



ENN
新奥

新奥天然气股份有限公司
ENN Natural Gas Co., Ltd.

FY2023 Annual Results

March 2024







1.1 Resilient Results

Unit: RMB mil

	FY2023	FY2022	Change
Total Revenue	143,842	154,169	-6.7%
Gross Profit*	22,152	23,396	-5.3%
EBITDA*	20,890	20,590	1.5%
Total Profit	15,766	14,677	7.4%
Net Profit Attributable to Parent	7,091	5,844	21.3%
Core Profit*	6,378	6,067	5.1%
Core EPS (RMB)	2.07	1.97	5.1%

* Gross Profit, including the amount realized on derivatives that are included in investment income

* EBITDA, excluding FX gains and losses and changes in fair value gains and losses, gains from disposal of coal mine assets and impairment losses on fixed assets including natural gasoline

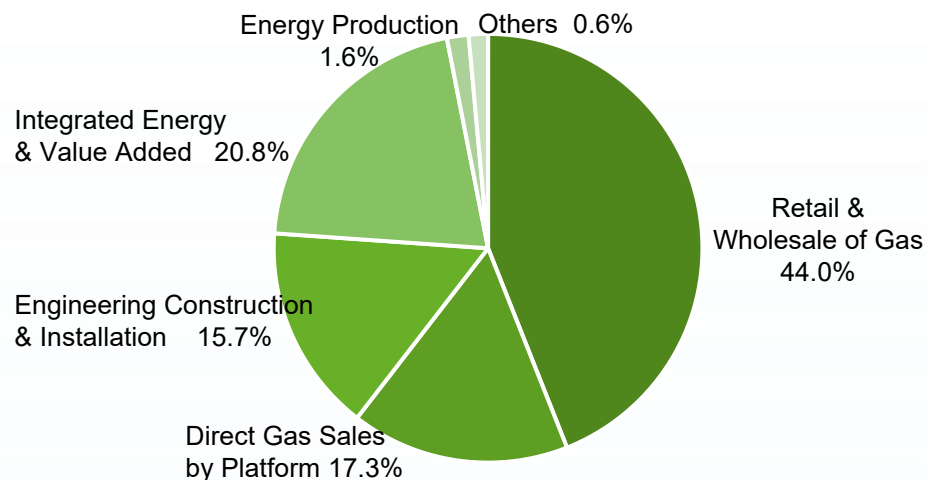
* Core Profit = Net profit attributable to the parent - Changes in FX gains and losses - Changes in fair value of derivatives - Other impairment losses - Amortization of stock incentive costs - Net gain on disposal of non-current assets - Gain on bond repurchases



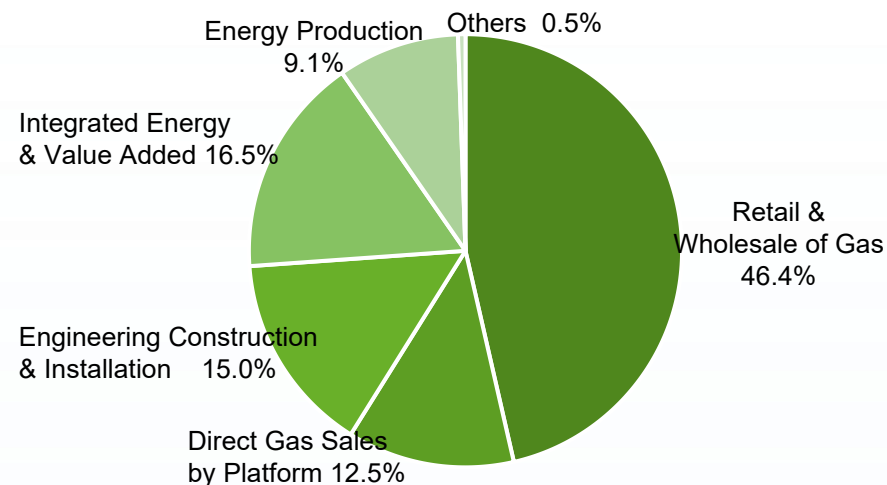
1.2 Gross Profit Breakdown

Unit: RMB mil

FY2023 Gross Profit Breakdown



FY2022 Gross Profit Breakdown



	FY2023	FY2022	Change
Retail & Wholesale of Gas*	9,747	108,59	-10.2%
Direct Gas Sales by Platform*	3,825	2,918	31.1%
Integrated Energy & Value Added	4,610	3,855	19.6%
Engineering Construction & Installation	3,466	3,505	-1.1%
Energy Production	361	2,128	-83.0%

* Gross profit of Retail & Wholesale of Gas and Direct Gas Sales by Platform, including the amount realized on derivatives that are included in investment income



1.3 Sustainable Growth of Core Profit

Unit: RMB mil

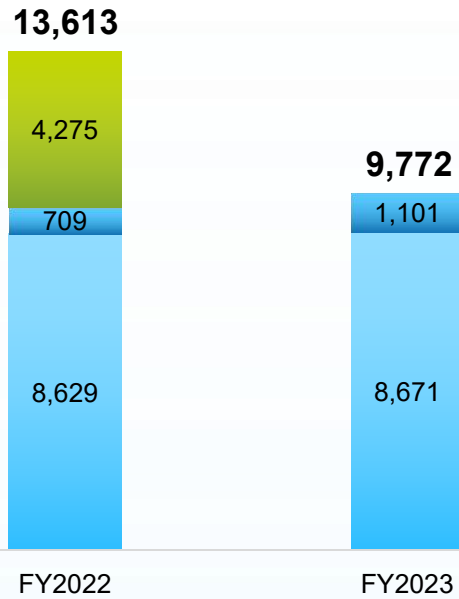
Main excluded items in the calculation of core profit		FY2023	FY2022
Net Profit Attributable to Parent		7,091	5,844
Non-cash factor	Bad debts and asset impairment	-1,709	-85
	Changes in fair value of derivatives	-1,174	863
	Changes in FX gains and losses	-226	-900
	Amortization of share incentive costs	-20	-72
One-off factor	Gains from disposal of equity investments	3,854	5
	Others	-12	-33
Core Profit Attributable to Parent		6,378	6,067



1.4 Excellent Financial Management

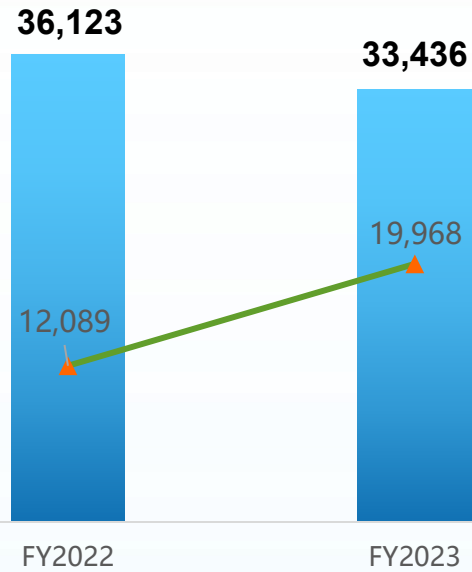
Unit: RMB mil

CAPEX



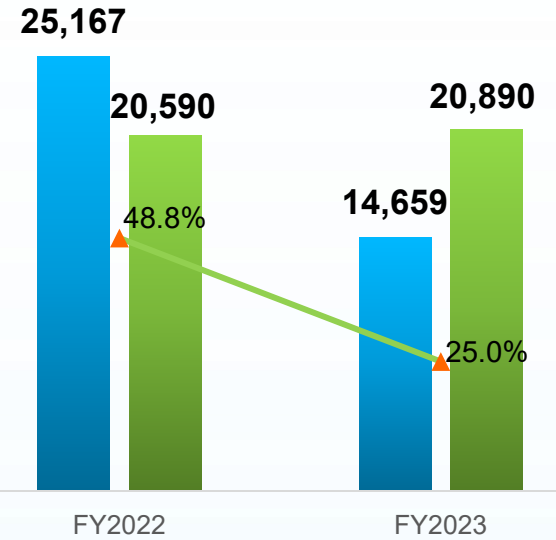
- Natural gas distribution
- Energy production & Others
- Asset restructuring

Total Debt & Cash on Hand



- Total debts
- Cash on hand

Net Debt, EBITDA * and Net Gearing Ratio



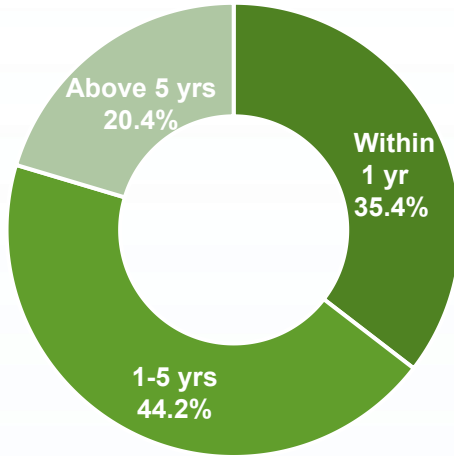
- Net debts
- *EBITDA
- Net gearing ratio

* EBITDA, excluding FX gains and losses and changes in fair value gains and losses, gains from disposal of coal mine assets and impairment losses on fixed assets including natural gasoline

