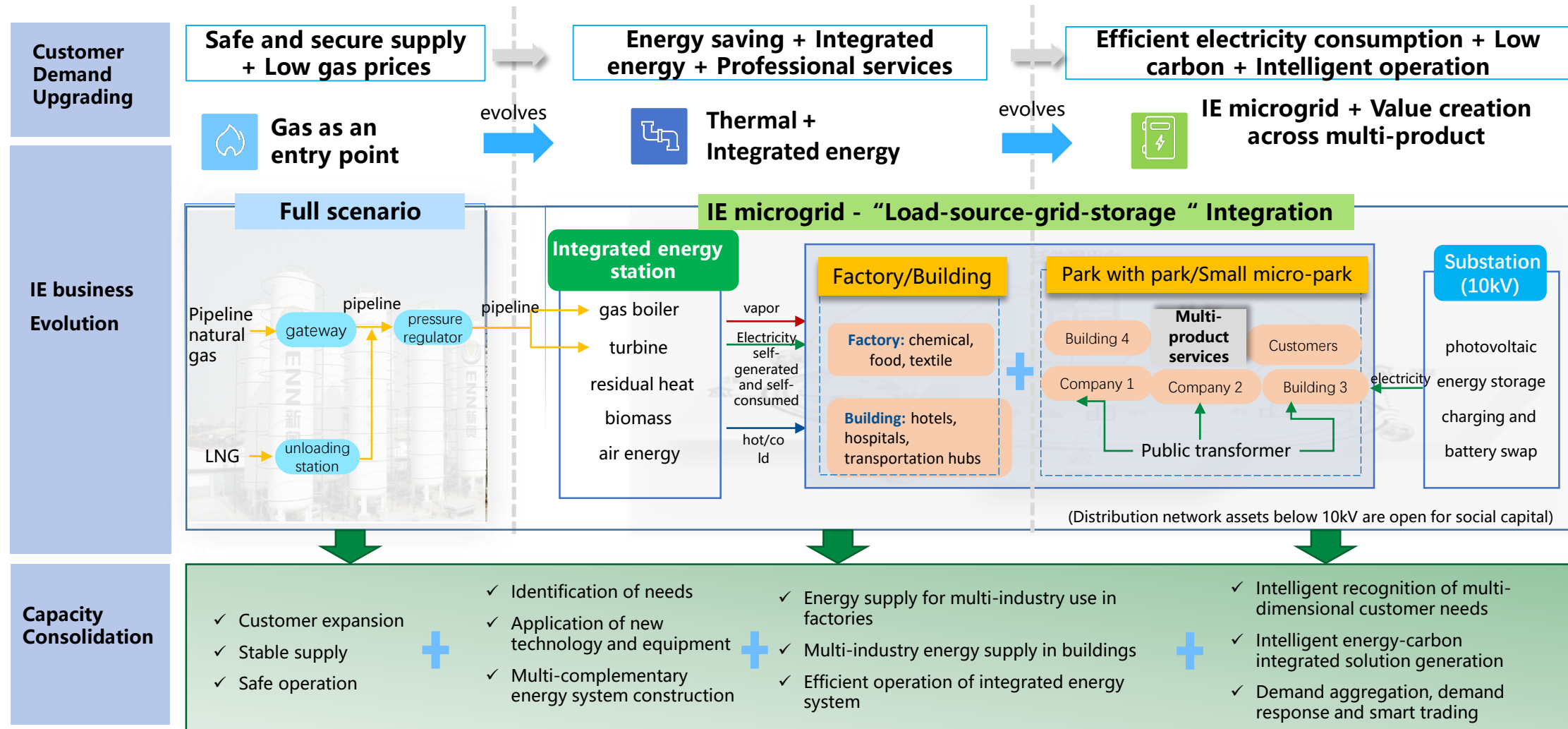


## Intelligent operation to improve efficiency and reduce costs



# IE Business Continues to Evolve in Response to Customer Needs

- The company consistently enhance the business in response to customer needs. The IE business persistently innovates and evolves, building core strengths for enduring growth and achieving sustainable development.



# New Trends Bring New Opportunities for IE Business

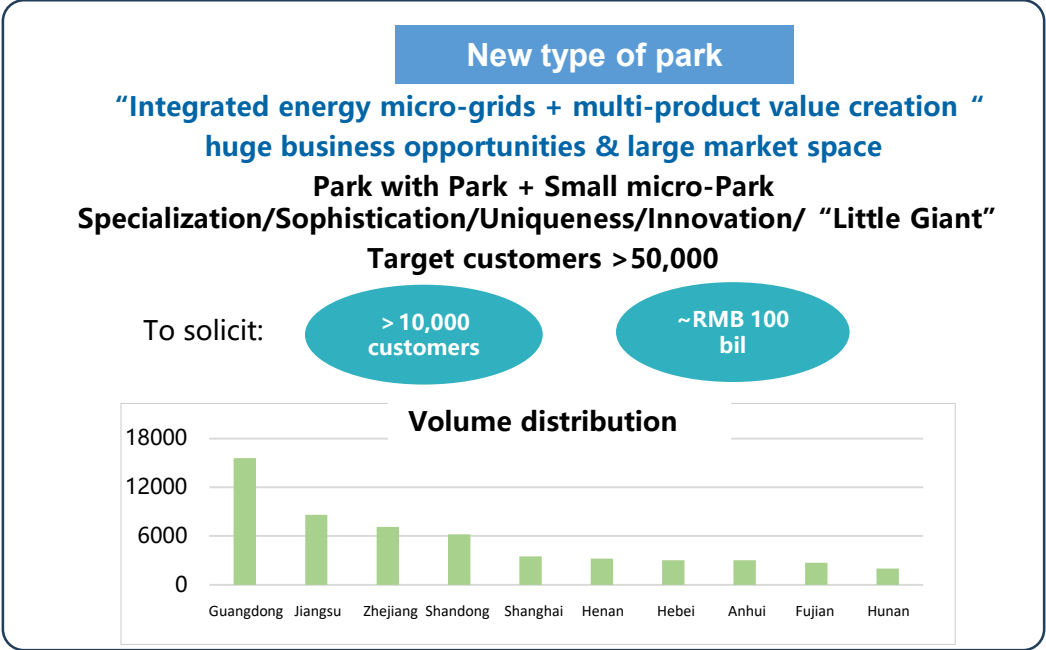
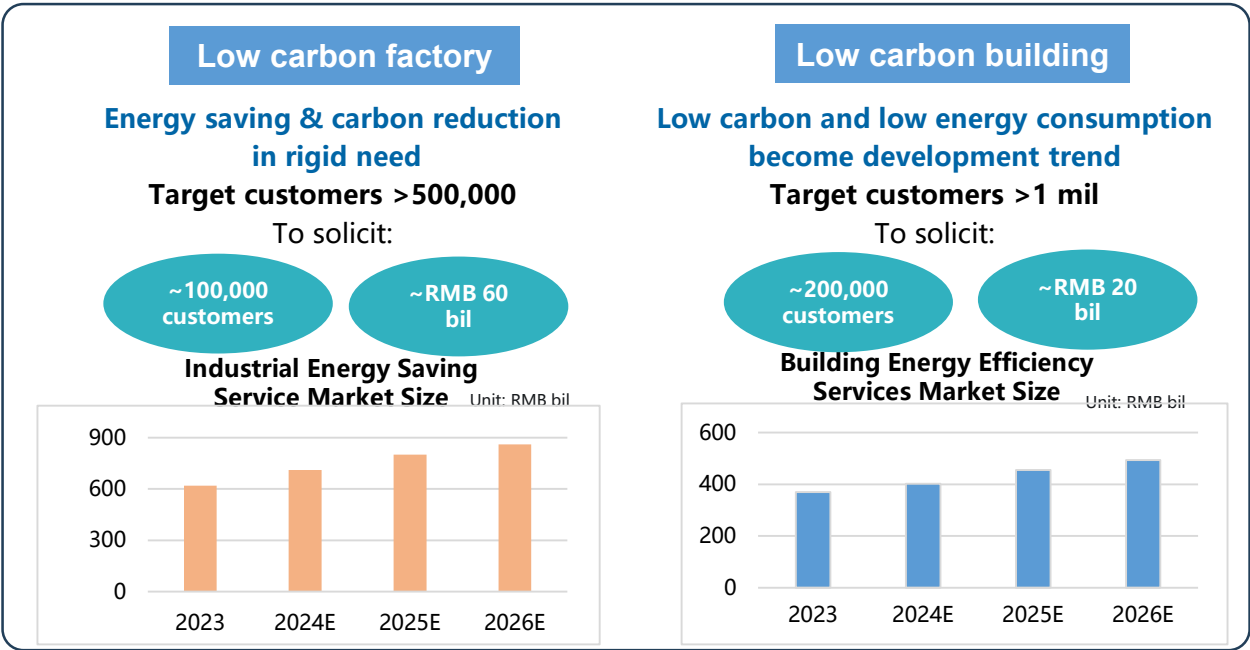
■ New trends in China including the “Dual-carbon” strategy and new quality productive forces drive upgrading of customer patterns, generating new demand and enlarging new potential in the market

