

ENN Natural Gas Co., Ltd.

Notice on the First Grant of Restricted Shares to Incentive objects

The Board of Directors and all directors of the Company guarantee that there is no false record, misleading statement or major omission in the contents of this announcement, and assume joint and individual liabilities for the authenticity, accuracy and completeness of the contents.

Important content:

- Date of first grant of restricted shares: March 26, 2021
- Amount of first grant of restricted shares: 17.21 million shares
- Price of first grant of restricted shares: 7.03 yuan/share

In accordance with relevant provisions of the “Measures for Administration of Equity Incentive of Listed Companies” (hereinafter referred to as the “Measures for Administration”), the “Restricted Stock Incentive Plan in 2021 of ENN Natural Gas Co., Ltd.(Draft)” (hereinafter referred to as “Incentive Plan” and the Incentive Plan) and the authorization of the Company’s First Extraordinary General Meeting of Shareholders in 2021, the Board of Directors of ENN Natural Gas Co., Ltd.(hereinafter referred to as the “Company”) considered that the conditions for granting restricted stock specified in the Incentive Plan have been achieved, and the Company reviewed and approved the “Proposal on the First Granting of Restricted Stock to Incentive Objects” at the Twenty-seventh Meeting of the Ninth Board of Directors held on March 26, 2021, and confirmed the first grant date of the Incentive Plan of the Company is March 26, 2021. The relevant matters are described as follows:

I. Decision-making procedures and information disclosure of this incentive plan

(1) On January 20,2021, the Company held the Twenty-third Meeting of the Ninth Board of Directors and reviewed and approved the “Proposal on <Restricted Stock Incentive Plan of the Company in 2021(Draft) > and Abstracts Thereof”, the “Proposal on <Measures for Administration of the Implementation and Assessment of the Restricted Stock Incentive Plan of the Company in 2021>”, and the “Proposal on Submission to the General Meeting of Shareholders for Authorization of the Board of Directors to Handle Issues Related to Equity Incentive”, and so forth. The independent directors of the Company gave consent to the relevant proposals of the Incentive Plan.

(2) On January 20,2021, the Company held the Twelfth Meeting of the Ninth Board of Supervisors, and reviewed and approved the “Proposal on <Restricted Stock Incentive Plan of the Company in 2021(Draft) > and Abstracts Thereof”, the “Proposal on <Measures for Administration of the Implementation and Assessment of the Restricted Stock Incentive Plan of the Company in 2021>”, and the “Proposal on <Verification of the List of Incentive Objects of the Restricted Stock Incentive Plan of the Company in 2021>”.

(3) From January 27,2021 to February 8,2021, the Company has made public the names and positions of the incentive objects within the Company. During the publicity period, the Board of Supervisors of the Company has not received any objection from any employee to the intended incentive objects. On February 9,2021, the Company disclosed the “Publicity Statement and Verification Opinions of the Board of Supervisors of ENN Shares on the List of Incentive Objects of the Company’s Restricted Stock Incentive Plan in 2021”.

(4) On March 26,2021, the Company held the First Extraordinary General Meeting of Shareholders in 2021, and reviewed and approved the “Proposal on <Restricted Stock Incentive Plan of the Company in 2021(Draft) > and Abstracts Thereof”, the “Proposal on <Measures for Administration of the Implementation and Assessment of the Restricted Stock Incentive Plan of the Company in 2021>” and the “Proposal on Submission to the General Meeting of Shareholders for Authorization of the Board of Directors to Handle Issues Related to Equity Incentive”. On the same day, the Company disclosed the “Self-Inspection Report on the company-stock trading situation of the Insiders of the Restricted Shares Incentive Plan 2021”

(5) On March 26,2021, the Company held the Twenty-seventh Meeting of the Ninth Board of Directors and the Fifteenth Meeting of the Ninth Board of Supervisors, and reviewed and approved the “Proposal on Adjusting the Restricted Stock Incentive Plan for 2021” and the “Proposal on First Grant of Restricted Stock to Incentive Objects”. The Board of Supervisors of the Company verified the adjusted list of incentive objects of the first grant and made clear consent opinions. The independent director of the company has issued an independent opinion that the subject qualification of the incentive object is lawful and valid, and the date of grant determined by the board of directors conforms to the relevant provisions.