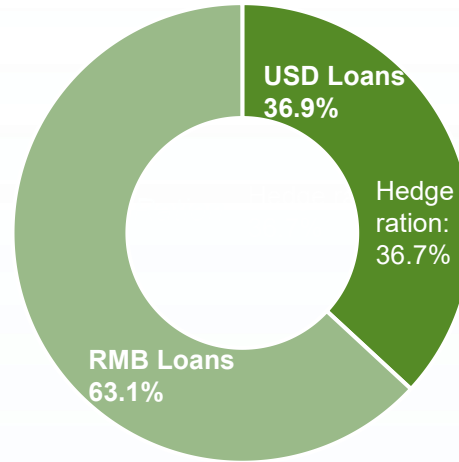


1.5 Sound Debt Structure and Ample Liquidity

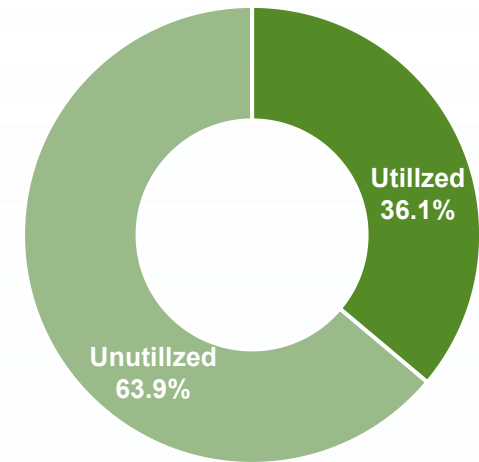
By Maturity



By Currency



Total Credit Facilities: RMB67.0 bil



Credit Ratings

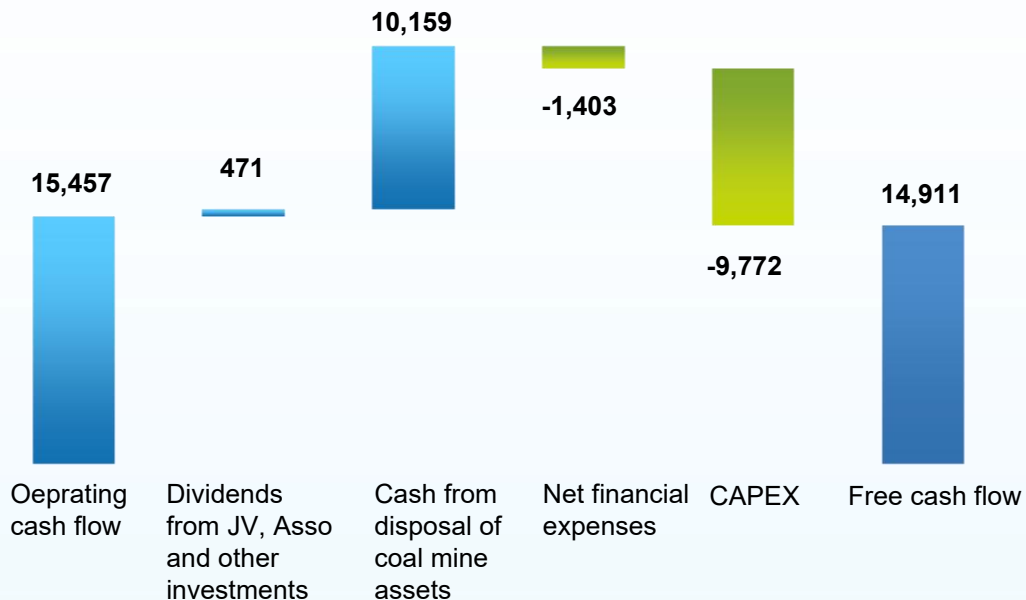
Rating Agencies	2023	2022
S&P	BBB-(Positive Outlook)	BBB-
Fitch	BBB-(Positive Outlook)	BBB-
Moody's	Ba1(Positive Outlook)	Ba1(Positive Outlook)
CCX	AAA	AAA
CSCI Pengyuan	AAA	AAA



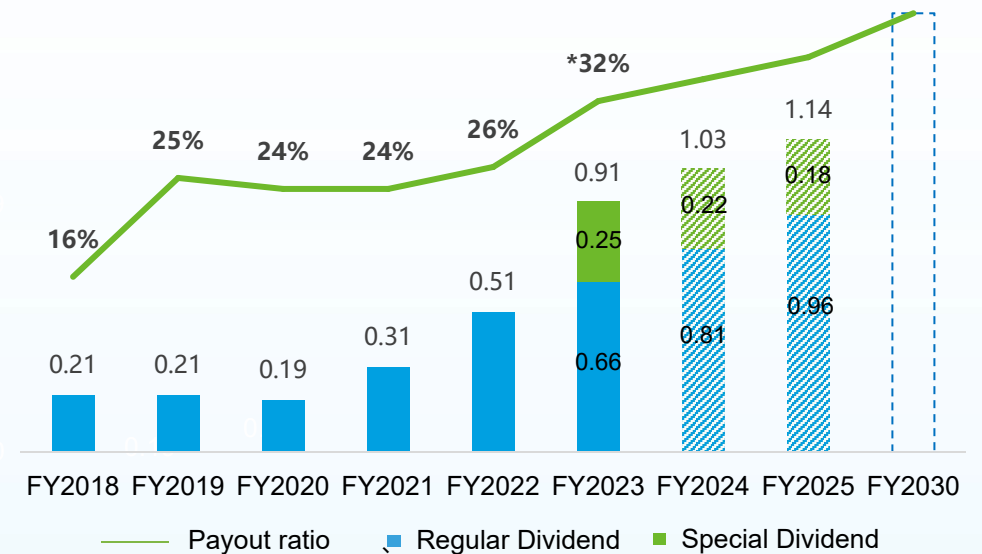
1.6 Abundant Free Cash Flows and Steadily Rising Payout Ratio

- Sustained growth in the principal business, coupled with prudent financial management, generated positive free cash flow for years, enabling a steady increase in dividend payout
- Over the next three years, the annual increase in dividend payout will not be less than **RMB0.15 per share (pre-tax)** and the proportion of annual cash dividends will not be less than **30%** of the core profits attributable to the shareholders of the listed company
- During the above period, special dividends from the disposal of coal mine assets will be **RMB0.25 per share (pre-tax)**, **RMB0.22 per share (pre-tax)** and **RMB0.18 per share (pre-tax)**

Abundant free cash flow (RMB mil)



Substantially Improved Shareholder Returns(RMB/share)



* Payout ratio of 2023, excluding the special dividend



2023 Highlights

Direct gas sales by platform expanded rapidly

Sales volume up **44.0%** YOY to **5,050 mil m³**

Increased the acquisition of superior resources

Signed new long-term LNG contracts for **2.8 mil tons/year**, with total contracted LNG exceeding **10 mil tons/year**

Signed a long-term LNG agreement with CNPC and a cooperation agreement on the utilization of Zhoushan LNG terminal

Completed the disposal of coal mine assets

Received about **RMB10.5 bil** in cash

Focused on the main business of natural gas, and improved the company's sustainable development ability

Sustainable Growth of Core Profit

Core profit up **5.1%** YOY to **RMB6.38 bil**

Improved cash dividends

From 2023 to 2025, the annual increase in dividend payout will not be less than **RMB0.15** per share

During the same period, the extra special dividends will be **RMB0.25, RMB0.22, RMB0.18** per share

Qualitative leap forward in ESG performance

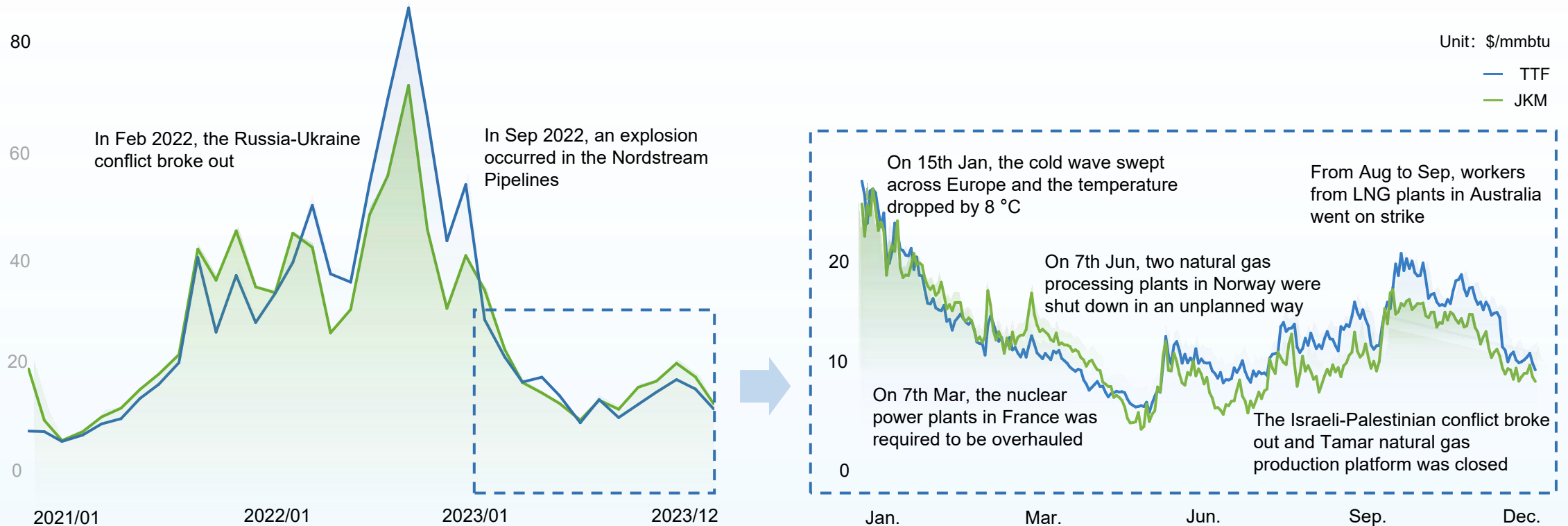
MSCI ESG rating upgraded to **'A'**





2.1 Macro Environment - International Market Back to Normal Accompanied by Fluctuations

- In 2023, the global LNG supply capacity showed limited increase of 3.8 mil tons; however, the mild economic growth lower than expected and the increase of renewable and nuclear power generation under the expectation of high gas price all made demand for spot LNG relatively weak and lead to a fall in prices.
- The gas source structure in Europe has changed. From 2021 to 2023, the proportion of spot LNG increased from 10% to 25%. The market is fragile and delicately balanced, which is extremely fluctuant.