“Dual-carbon” strategy implemented

- Non-fossil energy consumption ration will reach **20%** by **2025** and **25%** by **2030**
- Carbon emissions per unit of output in 2025 will be **18%** lower than in 2020 and will drop further by **65%** in **2030**

New quality productive forces

- **Features:** high technology, high performance, high quality
- **Steps:** Optimize and upgrade industrial chain, cultivate new industries, promote digital economy



Data source: Qianzhan Industry Research Institute

Industrial Policy

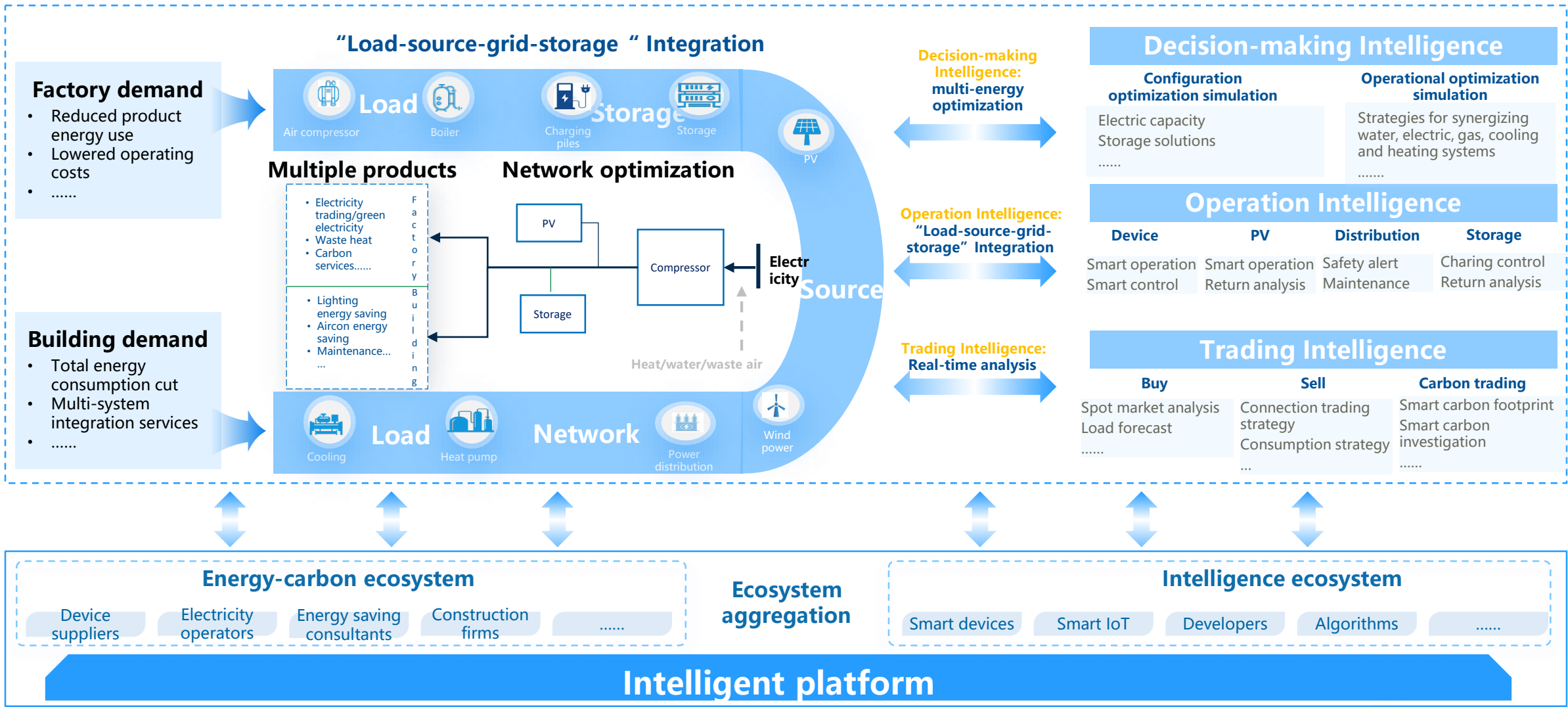
- NDRC/NEA “Guidance on the high-quality development of the distribution network under the new situation” - **Distribution networks below 10kV belong to user side, social capital participation in investment and operation is encouraged;**
- State Council released an action plan to promote large-scale equipment renewals and trade-ins of consumer goods.

Industrial Technology

- **Photovoltaics:** Entering into “Affordable Era”
- **Energy storage:** costs expected to drop by more than **60%** in the next 5 years
- Intelligent technology boosts realization of **integration of power generation, grids, demand, and storage**

# IE Micro Grid Model

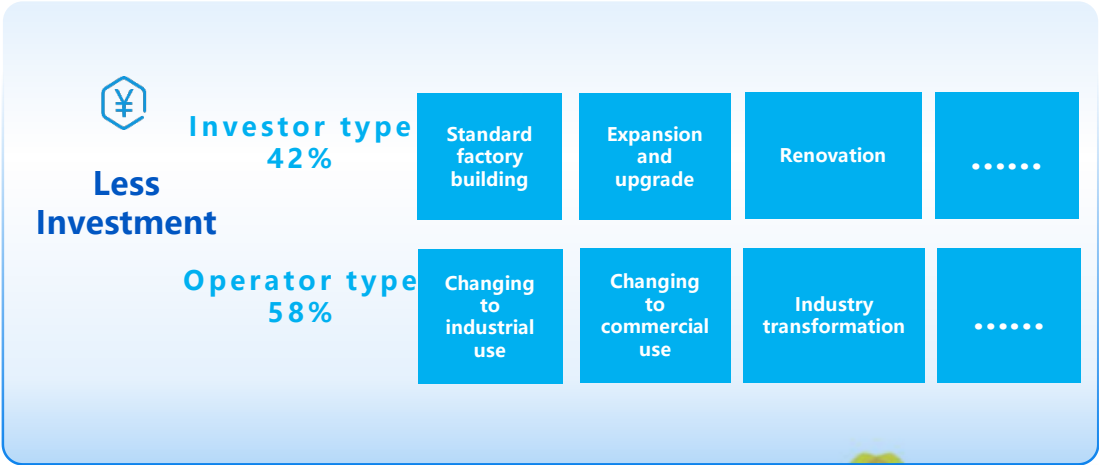
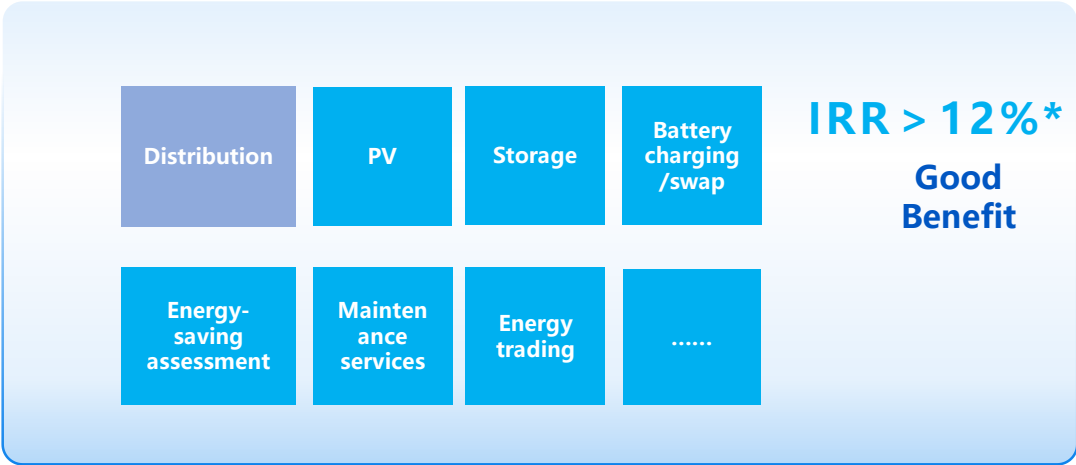
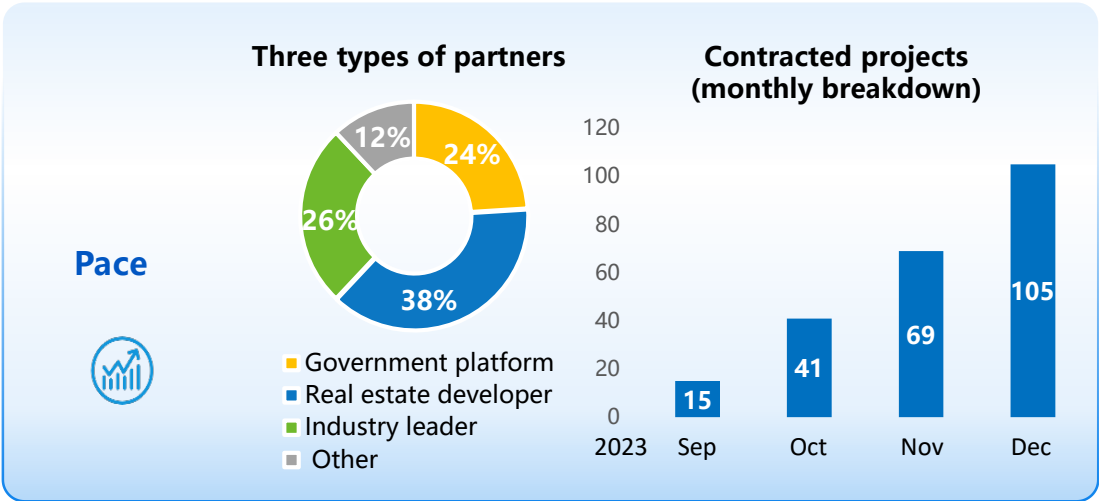
- By combining business practices with intelligent technologies, the company has developed an integrated “Load-source-grid-storage” IE microgrid model to acquire a large customer base and create value across multiple products





# IE Microgrid Practices and Advantages

- Amid numerous opportunities, since expanding our IE microgrid operations in September 2023, the company has mapped out 1,297 business opportunities and successfully secured 230 contracts.