II. Statement by the board of directors regarding compliance with the grant conditions

In accordance with the provisions of the “Measures for Administration” and relevant documents of the Incentive Plan, the Board of Directors of the Company considers that the grant conditions specified in the Incentive Plan have been met, and determines the first grant date as on March 26,2021. The details of satisfying the grant conditions are as follows:

(1) The Company does not have any of the following situations:

1. Audit report of the financial and accounting report of the latest fiscal year issued by the certified public accountant with negative opinions or unqualified opinions;
2. Audit report on internal control of financial report of the latest fiscal year issued by certified public accountant with negative opinion or unqualified opinion;
3. Profit distribution has not been carried out in accordance with laws and regulations, articles of association and public commitment within the latest 36 months after listing;
4. Situations when equity incentive is not allowed as prescribed by laws and regulations;
5. Other circumstances identified by the CSRC.

(2) The incentive objects does not have any of the following situations:

1. Within the latest 12 months, he/she has been recognized as inappropriate by the stock exchange;
2. Within the last 12 months, he/she has been recognized as inappropriate by the CSRC and its agencies;
3. Within the last 12 months, he/she has been given administrative punishments by the CSRC and its agencies due to major violations of laws or regulations, or taken market prohibition measures;
4. Under the circumstances stipulated in the “Company Law”, he/she shall not serve as a director or senior manager of the Company;
5. Situations when his/her participation in equity incentive of listed companies is not allowed as prescribed by laws and regulations;
6. Other circumstances identified by the CSRC.

After careful verification, the Board of Directors considers that neither the Company nor the Incentive Objects has any of the above circumstances, nor any other circumstances in which he/she cannot be granted or cannot be the incentive objects, thus the conditions for awarding this incentive plan have been achieved.

III. Granting situation of the Restricted Shares

(1) Date of first grant: March 26, 2021.

(2) Amount of first grant: 17.21 million shares.

(3) Number of persons granted for the first time: 49 persons, including directors, senior managers, core management/business personnel of the Company who serve in the Company (including branch and subsidiaries) when the Company announces this incentive plan.

(4) Price of first grant: 7.03 yuan/share.

(5) Source of shares: The Company buys back A share common stock from the secondary market.

(6) Specific distribution of restricted shares granted:

Name	Title	Number of restricted shares granted (10,000 shares)	Proportion of total restricted shares granted	Proportion of current total capital stock of the Company
Yu Jianchao	Vice President, Director and Co-CEO	140	7.63%	0.05%
Han Jishen	Directors and Co-CEOs	140	7.63%	0.05%
Zheng Hongtao	Director and President	100	5.45%	0.04%
Zhang Jin	Director	60	3.27%	0.02%
Jiang Chenghong	Director	70	3.82%	0.02%
Zheng Wenping	Executive Vice President	60	3.27%	0.02%
Wang Dongzhi	CFO	80	4.36%	0.03%
Su Li	Senior Vice President	50	2.73%	0.02%
Wang Shihong	Vice president	20	1.09%	0.01%
Wang Guiqi	Vice president	40	2.18%	0.01%
Zhang Xiaoyang	Vice president	60	3.27%	0.02%
Huang Baoguang	Vice president	25	1.36%	0.01%
Men Jijun	Assistant President	50	2.73%	0.02%
Liu Jianjun	Chief Accountant	40	2.18%	0.01%

Wang Shuo	Secretary of the Board	20	1.09%	0.01%
Core management/operational staff (34)		766.00	41.77%	0.27%
Reserved part		113.0068	6.16%	0.04%
Total		1,834.0068	100.00%	0.64%

Note 1: None of the Company's shares granted by any of the above incentive objects through all valid equity incentive schemes exceeds 1% of the total share capital of the Company. The total number of underlying shares involved in the equity incentive plan within the validity period of the Company does not exceed 10% of the total share capital of the Company when the equity incentive plan is submitted to the shareholders' meeting.