Source: Energyscan & Rystad



2.1 Macro Environment - Domestic Natural Gas Consumption Returned to Growth

In 2023, major policies in the natural gas industry were frequently launched

- **Price Pass-through Policies**
- NDRC: supervised the establishment and improvement of the **Pass-through Pricing Mechanism of Natural Gas** and Inner Mongolia, Hunan, Shandong, Hebei, Guangdong, Fujian and other provinces have successively issued linkage policies

Oil, Gas and Electricity Policies

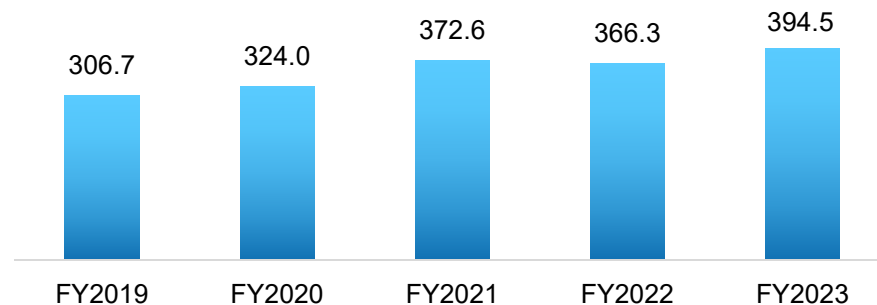
- Central Commission for Comprehensively Deepening Reform: *Opinions on Promoting the Gradual Shift from Double Control of Energy Consumption to **Double Control of Carbon Emissions**, Implementation Opinions on Further Deepening the **Reform of Oil and Gas Market System** and Enhancing National Oil and Gas Security Guarantee Capability, and Guiding Opinions on Deepening the Reform of Power System and Accelerating the Construction of New Power System*
- National Energy Administration: *Action Plan for Accelerating the Integrated Development of Oil and Gas **Exploration and Development** with New Energy (2023-2025) and Utilization Policy of Natural Gas (Draft for Comment)*
- National Development and Reform Commission: *Notice on Verifying the **Transportation Price** of Inter-provincial Natural Gas **Pipeline***
- Work Safety Committee of the State Council: *Work Scheme for **Special Rectification** of Urban Gas **Safety** in China*

Digital Intelligence Policies

- State Council: *Making Overall Layout for Construction of Digital China and Vigorously Developing **Digital Economy***
- Cyberspace Administration of China joining hands with seven departments such as National Development and Reform Commission and Ministry of Science and Technology: *Interim Measures for Administration of Generative Artificial Intelligence Services to **encourage the innovation and development of generative artificial intelligence***

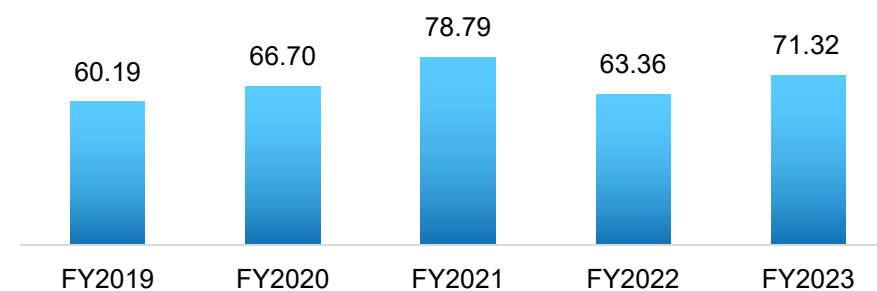
The natural gas market returned to the growth

Chinese apparent natural gas consumption was 394.5 bil m³, up 7.6% yoy



Source: NDRC ■ Apparent natural gas consumption (bil m³)

In 2023, the import volume of LNG reached 71.32 mil tons, up 12.6% yoy



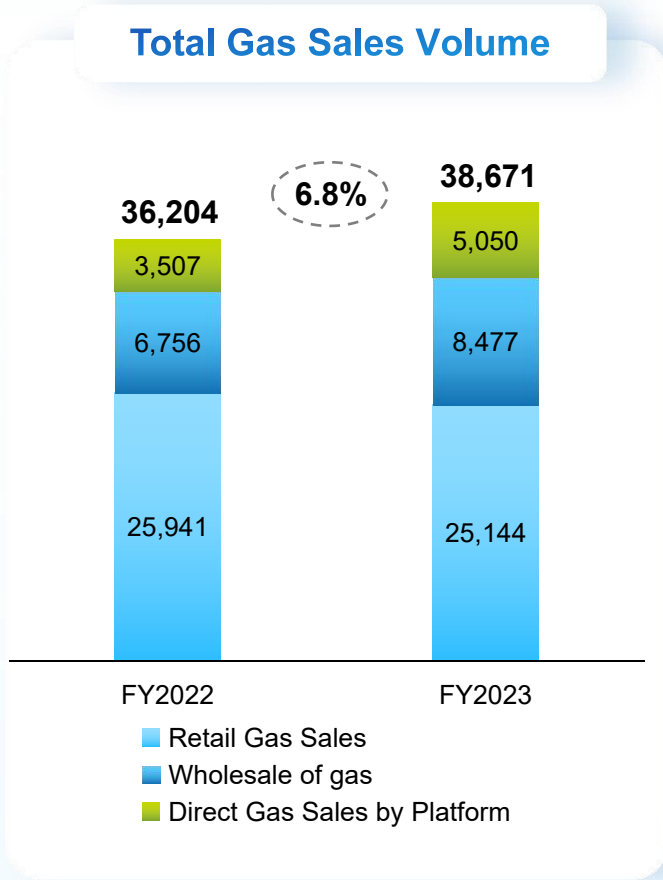
Source: SIA ■ Imported LNG (mil tons)



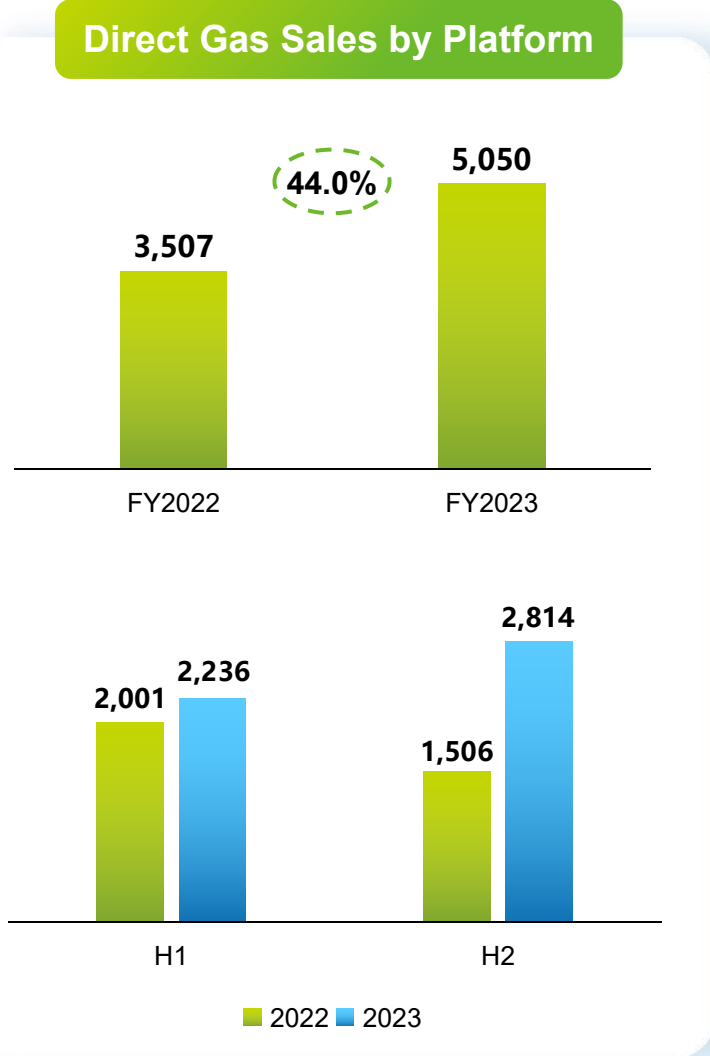
2.2 Actively Promoted the Sustainable Expansion of Natural Gas Sales Business