\* After a standard project has been successfully launched and is fully operational

# Case Study

■ A smart manufacturing industrial park in Zhejiang: a typical project with a medium scale of energy provision

Customer Understanding

Solution

Smart operation

customer profile

customer demands

Government demand

Park demand

User demand

Load(multi-products)

Grid/Storage

Source

Charge

Storage

Motor

Air compressor

Power network

Compressor

Opening & closures

10kV

photovoltaic

“Load-source-grid-storage” integration driving transition to multiple products

Power

Invest in a 3,000kVA transformer

1MW PV

0.5MW/1MWh Storage

Multi-product

Power sales

Charging

Power saving

Air compression

Green electricity transaction

Cooling

Direct drinking water

Safety alert

Energy consumption smart monitoring

Carbon footprint

Energy consumption tracking + smart assessment + automated optimization + AI trading

Annual power output

Electricity

Cooling

Compressed air

8 mil kWh

3.5 mil kWh

1.22 mil Nm<sup>3</sup>

Customer value

Annual energy cost savings of RMB 0.52 mil

Annual carbon emissions reduced by 745 tons per year

ENN value

IRR 12.6%



### Government demand

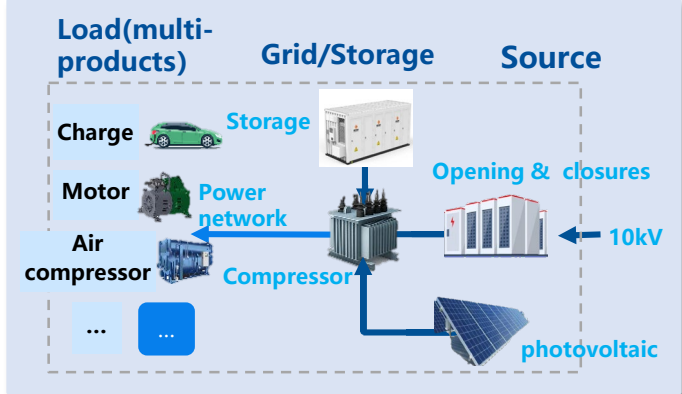
- ✓ Align with dual-carbon policies to upgrade industries and develop green, low-carbon parks.
- ✓ Ensure energy support, guarantee production and maintain stable operations.

### Park demand

- ✓ Maintain professional operation of energy facilities to ensure high-quality energy supply in the park.
- ✓ Enhance service quality to attract investment.

### User demand

- ✓ Provide stable, diverse energy sources, ensure the normal operation of enterprise production
- ✓ Lower energy costs to increase product competitiveness.
- ✓ Increase energy efficiency and ensure company' s growth.
- ✓ Connect to intelligent systems to improve operations.



### “Load-source-grid-storage” integration driving transition to multiple products

Power	Invest in a 3,000kVA transformer			
	1MW PV		0.5MW/1MWh Storage	
Multi-product	Power sales	Charging	Power saving	Air compression
	Green electricity transaction	Cooling	Direct drinking water	
	Safety alert	Energy consumption smart monitoring	Carbon footprint	



Energy consumption tracking + smart assessment + automated optimization + AI trading

### Annual power output

Electricity 8 mil kWh Cooling 3.5 mil kWh Compressed air 1.22 mil Nm<sup>3</sup>

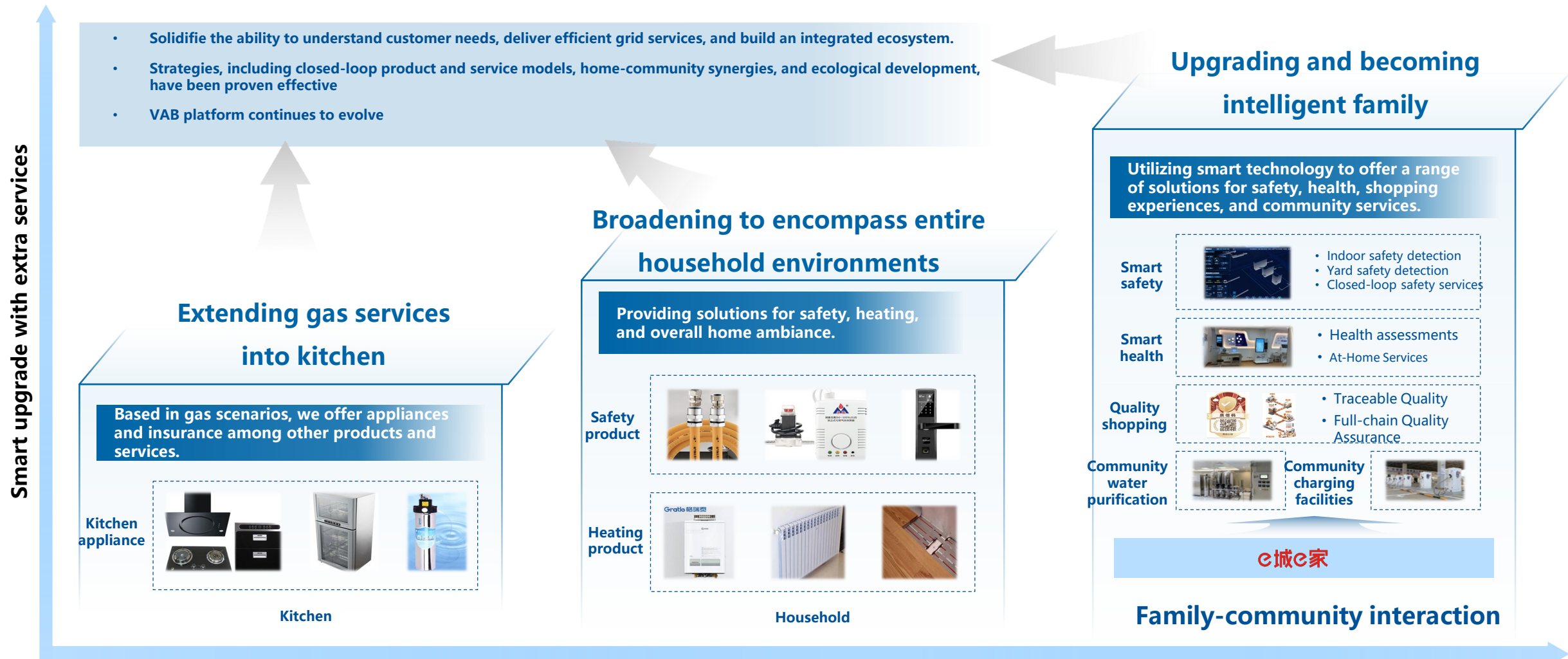
### Customer value

Annual energy cost savings of RMB 0.52 mil  
Annual carbon emissions reduced by 745 tons per year