Note 2: The incentive objects of this incentive plan do not include independent directors, supervisors and shareholders or actual controllers holding 5% or more of the shares of the company, and their spouses, parents and children.

Note 3: The incentive objects of the reserved part shall be determined within 12 months after this incentive plan is reviewed and approved by the shareholders' general meeting. After the proposal of the Board of Directors, the independent directors and the Board of Supervisors make clear opinions, the lawyers give professional opinions and issue legal opinions, the Company shall timely and accurately disclose the relevant information of the current incentive objects on the specified website as required. If the incentive objects are not specified within 12 months, the reserved rights and interests shall become invalid.

Note 4: The Company held the Twenty-fourth Meeting of the Ninth Board of Directors on February 3, 2021, and reviewed and approved the "Proposal on Appointment of Senior Operating Personnel of the Company". The Board of Directors of the Company agreed to appoint Mr. Zheng Wenping as Executive Vice President and Mr. Wang Shihong as Vice President of the Company, with the term of office beginning from the date of approval by the Board of Directors and expiring on the date of the expiration of the term of office of the Ninth Board of Directors. The Company held the Twenty-seventh Meeting of the Ninth Board of Directors on March 26, 2021, and reviewed and approved the "Proposal on Appointment of Senior Operating Personnel of the Company". The Board of Directors of the Company agreed to appoint Ms. Su Li as the senior vice president of the Company, with the term of office beginning from the date of approval by the Board of Directors and expiring on the date of the expiration of the term of office of the Ninth Board of Directors. The above personnel are the core management/business personnel of the formal incentive objects of the Restricted Shares Scheme.

(7) Schedule of the Incentive Plan:

1. The validity period of this incentive plan

The term of validity of this incentive plan shall not exceed 72 months from the date of completion of the first grant of restricted share registration until the date on which the restricted share granted to the object of the incentive lifted from the restriction or repurchase cancellation.

2. Restriction Period and Release Arrangement of the Incentive Plan

The restricted share period granted by this incentive plan is 12 months, 24 months, 36 months and 48 months respectively from the date of completion of registration of restricted stock grant. Restricted shares granted under this incentive plan shall not be transferred to guarantee or repay debts until they have been discharged from sale. Incentives will be locked in accordance with this incentive plan at the same time that the incentive object obtains shares of capital reserve converted to share capital, stock dividends, stock splits, etc., as a result of the granted restricted stocks that have not been lifted.

After the expiration of the sales restriction period, the company handles the cancellation of the sales restriction for the incentive objects that meet the conditions for lifting the restriction. The restricted stocks held by the incentive objects that do not meet the conditions for the restriction are repurchased and cancelled by the company, and the restricted stocks are released from the restriction. If it is not achieved, the relevant rights and interests shall not be deferred to the next period.

The release period of the Restricted Shares granted under this Incentive Plan for the first time (including reservations) and the schedule of release of the Restricted Shares for each period are shown in the following table:

Arrangements of Release of Restriction	Time of Release of Restriction	Ratio of lifting restrictions
The first release period	From the first trading date 12 months after the date of completion of the registration of the grant to the last trading day within 24 months from the date of completion of the registration of the grant	25%
The second release period	From the first trading date 24 months after the date of completion of the registration of the grant to the last trading day within 36 months from the date of completion of the registration of the grant	25%
The third Release Period	From the first trading date 36 months after the date of completion of the registration of the grant to the last trading day within 48 months from the date of completion of the registration of the grant	25%
The fourth Release Period	From the first trading date 48 months after the date of completion of the registration of the grant to the last trading day within 60 months from the date of completion of the registration of the grant	25%

(8) Performance assessment requirements for lifting restrictions on sales

1. Performance assessment requirements at company level

The period of the release of the incentive plan is four fiscal years from 2021 to 2024, with each fiscal year being assessed once. The performance appraisal objectives for each year of restricted shares granted for the first time (including reserved) are shown in the following table:

Period of Release of the Restriction	Assessment Year	Growth rate of appraised Profit in appraisal year compared with that in 2020(A)	
		Target (Am)	Trigger Value (An)
The first release period	2021	20%	18%
The second release period	2022	44%	39.24%
The third Release Period	2023	72.80%	64.30%
The fourth Release Period	2024	107.36%	93.88%

Assessment index	Performance Completion Degree	Release ratio of Restriction at company level
Growth rate of appraised Profit in appraisal year compared with that in 2020(A)	$A \geq A_m$	100%
	$A_n \leq A < A_m$	80%
	$A < A_n$	0%

The above "assessed profit" index refers to ttm generated from operating activities, and excludes the exchange gains and losses of foreign currency assets and liabilities, changes in fair value of hedged products, provision for assets for impairment and amortization of shares incentive costs.