Unit: mil m³

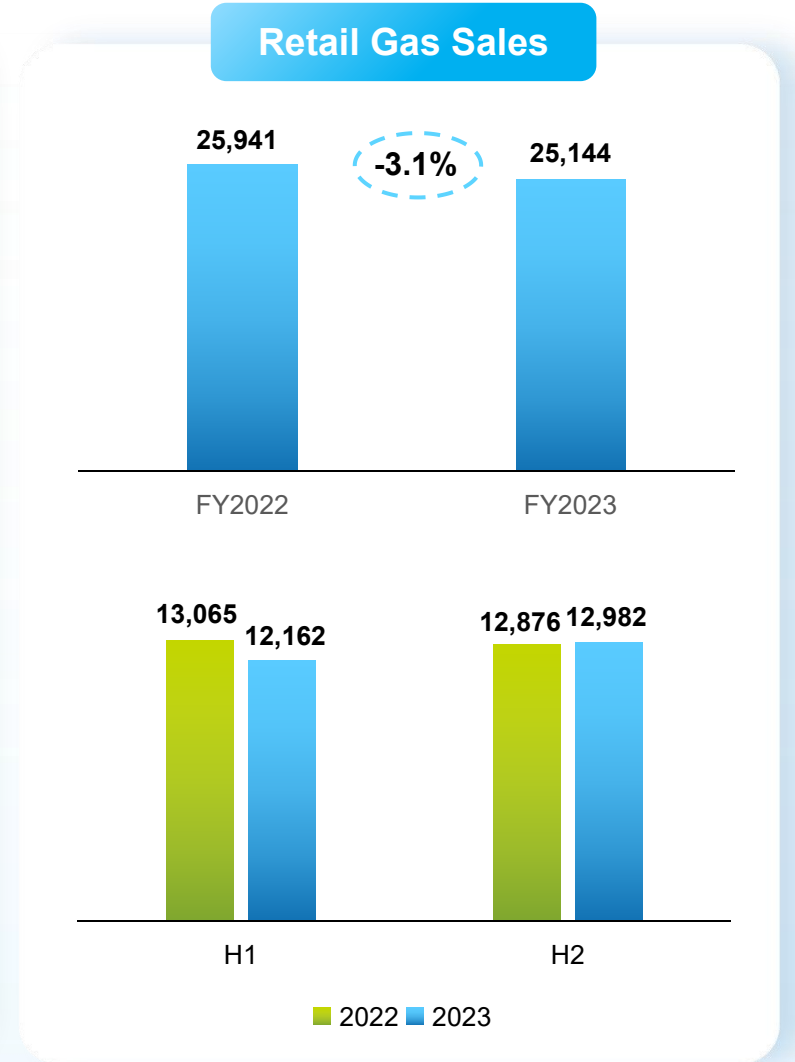
Total Gas Sales Volume



Direct Gas Sales by Platform



Retail Gas Sales





2.3 Retail Gas Sales Recovered Gradually

- Residential gas volume grew steadily, while C/I gas volume declined due to power plants impacts
- Continuously decreased natural gas procurement costs while reducing customer costs

Retail gas sales (mil m³)

Installation

Residential

5,348

FY2022: 5,151

C & I

19,486

FY2022: 20,375

Residential

1.85 mil households

Acc. connected households:
29.77 mil

C & I

**Designed daily capacity: 17.56 mil m³/day
18.7k households**

Acc. connected C&I households:
243k

Gas refueling stations

311

FY2022: 415

Average price

RMB / m ³	2023	2022
ASP	3.56	3.59
Average cost	3.01	3.06

Penetration rate

65.2%

FY2022: 62.9%

Connectable population

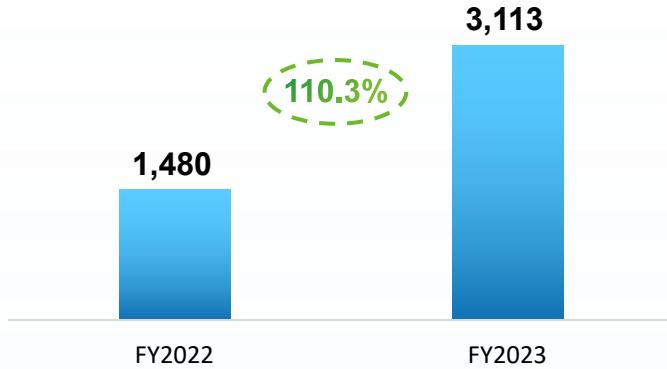
137 mil

FY2022: 133 mil

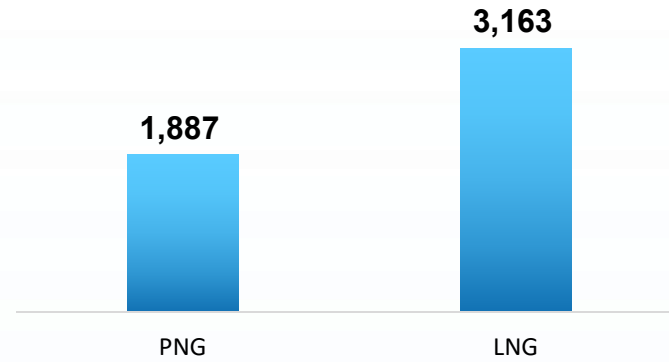


2.4 Direct Gas Sales by Platform Expanded Rapidly

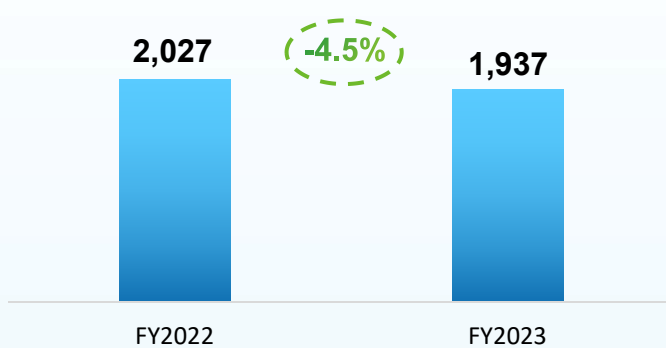
Domestic Sales vol
(mil m³)



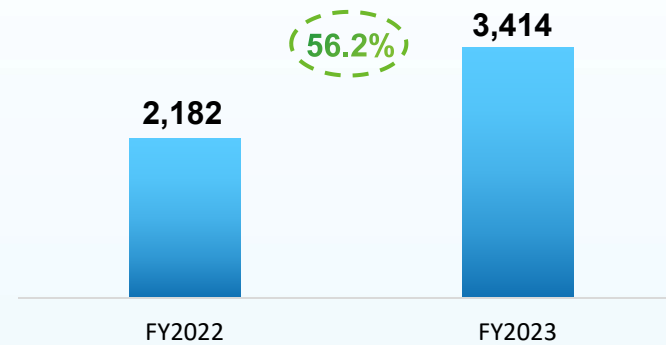
Volume breakdown
(mil m³)



Overseas Sales vol
(mil m³)



Core profit of DGSp*
(RMB mil)



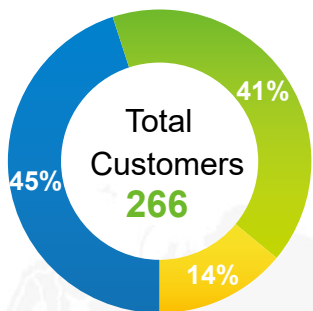
* DGSp refers to Direct gas sales by platform



2.4 Widely Distributed Customers of Direct Gas Sales by Platform

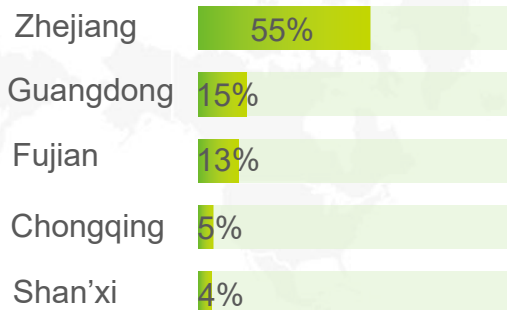
Domestic

Customer Structure



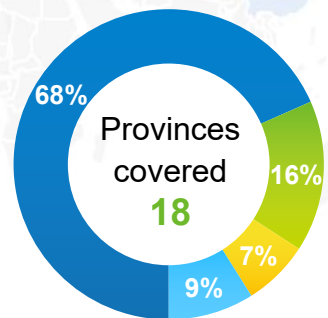
- City Gas Companies
- Energy Groups and Large Industries
- Distributors