ENN value  
IRR 12.6%

# VAB: Serving and Understanding Families

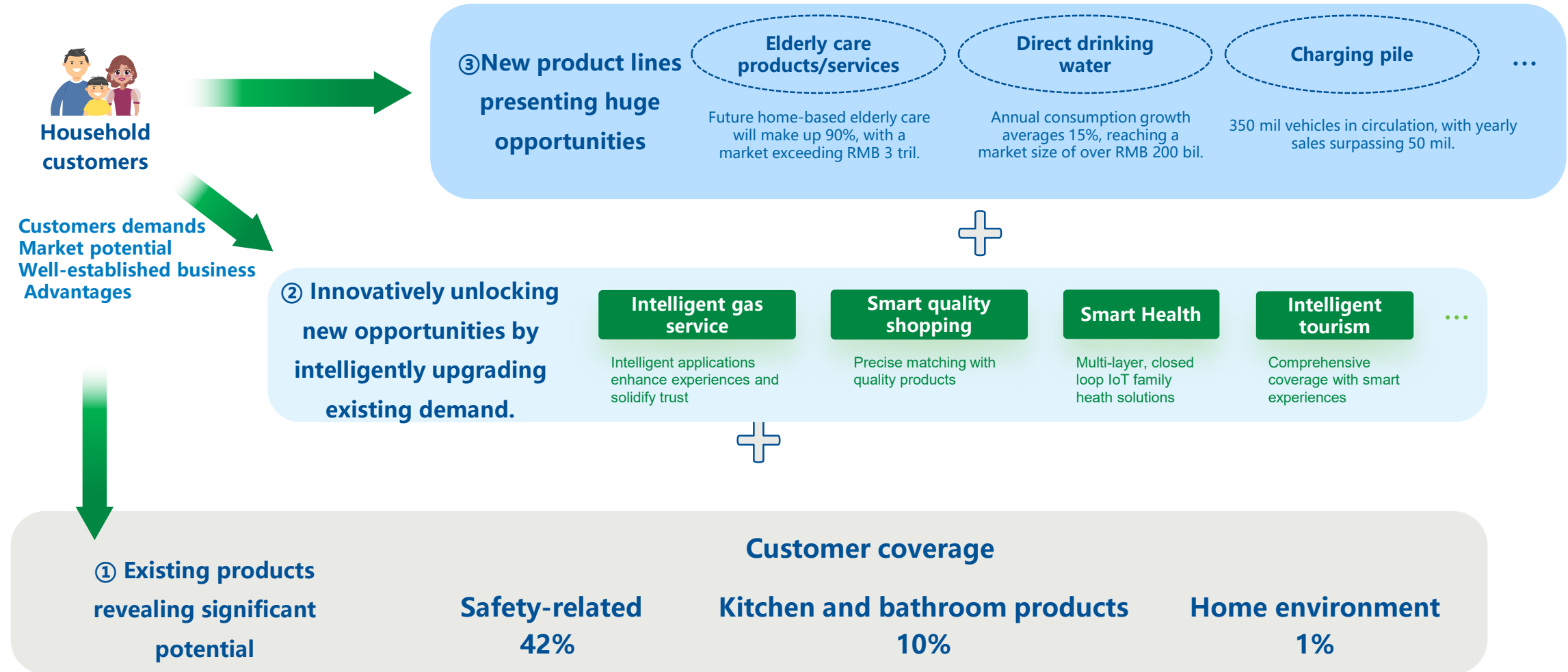
- Based on gas, focusing on the needs of family customers, the company continues to extend the scene, improve intelligence, expand products and services, and accumulate products, capabilities, models, and customer trust



Scenario interconnection and extensions

# Facing the Future, Product Deepening, Intelligence Upgrading and Track Expansion Have Great Development Potential

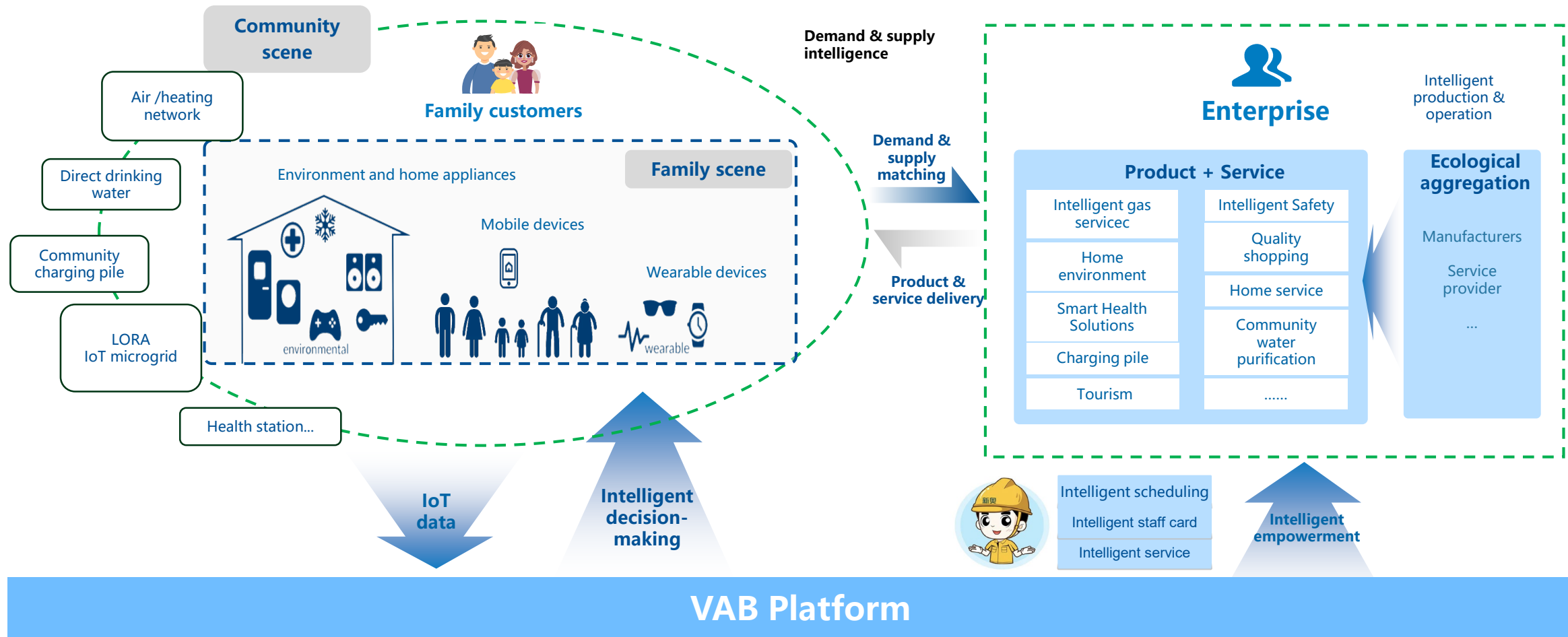
- With a customer-centric and ever-evolving mindset, the company leverages intelligent technologies to cultivate existing products and upgrade new offerings, opening up new business segments with significant potential





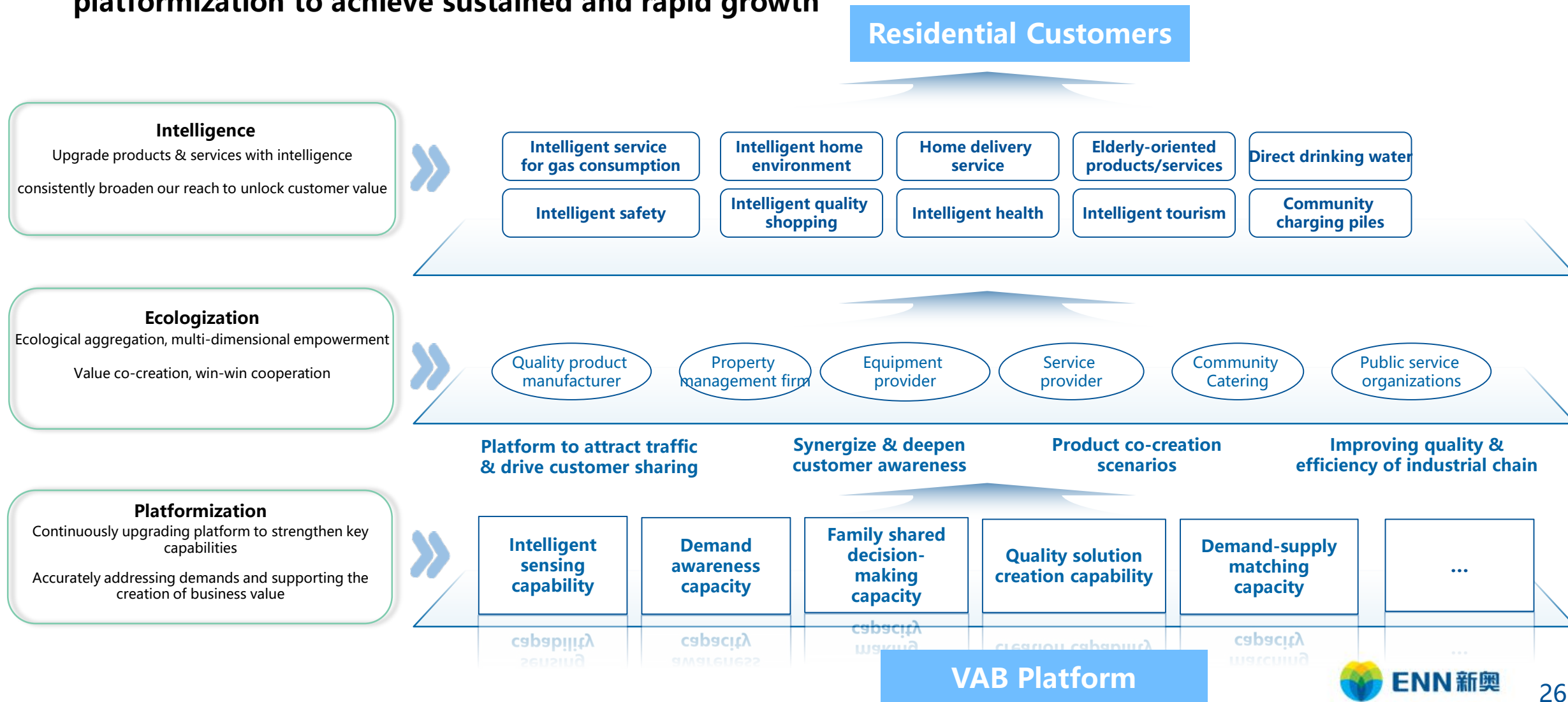
# Adopt the Platform Operation Model, Leveraging IoT & Intelligence to Engage with Customers, Build Ecosystems, and Meet Multiple Demands

- Within the platform, IoT and intelligent connections are utilized across diverse scenarios to connect with customers, form ecosystems, and match supply with demand. This strategy cultivates a virtuous cycle of data gathering, customer comprehension, ecosystem collaboration, and high-quality service, persistently unlocking value and propelling continuous business growth.