If the Company fails to meet the above performance appraisal objectives, all the restricted shares planned to be released during the year of the appraisal shall not be released and shall be cancelled by the repurchase of the Company. The repurchase price shall be the sum of the grant price plus the deposit interest of the bank in the corresponding period.

2. Requirements for performance assessment at the business level for which the incentive objects are responsible

The incentive objects of restricted shares are based on the company's overall assessment index up-to-standard, and fully consider the performance appraisal at the business level in which the incentive objects are responsible, that is, the performance evaluation results at the business level are divided into two grades: qualified and unqualified. Then, according to the following table, determine the release ratio of the incentive objects at the corresponding business level:

Assessment Results	Qualified	Unqualified
Assessment score (S)	$S \geq 90$	$S < 90$
Ratio of lifting restrictions	100%	0%

If the overall appraisal index of the Company meets the requirements during the release period, but the performance appraisal at the business level responsible by the incentive objects is "unqualified", the restricted shares that can be released for sale in the year corresponding to the incentive objects shall not be released, and the company shall repurchase and cancel it. The repurchase price is the sum of the grant price plus the deposit interest of the bank in the corresponding period.

3. Requirements for performance assessment at the individual level of incentive objects

Individual assessment of incentive objects shall be assessed year by year in accordance with "Management Measures for the Implementation and assessment of Restricted Shares Incentive Plan of the Company in 2021", and the appraisal results shall be determined according to the evaluation index of individual performance appraisal, and the releasing ratio of the restricted shares for sales shall be determined according to the assessment results of the incentive objects.

The performance evaluation results are divided into two grades: qualified and unqualified. The appraisal form is applicable to the appraisal objects. At that time, according to the following table, determine the releasing ratio of restricted shares for the incentive objects:

Assessment Results	Qualified	Unqualified
Assessment score (S)	$S \geq 90$	$S < 90$
Ratio of lifting restrictions	100%	0%

If the Company's incentive objects' individual performance appraisal is "unqualified" during the period of releasing of restriction, the restricted shares that can be released for sales during the year corresponding to the incentive objects shall not be released, and shall be cancelled and repurchased by the Company. The repurchase price is the sum of the grant price plus the deposit interest of the bank in the correspondent period.

(9) After the implementation of the restrictive shares incentive plan, the distribution of restricted shares of the Company will not lead to the failure of listing requirements.

IV. Explanation on the Difference between the Granting of Rights and Interests and the Equity Incentive Plan approved by the Shareholders' Meeting

In consideration of the abandonment of subscription, for personal reasons, of one incentive object involved in the first grant of the Company's incentive plan, the Board of Directors decided to adjust the list and amount of the first grant of the incentive plan according to the authorization of the Company's First Extraordinary General Meeting in 2021. After adjustment, the number of incentive objects for the first grant of restricted stocks by the Company was adjusted from 50 to 49, and the total number of equities to be granted under Incentive Plan remained unchanged, of which the number of restricted stocks granted for the first time was adjusted to 17.21 million shares, and the number of restricted shares reserved for grant was adjusted to 1.130,068 million shares. The above adjustment items have been reviewed and approved at the 27th meeting of the 9th Board of Directors and the 15th meeting of the 9th Board of Supervisors.

In addition to the above adjustment, there is no difference between the rights granted by the Company to the incentive objects this time and the equity incentive proposal approved by the Company's first extraordinary shareholders' meeting in 2021.