Key markets



* Both structures were calculated by sales volume

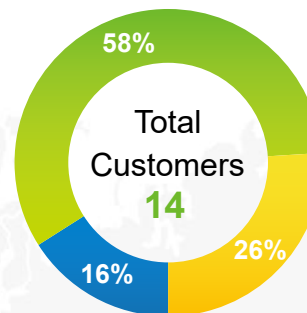
Distribution Structure



- Eastern
- Southern
- Southwestern
- Others

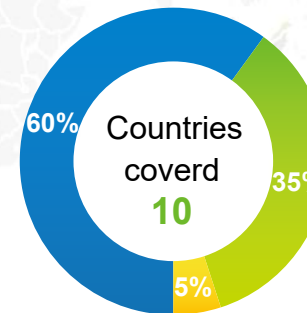
Overseas

Customer Structure



- Utility companies
- Oil and gas companies
- Energy trading companies

Distribution Structure



- Europe
- Asia
- North America

Europe



Asia



North America

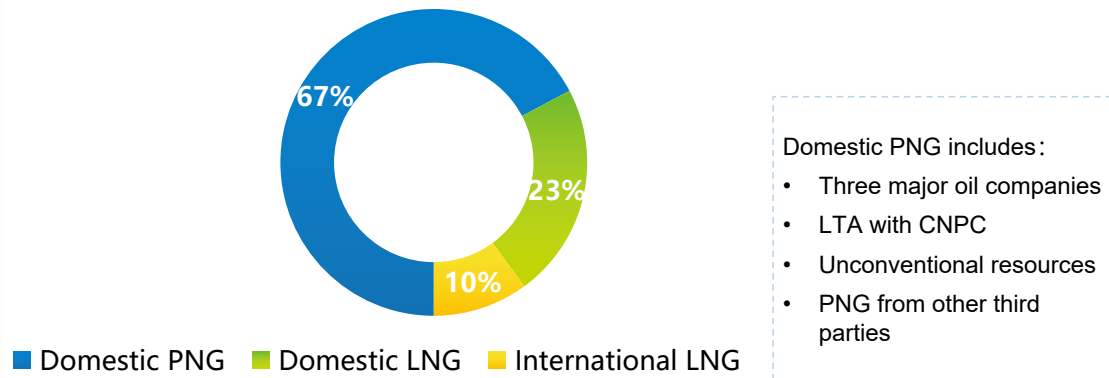




2.4 Diversified and Competitive Resources

- Optimizing resource value through combinations of flexible and worldwide resources

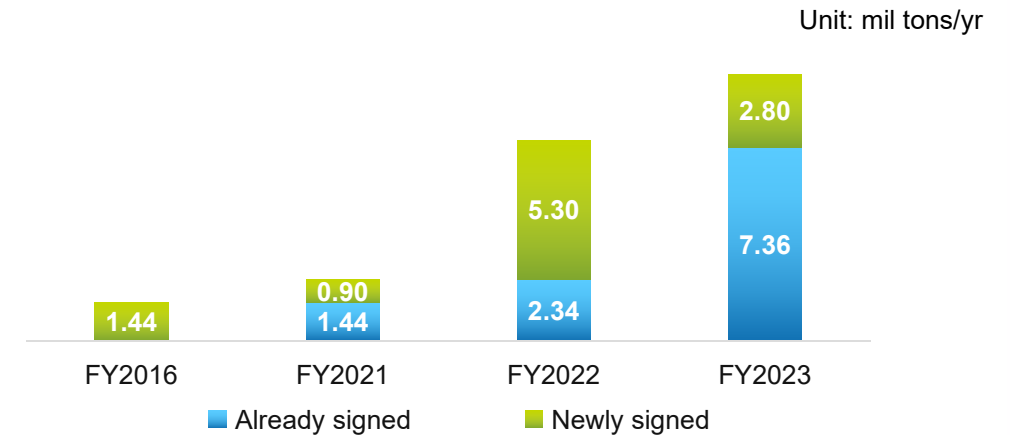
Diversified resource structure



Domestic resources

- Enhanced the contracted gas volume from the three major oil companies and established long-term strategic partnership
- Settled the industry benchmark by signing a **10-year LTA** with CNPC
- Enhanced autonomous resources by aggregating diversified resources including unconventional gas, LNG and PNG from other 3rd parties

Steadily increasing LTA resources



Overseas resources

- Signed a new LNG LTA for **1.8 mil tons/year** with Cheniere and signed a HOA for **1 mil tons/year** of LNG with ADNOC
- Total contracted LNG exceeding **10 mil tons/year**
- Seized the opportunities to import spot LNG based on market forecasts



2.5 Proactively Embraced Social Responsibility and Continuously Improved ESG Performance

Environment

Carbon emission reduction (yoy)



Helped society & clients reduce emission



2022: 52.88 mil tons

Society

Occupational injury case/mil hrs



Charity donations



Governance

Corruption cases, Complaints, Environmental illegal case



Compliance Management Systems Certification

ISO37301

Anti-bribery Management Systems Certification
ISO37001

Publishing climate-related financial disclosure reports, enhancing corporate resilience to climate change



气候相关财务信息披露报告
2023年12月



- The first domestic natural gas company to disclose a TCFD report
- Delving deeply into the quantitative impacts of climate risks and opportunities on the company's finances
- Integrating climate change risks and opportunities into corporate strategic considerations
- Establishing an effective climate governance framework, continually refining the risk management system

Deepening international exchanges and enhancing capital market evaluations

- Joining the United Nations Global Compact (UNGC) and endorsing the Women's Empowerment Principles (WEPs)
- Included in the Hang Seng (China A) Corporate Sustainability Index (Top 30)
- Included in the Hang Seng (Mainland & HK) Corporate Sustainability Index
- Included in the MSCI China A Index
- Awarded over 10 domestic and international prizes, ESG performance widely acknowledged

WE SUPPORT



ESG Rating Performance

The MSCI ESG rating has been upgraded to 'A', marking a qualitative leap in ESG levels with continuous improvement over two consecutive years.



ENN-NG is #19 among 477 companies in the utilities industry.

ESG Rating distribution in relation to industry peers

Universe: MSCI ACWI Index constituents utilities, (477 companies)



ESG Rating history

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



Among leading levels in the A-share gas industry



MSCI Rating
2022: BBB



DJSI Sustainability Score
2022: 50

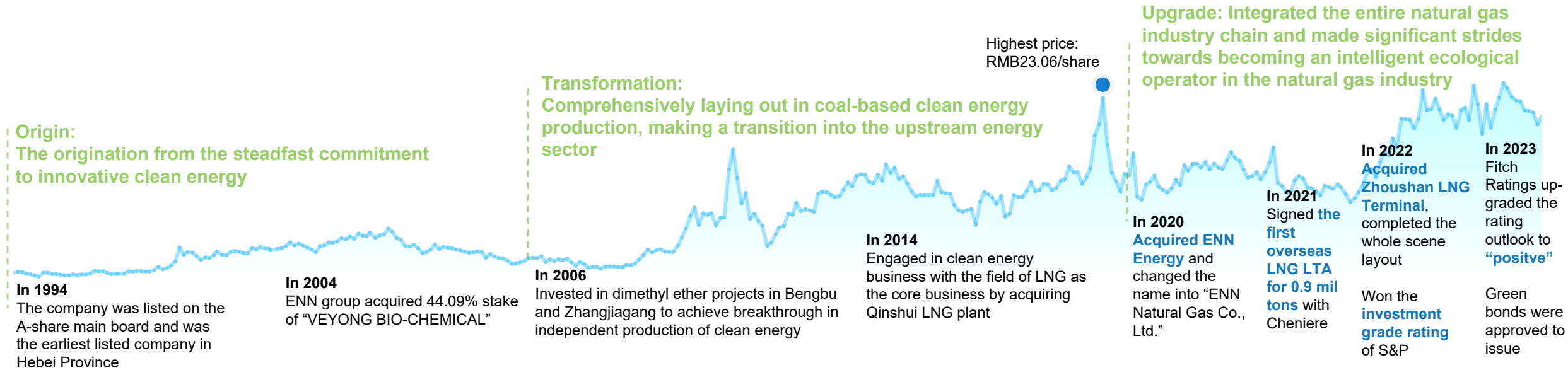


CDP Rating
2022: C-

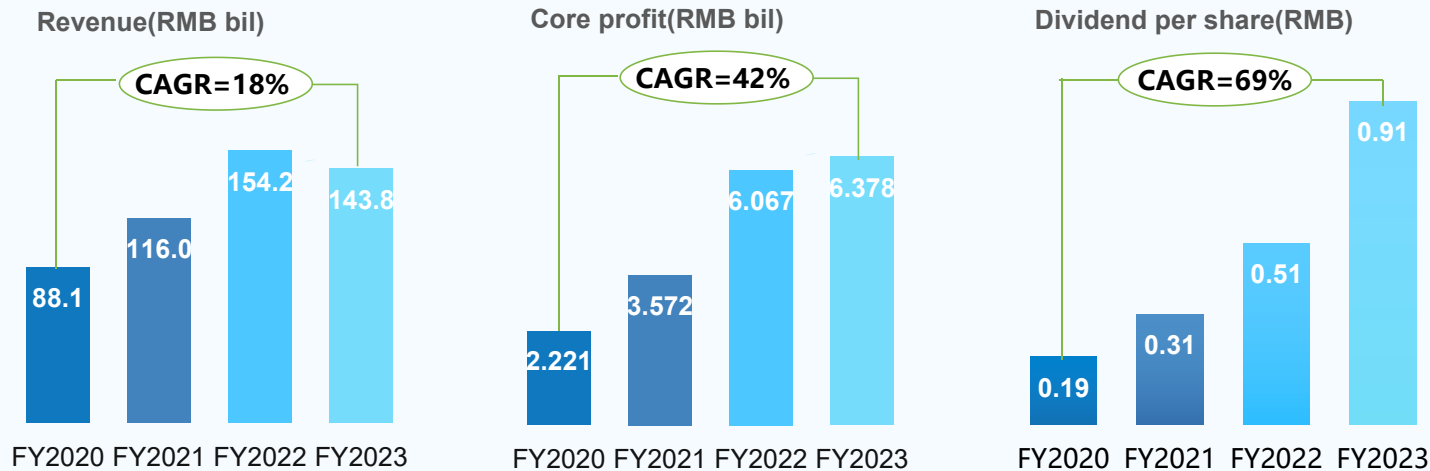


SynTao Green Finance Rating
2022: /

Strived to Make Innovations in Clean Energy to Realize the Dream of Industrial Digital Intelligence