# Intelligent and Innovative Products and Services for VAB

- Promoting quality upgrade of value added business through intelligence, ecology & platformization to achieve sustained and rapid growth



## 2024 Guidance

Item	2024 Targets
IE sales volume	20%-30%
VAB gross profit	20%-30%
Retail gas sales volume	+ > 5%
Retail gas sales business gross profit	+ > 10%
New C/I development	12~14 mil m <sup>3</sup> /day
New residential development	1.4~1.6 mil
Capex	Approx. RMB 8 bil
Core profit	domestic basic business + > 10%

**THANK YOU**



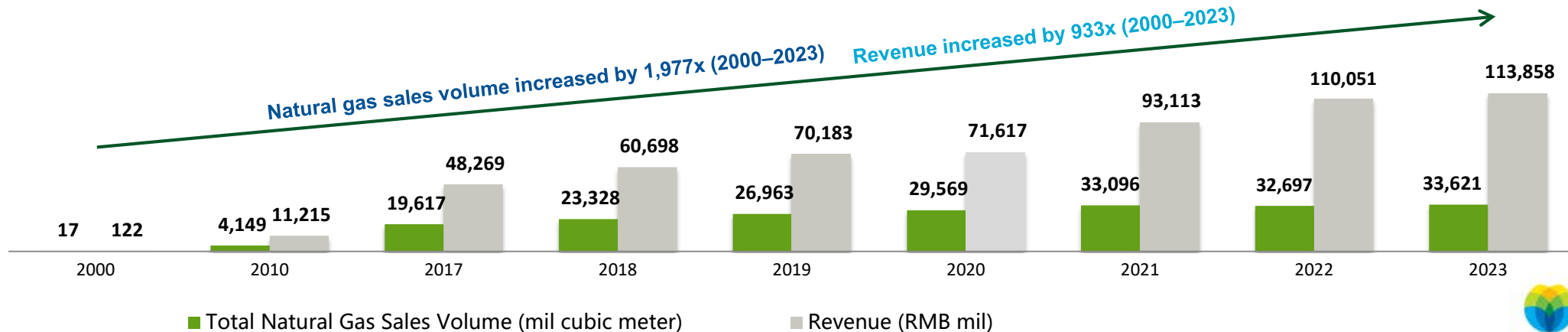
# ENN—Empowering Families with Quality Living and Businesses with Safe, Efficient and Low-Carbon Energy Solutions in the Digital City

## Company Profile

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

## Key Business Segments

Retail Gas Sales Business	Integrated Energy Business	Energy Trading	Construction & Installation	Value Added Business
				
<ul style="list-style-type: none"><li>• Sell piped gas to residential and C/I users</li><li>• Construct and operate CNG/LNG gas refueling stations</li></ul>	<ul style="list-style-type: none"><li>• In accordance with customers' requirements, offer diverse energy products derived from locally accessible sources, and tailor integrated energy solutions</li></ul>	<ul style="list-style-type: none"><li>• Develop energy trading business by capitalizing on the advanced dispatch system, logistics fleet and upstream resources</li></ul>	<ul style="list-style-type: none"><li>• Conduct gas pipeline construction and installation for residential and C/I users</li></ul>	<ul style="list-style-type: none"><li>• Provide energy-saving technology, retrofitting services, and inspection and maintenance solutions</li><li>• Sales of gas-related products and materials</li></ul>





# Business Landscape

By the end of 2023, ENN Energy provided energy services to **29.77 mil** Residential households and **243 thousand** C/I customers in **21** provinces, cities and autonomous regions.

Operate **259** city gas projects

Coverage of **137 mil people**

**82 thousand** kilometers medium and high pressure pipelines

**296** IE projects in operation

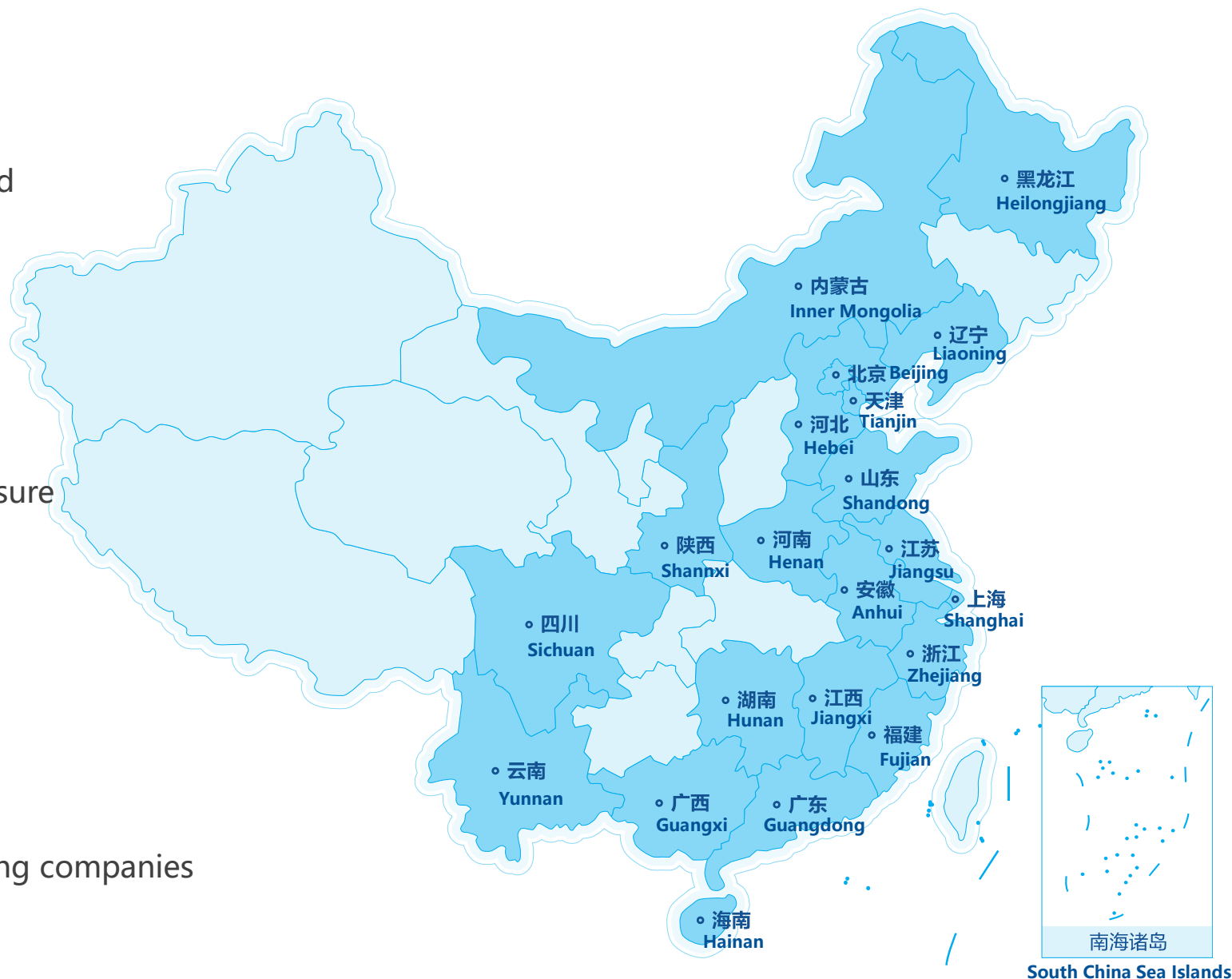
**60** IE projects under construction

Revenue amounting to RMB **113.86 bil** in 2023

Total assets over RMB **103.13 bil**

Over **800 branches** of wholly-owned and holding companies

Employees over **34 thousand**



## City Gas Business

### Methane Emission (ME) Management

- **Align with international standards and improve transparency**  
Joined the methane Guiding Principles (GPM) 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 thereafter.
- **Improve ME management policies and measures**  
Integrate methane management into daily operations, deploy continuous emission detection measures, and gradually link performance related to ME management with remuneration.
- **Promote the application of on-site detection technology**  
Aim to equip all city-gate stations with the on-site detection devices such as Photo-Thermal-Zeroth (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 using advanced technologies and improving disclosure transparency.

### Energy Transportation Decarbonisation

- **Adopt clean fuels for self-owned vehicles**  
Aim to achieve carbon emission reduction of 28.2% for self-owned transportation vehicles by switching clean-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 Yunbi Cloud System and smart dispatching to optimize route and manage the vehicle, 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 2025.

### Green office

- **Energy Generation 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

- **Promote the use of renewable energy**  
By accelerating solar, biomass, geothermal and other renewable energy while, and introducing hydrogen after 2025, we aim to increase the proportion of renewable and zero-carbon energy utilisation to 30% by 2030.
- **Improve overall energy generating efficiency**  
Aim to further improve the overall energy generating efficiency by 5% against existing level of 50% by 2020 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 realise 5% carbon emissions generated from natural gas consumption annually thereafter.