According to the authorization of the First Extraordinary General Meeting of the Company in 2021, this adjustment belongs to the matter within the scope of authorization, and it is unnecessary to submit it to the shareholders' meeting for review after being reviewed and approved by the Board of Directors of the Company. The independent directors of the Company gave consentient independent opinions on relevant matters, and the Board of Supervisors of the Company again verified the list of the incentive objects granted for the first time and made clear consent opinions.

V. Explanation on the purchase and sale of shares of the Company by the directors and senior managers participating in the incentive plan within 6 months prior to the date of grant

According to the self-inspection of the Company, the directors and senior managers participating in this incentive plan have not dealt the Company's shares within 6 months prior to the date of grant of restricted shares.

VI. Impact on the Financial Situation of the Company after the Grant of Restricted Shares

In accordance with relevant provisions on fair value determination in "Accounting Standards for Business Enterprises No. 11-Share-based Payment" and "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", enterprises shall select appropriate valuation models to calculate the fair value of restricted stock. The grant of restricted shares under the Company's incentive plan will have a certain impact on the financial situation and operating results of the Company in the relevant years.

The Board of Directors has determined that the first grant date of the Incentive Plan is on March 26, 2021 and the incentive cost is confirmed on the basis of the fair value of the Restricted Stock at the first grant date. It is calculated that the aggregate impact on accounting costs of each period of restricted shares granted for the first time in this incentive plan is shown in the following table:

Number of Restricted Shares First Granted (10,000 Shares)	Total expenses to be amortized (ten thousand yuan)	2021(ten thousand yuan)	2022(ten thousand yuan)	2023(ten thousand yuan)	2024(ten thousand yuan)	2025(ten thousand yuan)
1,721.00	17,244.42	6,736.10	5,748.14	3,053.70	1,437.04	269.44

Note: 1. The above results do not represent the final accounting costs. The accounting costs are related to the amount of equity actually effective and expired, in addition to the date of grant, the price of grant and the amount granted, and draws the attention of the shareholders to the possible dilution impact;

2. The final result of the above impact on the company's operating results shall be subject to the annual audit report issued by the accounting firm

VII. Funding Arrangement of the Incentive Objects

All the funds required by the incentive objects are self-raised, and the Company promises not to provide loans and other financial aids of any kind for the incentive objects to obtain the underlying shares according to this incentive plan, including guarantee for their loans.

The incentive objects pay the individual income tax fund by the incentive objects' individual finance. The Company will withhold the personal income tax and other taxes payable by the incentive objects according to the provisions of national tax laws and regulations.

VIII. Plan for the Use of Funds from the Grant of Restricted Shares

All funds raised by the Company for this grant of Restricted Shares will be used to supplement the Company's liquidity.

IX. Opinions of Independent Directors

Through verification, we believe that:

(1) The conditions for the first grant of restricted shares specified in the Company's "Incentive Plan" have been satisfied.

(2) The incentive objects of restricted shares to be granted this time are the incentive objects determined in the "Incentive Plan" approved by the Company's First Extraordinary Shareholders' General Meeting in 2021, conform to the conditions of incentive objects specified in relevant laws, regulations and normative documents such as Measures for Administration, meet the scope of incentive objects specified in the "Incentive Plan", and there is no circumstance that restricted shares shall not be granted under "Measures for Administration" and the "Incentive Plan", and their qualification of subject as the incentive objects of restricted shares of the Company is legal and valid.

(3) Neither the company nor the incentive object is prohibited from granting or receiving restricted stock, and the Company does not have any plans or arrangements for providing loans, loan guarantees or any other financial assistance for the incentive objects.

(4) In accordance with the authorization of the Board of Directors by the First Extraordinary General Meeting of Shareholders of the Company in 2021, the Board of Directors determined the first grant date of restricted stock as on March 26, 2021, and that the grant date is in accordance with relevant provisions of the "Measures for Administration" and the "Incentive Plan" on the Grant Date.

(5) When the Board of Directors of the Company deliberates relevant proposals, the related directors have avoided voting on relevant proposals in accordance with "Company Law", "Securities Law", "Measures for Administration" and other laws, regulations and normative documents as well as the relevant provisions in the "Articles of Association", which shall be considered and voted by the non-related directors.