Improved operation performance supported by implementing the strategy of intelligent ecological operators in the natural gas industry



Well recognized ESG performance supported by integrating the concept of sustainable development into the company strategy

MSCI ESG Rating: A



Selected into HSCASUS



* The data for FY2021 & FY2020 on this page were not retroactively adjusted for the acquisition of Zhoushan LNG terminal

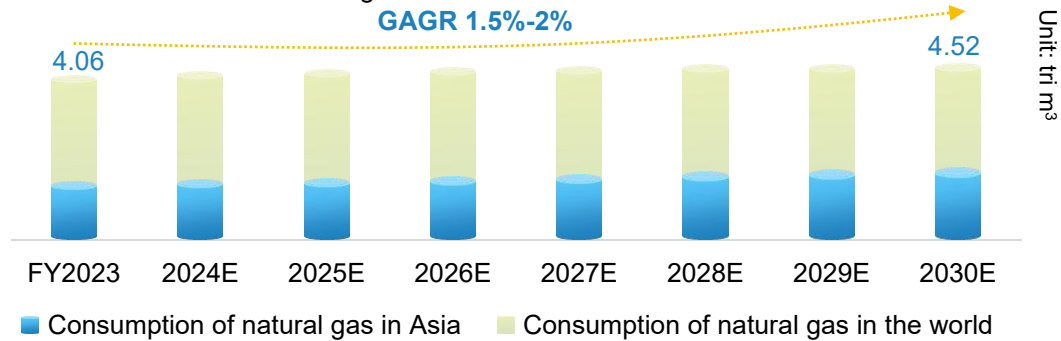




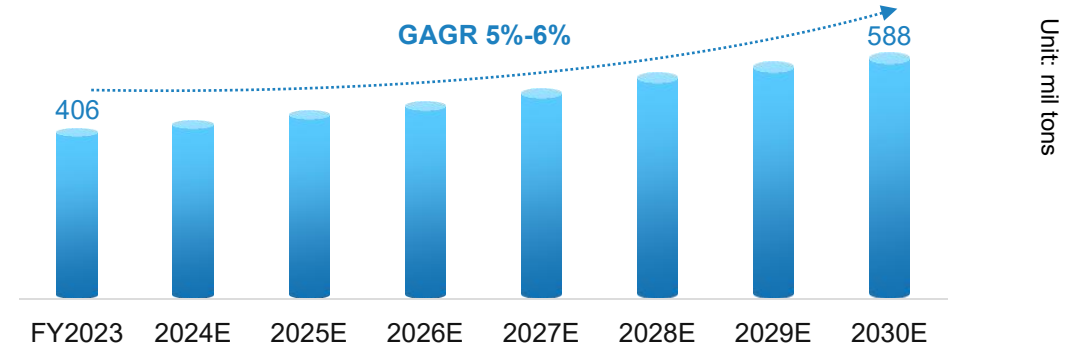
3.1 Market and Customers - Natural Gas Market keeps growing

The global low-carbon transformation has been steadily advanced, and the natural gas market has maintained recovery growth

- It is estimated that the global natural gas consumption will be about 4.16 tri m³ in 2024 and 4.52 tri m³ in 2030
- There is an obvious pulling effect in Asia and it is estimated that the increment in Asia will account for 50%-55% of the global increment in 2030

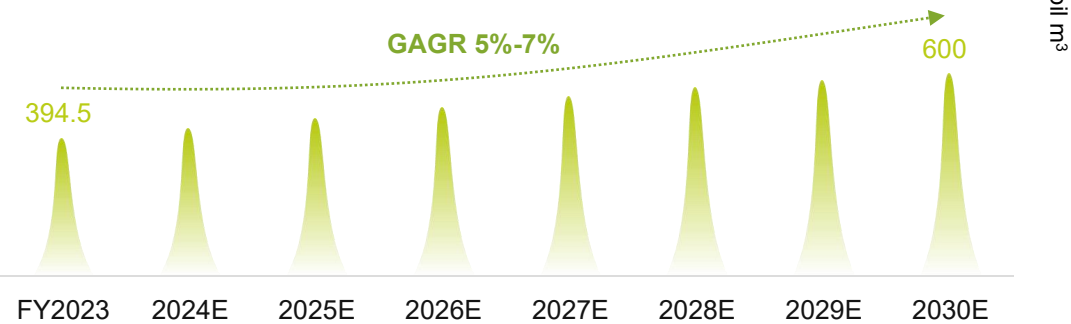


- It is estimated that the demand for LNG will be about 427 mil tons in 2024 and 588 mil tons in 2030

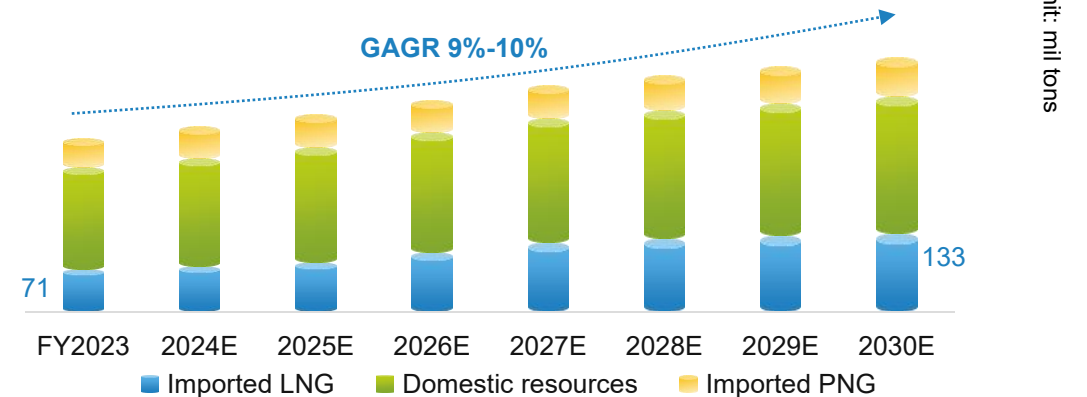


China promoted comprehensive green transformation and the natural gas market grew rapidly

- It is estimated that natural gas consumption will increase by 6% ~ 7% in 2024, an increase of 24-28 bil m³
- It is estimated that the consumption will reach 580-600 bil m³ in 2030



- It is estimated that the import volume of LNG will be about 75 mil tons in 2024 and 133 mil tons in 2030



Source: Rystad, SIA & NDRC



3.1 Market and Customers - Opportunities and Challenges Coexist



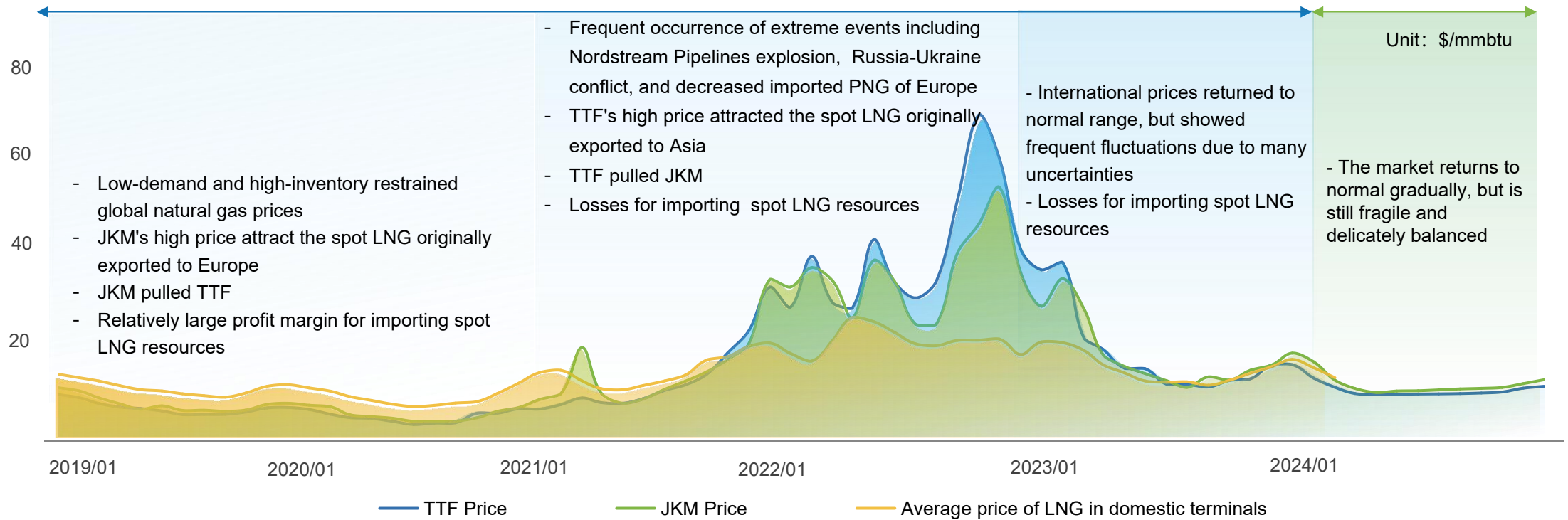
Price fluctuations

- International prices have returned to the normal range, but there are still many uncertainties and frequent price fluctuations