### Low-carbon Industrial Parks and Green Factories

- 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

- Leveraging on our enriched technological know-how on integrated energy and experience of energy management for customers, we provide green buildings solutions and building energy-saving services for architectural customers such as hospitals, hotels, airports, office buildings, etc.

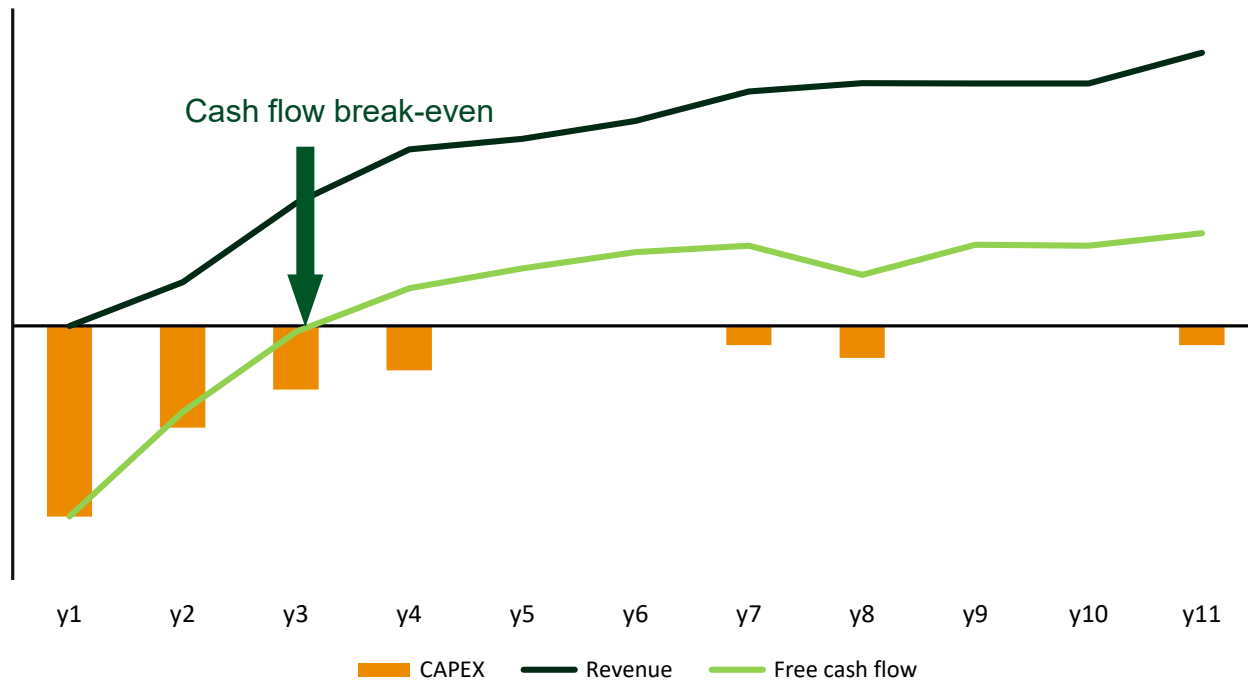
## Value Added Business

### Green Households

- 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.



# Typical Industrial Park IE Project - Cash Flow Projection



## 1. Stable & Recurring Income

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

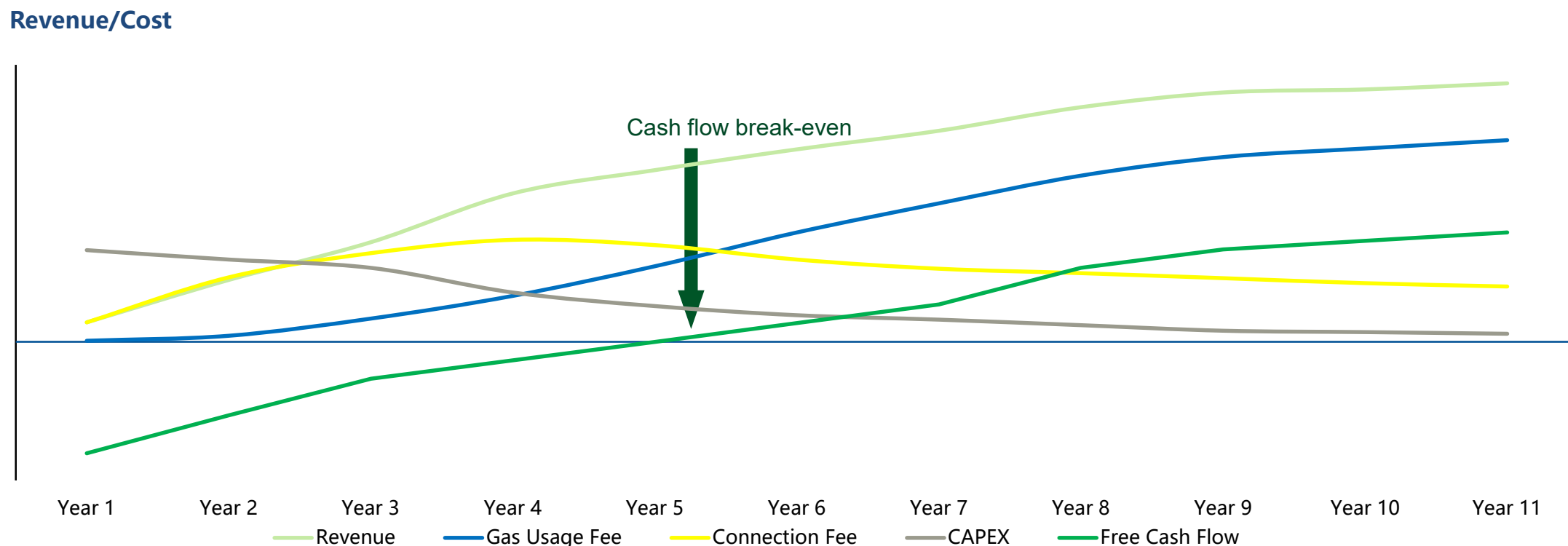
## 2. Rapid Cash Flow Generation

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

## 3. Low Risk

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

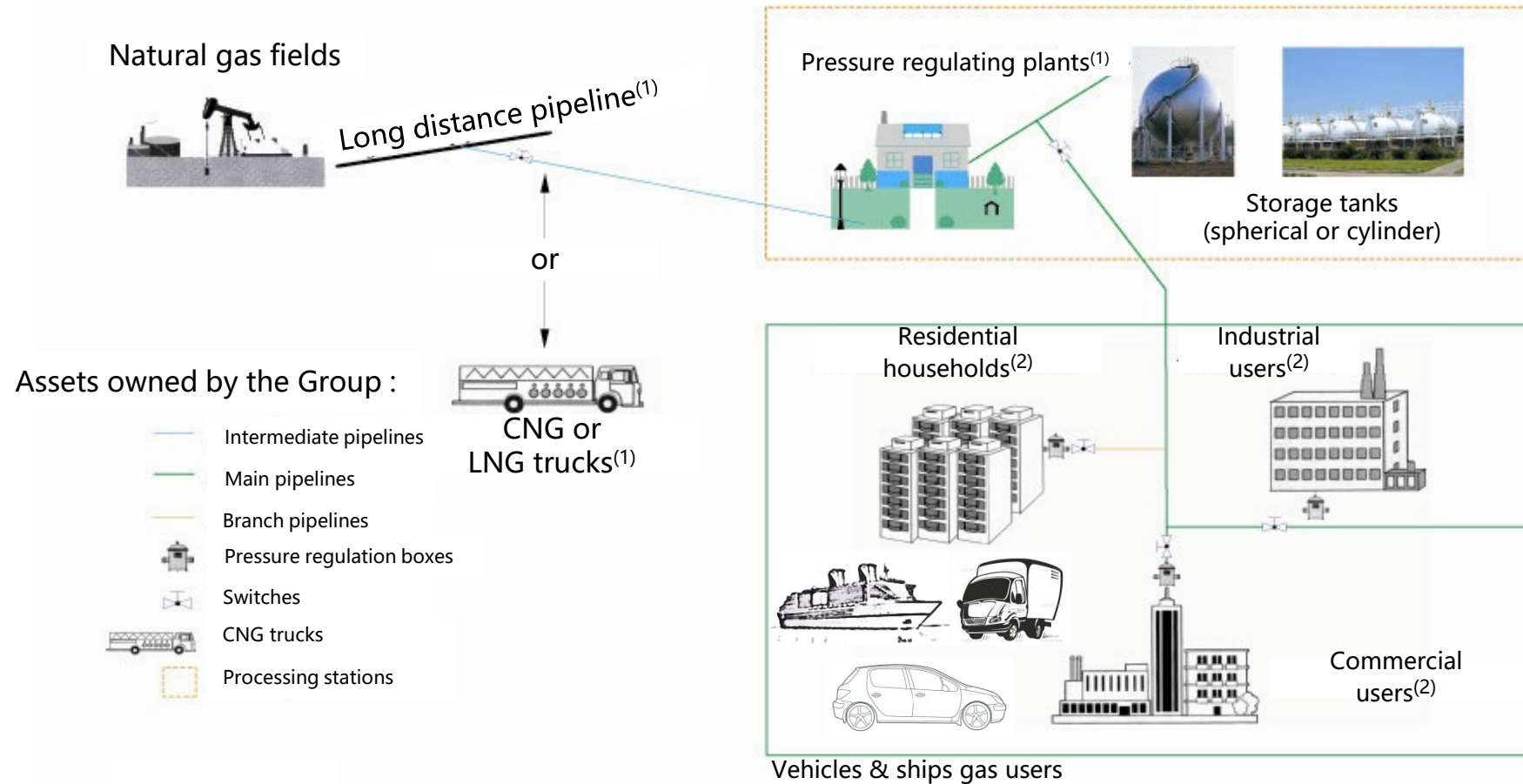
# Simplified Model for a Typical City-Gas Project