(6) The implementation of equity incentive plan is conducive to further improving the corporate governance structure, perfecting the incentive mechanism of the company, enhancing the sense of responsibility and mission of the management team of the company to realize the sustainable and healthy development of the company, which is conducive to the sustainable development of the company and will not damage the interests of the company and all shareholders.

In conclusion, we unanimously approved March 26, 2021 as the first grant date of restricted stock and agreed to grant 17.21 million Restricted Stocks to 49 incentive objects at the price of RMB 7.03/share.

X. Opinions of the Board of Supervisors

The Board of Supervisors considers that: The first grant date determined by the Board of Directors of the Company shall comply with the relevant provisions of "Measures for Administration" and the "Incentive Plan" relating to the grant date. Neither the Company nor the incentive objects is prohibited from granting restricted shares, and the conditions for the grant of restricted shares by the incentive objects set by the Company have been fulfilled.

The incentive objects conform to the conditions specified in relevant laws, regulations and normative documents such as “Measures for Administration”, and the scope of the incentive objects determined by the “Incentive Plan”, and its qualification of subject as the incentive object of this incentive plan is legal and valid.

In conclusion, the date and the incentive objects of the first grant set in the incentive plan conform to relevant provisions such as “Measures for Administration” and “Incentive Plan”, and the conditions for the incentive objects to be granted restricted shares have been achieved. The Board of Supervisors agreed to set March 26, 2021 as the first grant date to grant 17.21 million restricted stocks to 49 eligible incentive objects

XI. Concluding observations on legal opinions

Beijing Grandway Law Office Issued Legal Opinions:

1. The adjustment of incentive objects and grant amount of this incentive plan of ENN Natural Gas Co., Ltd has obtained necessary approval and authorization, and the procedures and contents of the adjustment conform to the provisions of “Measures for Administration” and “Equity Incentive Plan (Draft) ”;

2. Necessary approval and authorization have been obtained for the grant of the equity incentive plan of ENN Natural Gas Co., Ltd., which shall comply with the relevant provisions of Laws, Regulations and Normative Documents such as “Measures for Administration” and the “Equity Incentive Plan (Draft) ”; The grant date determined by the equity incentive plan of ENN Natural Gas Co., Ltd. conforms to the provisions of Laws, Regulations and Normative Documents such as “Measures for Administration” and the “Equity Incentive Plan (Draft) ”, and the grant date of this equity incentive plan is legal and valid; The conditions for granting restricted shares of ENN Natural Gas Co., Ltd. have been achieved, and the grant of restricted shares by ENN Natural Gas Co., Ltd. to the incentive objects conforms to the relevant provisions of the “Company Law”, “Securities Law”, “Measures for Administration” and other laws, regulations, normative documents and the “Equity Incentive Plan (Draft) ”; The Company has performed necessary information disclosure obligations at this stage.

XII. Opinions of Independent Financial Advisor

Shanghai Rongzheng Investment Consulting Co., Ltd. shall issue independent financial advisory report: As of the date of issuance of the report, ENN Natural Gas Co., Ltd. has obtained necessary approvals and authorizations at this stage to adjust the list of partial incentive objects granted for the first time in the incentive plan, and the amount of rights and interests granted for the first time has been approved and authorized at the stage. The relevant matters related to the adjustment of the list of incentive objects granted for the first time and the amount of rights granted by the Company comply with the relevant provisions of “Measures for Administration” and the “Incentive Plan”, and the Company shall perform the obligation of subsequent information disclosure according to law for this adjustment.

The incentive plan of ENN Natural Gas Co., Ltd. has obtained the necessary approval and authorization. The determination of the date, the price, the object of the first grant and the amount granted shall comply with the provisions of “Company Law”, “Securities Law”, “Measures for Administration” and other laws and regulations and normative documents, and the grant conditions specified in the Company’s Restricted Shares Incentive Plan have been achieved. After this grant, the Company shall disclose information within the specified period and go through corresponding follow-up formalities with Shanghai Stock Exchange and Shanghai Branch of CSDC.

Hereby announced.

ENN Natural Gas Co., Ltd.

Board of Directors

March 27, 2021