Attributes changes

- In addition to commodity attributes, the financial attributes of natural gas are increasing





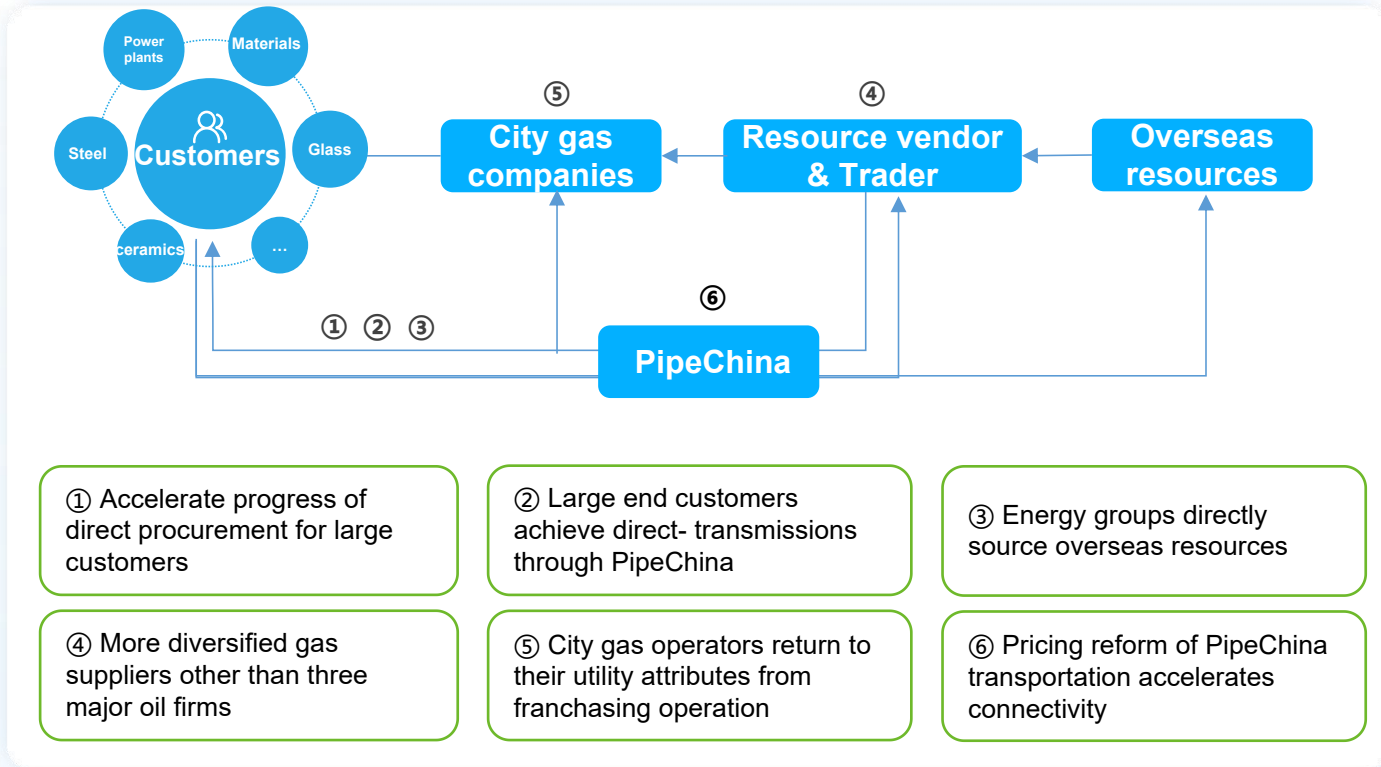
3.1 Market and Customers - Return to Customer Sovereignty

Market-oriented reform is deeply evolving in the direction of the return of customer sovereignty

Linear trading pattern, resources and pipelines are the key parts

More options for customers

Customer-centered trading network



• More diversified resource suppliers
• More flexible delivery ways

Return to customer sovereignty

• Stronger voice from customers
• More options for customers

Leveraging intelligence to restruct the natural gas industry and help customers succeed

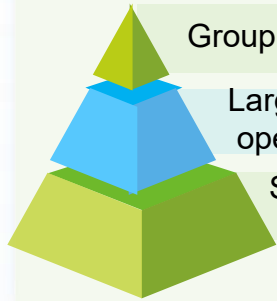


3.1 Market and Customers - Customer Growth Potential

Accumulate superior experience, gather ecology intelligence, and expand sales scale based on customer needs

6400+ domestic potential customers

City gas companies



Group city gas operators

Large-scale city gas operators

Small & medium sized city gas operators

Cooperated **20+**

City gas companies **6000+**

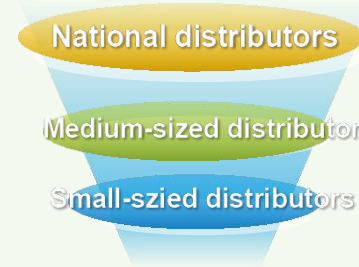
Energy groups and large industries



Cooperated **40+**

Large-scale energy groups **100+**

Distributors



National distributors

Medium-sized distributors

Small-sized distributors

Cooperated **170+**

large-scale distributors **300+**

Expand the international trade network with customers all over the world and realize a wider ecological link

around 200 participants in international trade industry

Large utilities



50+

Cooperated **20+**

Large Oil & Gas Companies



40+

Whitelist counterparties **60+**

Energy traders



100+

Potential customers **100+**

Massive customer demands



- Demand of gas volume: c. **40 bil m³/yr**
- Residential users: c. **30 mil**
- C&I users: **240 K+**

Diversified resources



- Overseas LTAs: **10 mil tons/yr**
- Domestic LTA: **39.2 bil m³(10 yrs)**
- Self-owned LNG plants: **1.45 mil m³/day**
- Unconventional resources **3 mil m³/day**

Efficient delivery networks



- Processing capacity of Zhoushan LNG terminal **10 mil tons/yr (including phase III)**
- LNG vessels: **10**
- Execution volume of the window period of PipeChina's terminals: **300 kilotons/year**
- Uploading points: **16**
- Storage capacity: **560 mil m³**
- LNG tankers: **1,200+**

Advanced risk management systems



Diversified natural gas trading products:

- **Pre-sale of production capacity**
- **Combination and centralized mining**
- **LNG order facilitation**
- **Replacing spot trading with futures trading**

Leveraging pivots, expanding the supply & demand chain and serving the ecosystem



3.2 Pivots and Capabilities - Core Capabilities in All-Scenario Natural Gas Services

Empowering intelligence ecosystem of natural gas industry



Customer service capability



Customer cognition

Intelligent forecasts

Intelligent combos

Customer operation

Intelligent matching capability



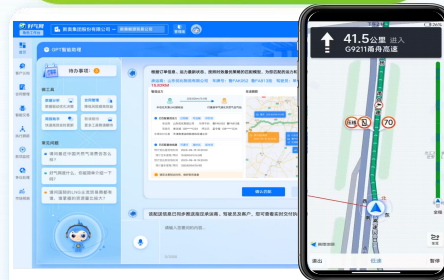
Demand aggregation

Combination of resources

Resources swap

Value optimal matching

Delivery capability



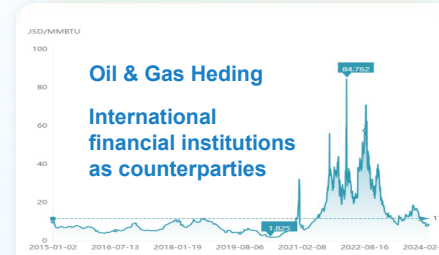
Facilities aggregation

PNG delivery

LNG delivery

Path optimization

International trading capability



International credit

Bank credit granting

International commerce

Transportation capacity

Intelligent risk management capability



Trading risk management

Commodity hedging

Compliance

Digital security

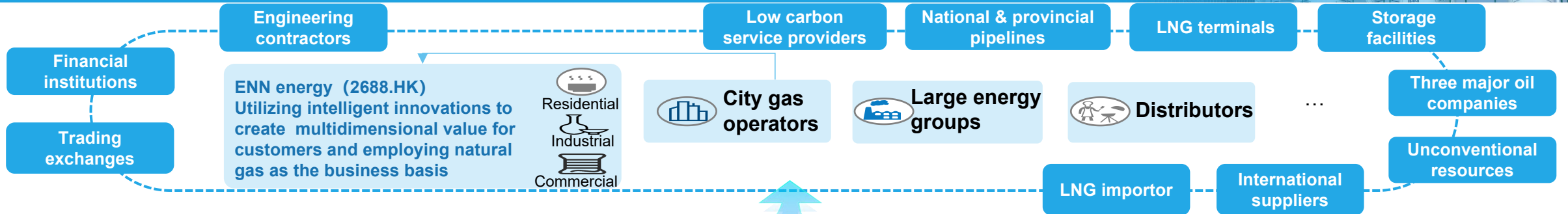
Creating core capabilities supported by strategic pivots and the best practices in all-scenario of natural gas industry