- 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



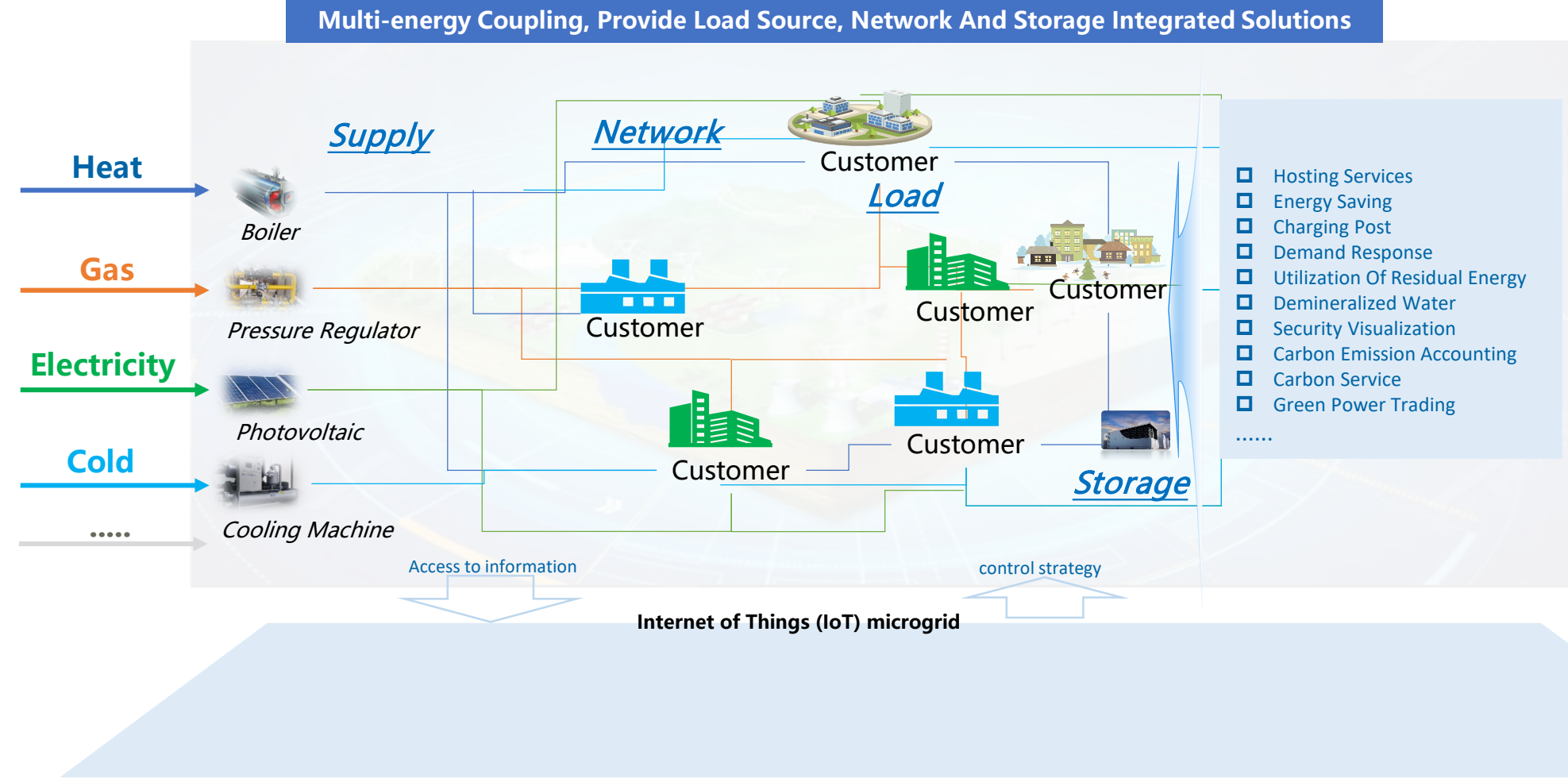
*Note:*

*(1) Gas delivery using either intermediate pipelines or CNG or LNG trucks*

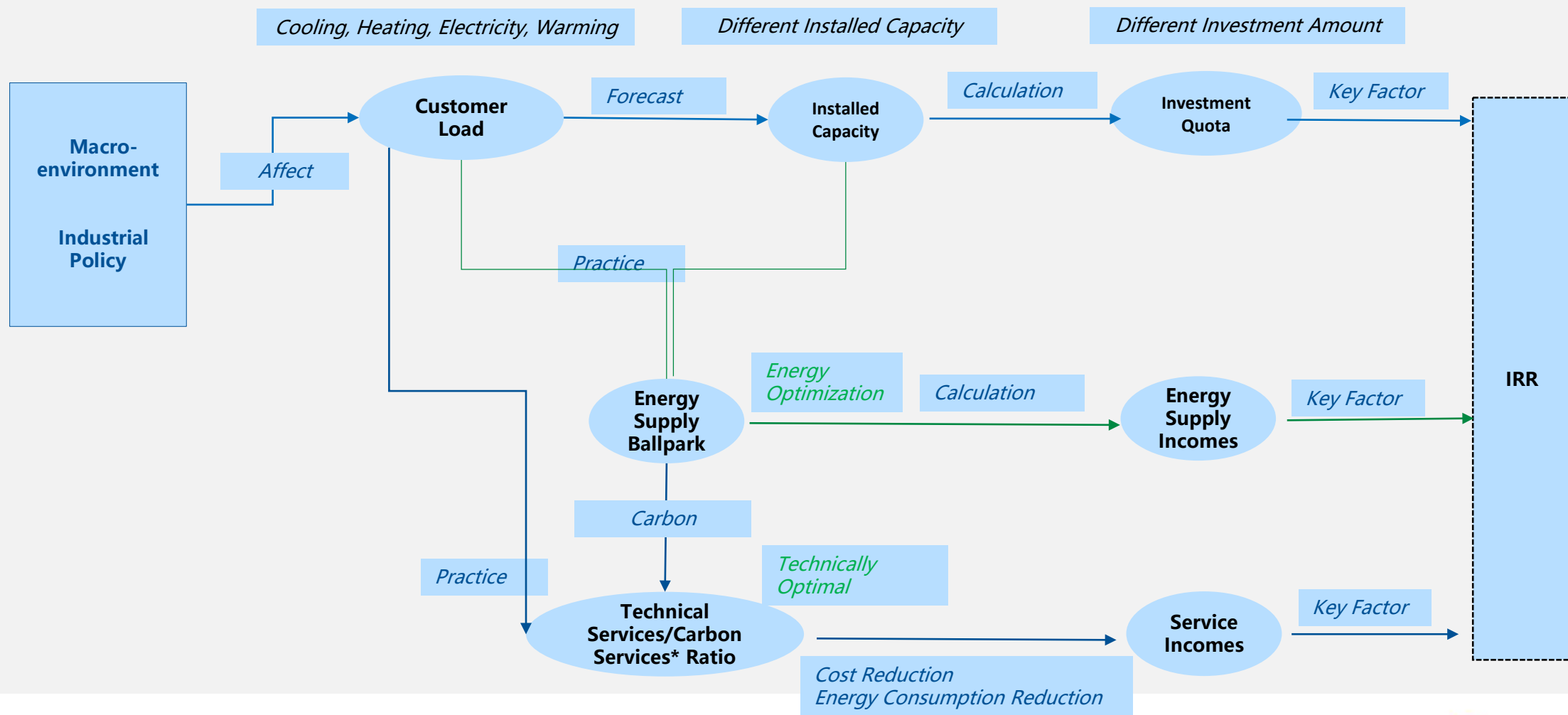
*(2) Customers' pipelines and metres which are not owned by the Group are within the customers' premises and not highlighted in this diagram*



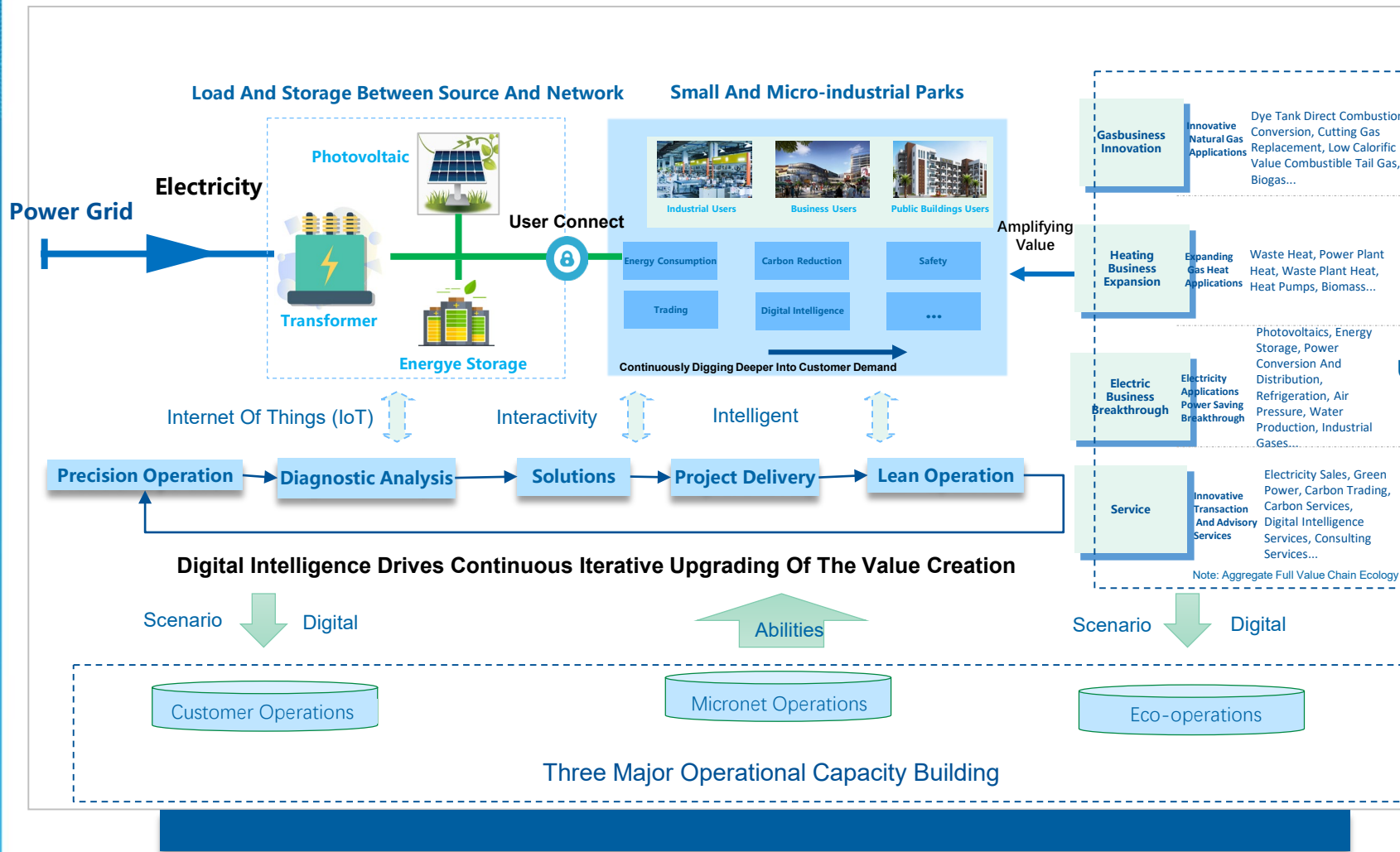
# IE Business Model



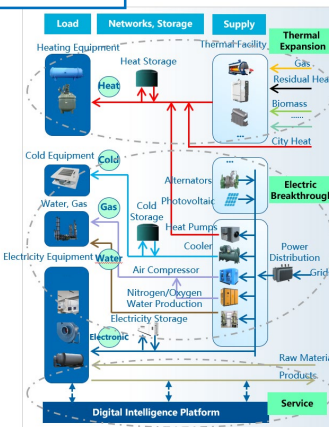
# IE Business Logic



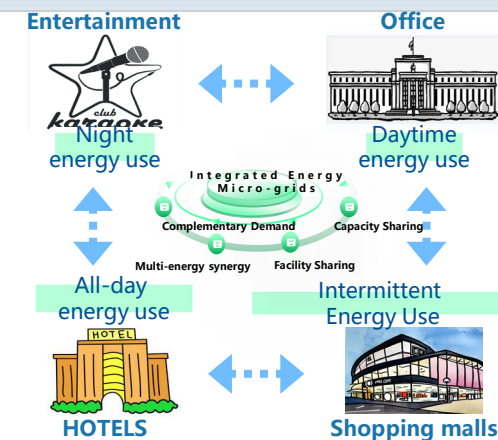
# Integrated Energy Micro Grids Promotes Business Upgrades



## Single To Multiple Products Load-Source-Grid-Storage



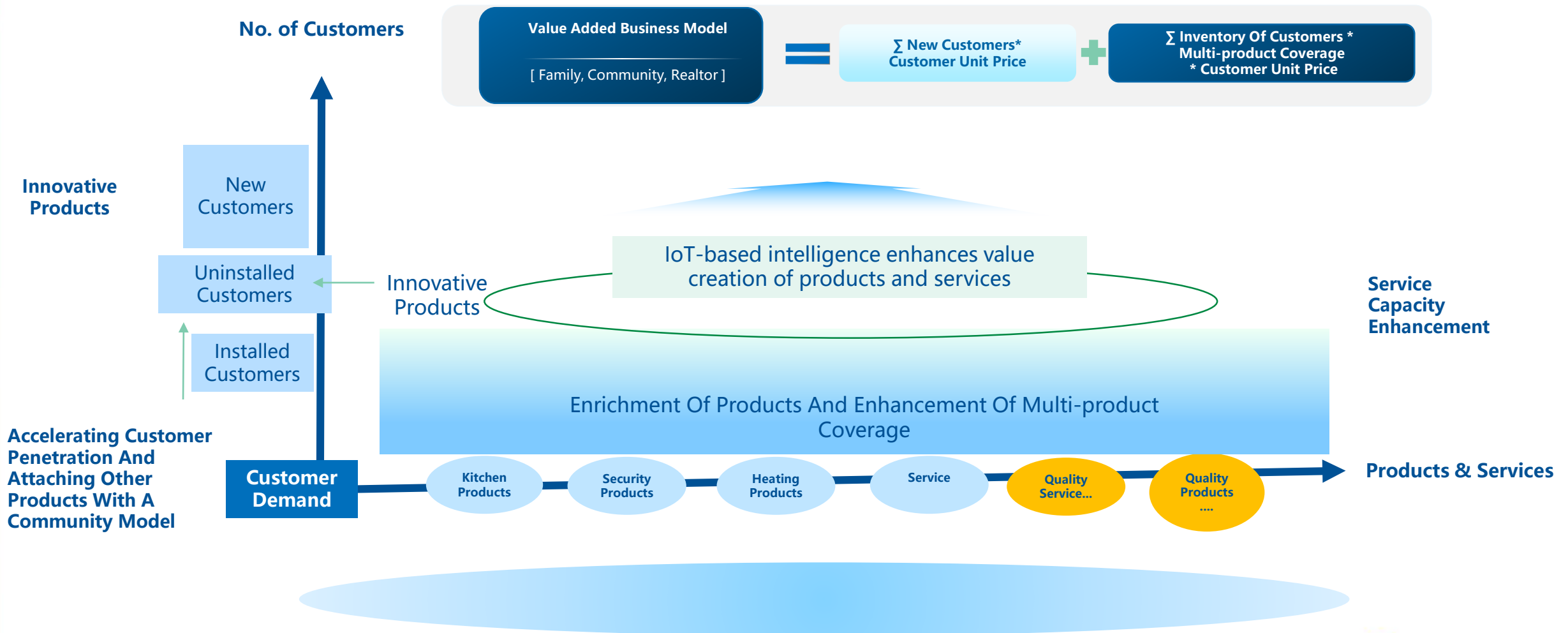
## Upgrading Existing Projects



## Single Project to Microgrid Multiple Synergies

# Value Added Business Value Creation Logic

## ■ Enhance Multi-Product Coverage Of Existing Customers Based On Product And Service Capabilities

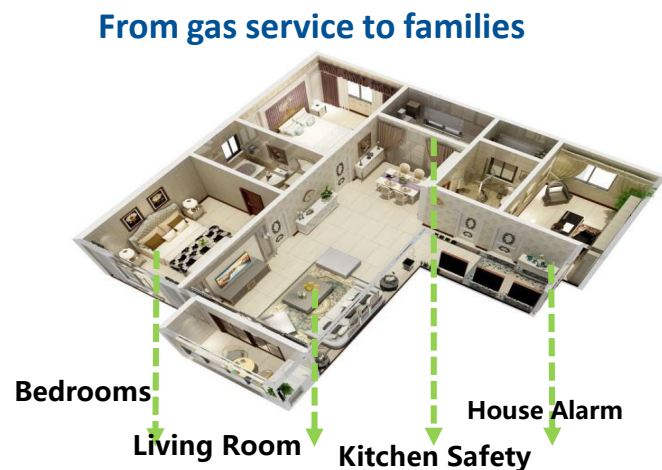


# Value Added Business: Linking Home, Community and Public Services Based on IoT to Innovate Services and Products

## New Service



## New Space



## From communities to public services



## New Connection (IoT)





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