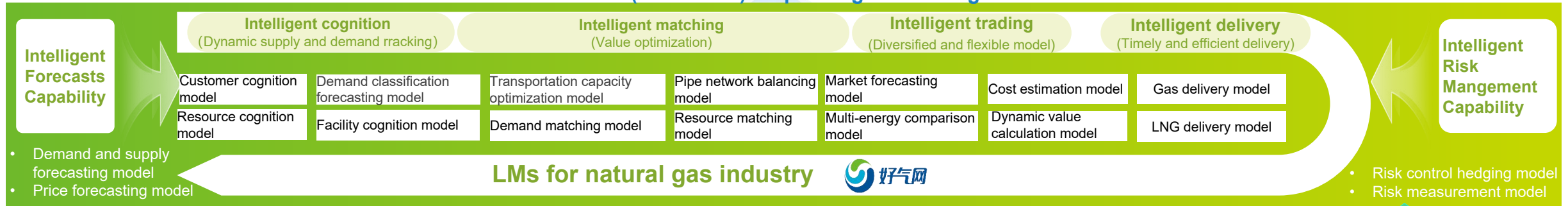


3.3 Reconstructing the Business Model by Intelligent Capability to Help Customers Succeed

- ENN Natural Gas: Becoming the intelligent platform operator in the natural gas industry by leveraging the all-scenario strategic pivots, IoT data and building intelligent industrial LMs
- Relying on the platform to aggregate various aspects of the natural gas ecosystem, utilizing intelligence to achieve dynamic and optimal matching of demand and supply, assisting customers and ecological partners in expanding production and increasing profits, and maximizing business value

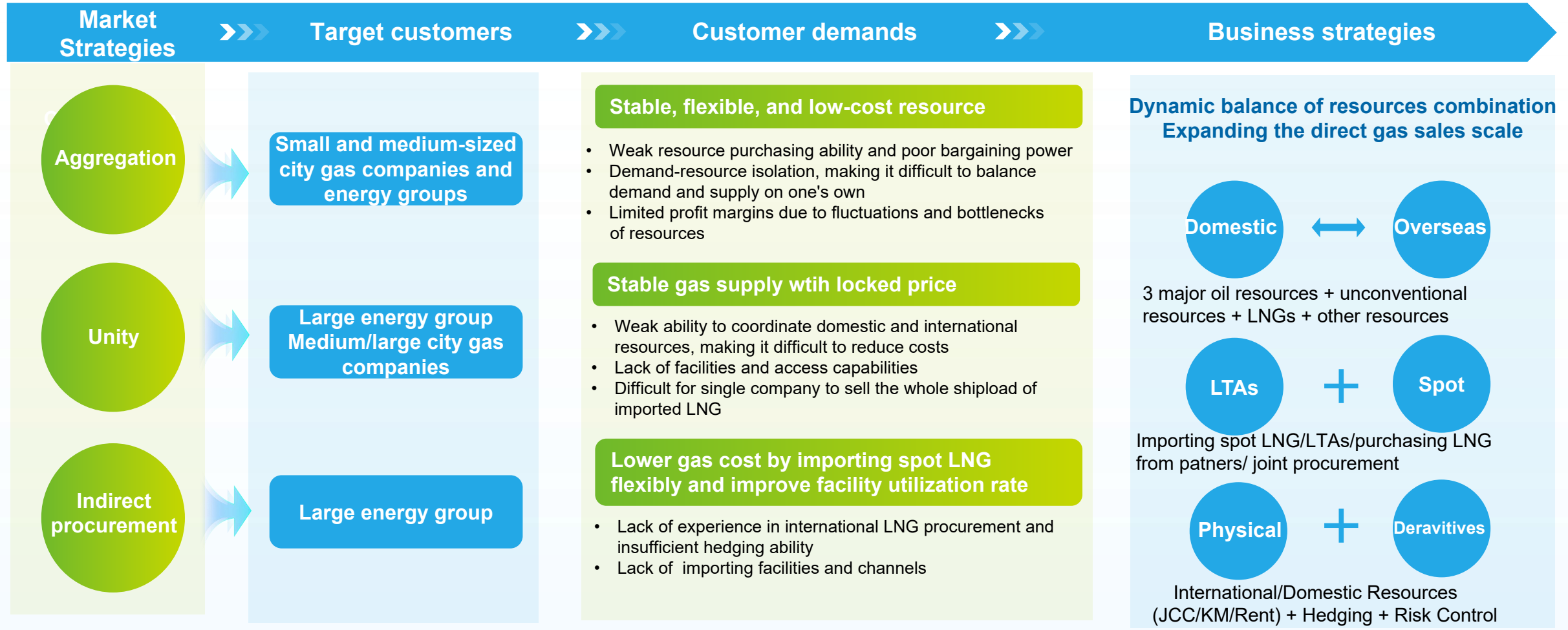


ENN Natural Gas(600803.SH): Expanding the direct gas sales volume



Customer cognition capability, International trading capability, Commodity hedging capability, Risk management capability.....





Customer Aggregation Capability / International Trade Capability / Facility Aggregation Capability / Indirect procurement Capability
 Risk Mangement Capability / Hedging Capability / Market Forecasts Capability / Dynamic Combination and Matching Capability...



3

3.4 Strategy - International Trade

- Maintaining a balanced and stable overall business portfolio by utilizing both domestic and international markets flexibly and hedging risks
- Taking the domestic market as a foothold, relying on international customer networks, and opening up growth points for third-party international trade business

International market model for LTAs management

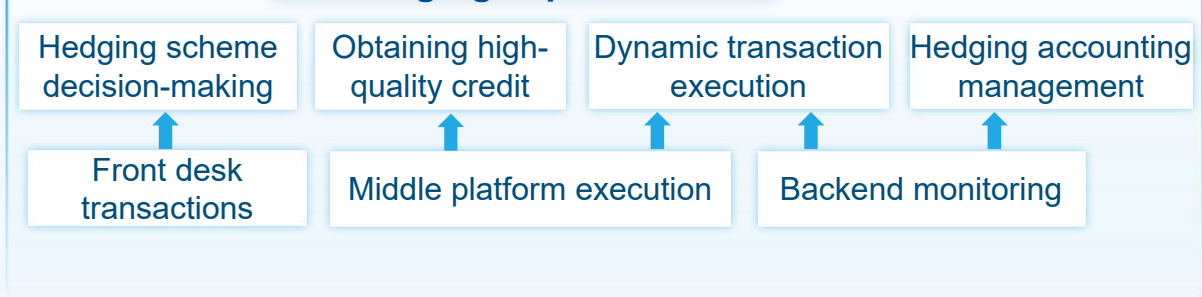
- ① When international spot prices remain relatively high, selling FOB resources from the US directly to the global market
- ② When international spot prices remain relatively low, selling FOB resources from the US directly to the domestic market



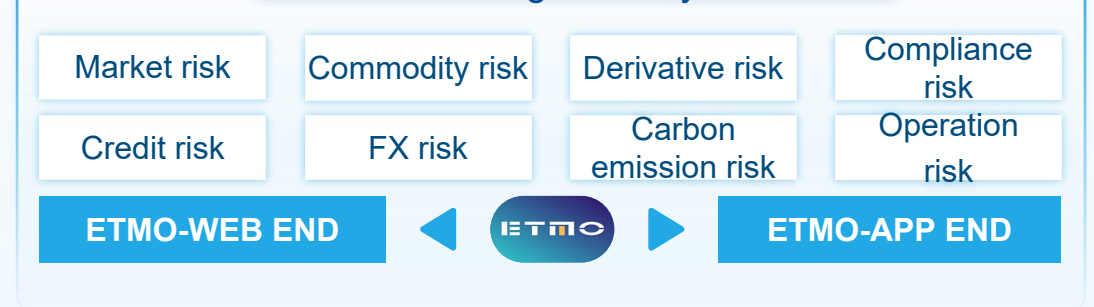
Third party international trade model

- ③ Fully utilize existing international transportation capacity, actively purchase competitive resources from the international market, mainly sold to markets in China, Japan, South Korea, Southeast Asia, or South Asia

Professional and efficient hedging capabilities



A comprehensive digital and intelligent risk management system





3.4 Strategy - Retail Sales Volume Expand

Residential

- Developing **no less than 300,000 existing households** by leveraging the policy of renovating old residential areas
- Focusing on new shantytown renovation, indemnificatory housing, etc., expanding **no less than 1.1 mil new households**
- Taking advantage of the **price adjustment window** in 2024 to fully promote the price adjustment of residents

Products

Periodic discount for applying for installation of gas projects

Applying for installation of gas projects + Ranges/Security products/service...

- Guiding Opinions of the General Office of the State Council on Comprehensively Promoting the Renovation of Old Urban Residential Areas
- Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Mega Cities - Involving Dongguan and Qingdao

Commercial

- Seizing the opportunity of safety governance, developing the bottled-to-piped gas market on a large scale, and **developing 20,000 new customers**
- **Using flexible engineering installation package** to shorten customer replacement cycle, and accelerate customer conversion

Products

“Fixed price” for gas projects

Multi-product packages such as gas+ installation...

- **Hunan:** The new gas regulations clearly define areas that prohibit and restrict bottled gas
- **Henan:** Plan to promote the "bottled-to-piped gas" transformation for 120,000 households in 2024
- “Bottle- to-pipe” Policy: Ningbo, Jinhua, and Taixing

Industrial

- Quickly developing customers by grasping the strategic **emerging industry layout** in coastal provinces and the **industrial transfer** opportunities in central provinces
- To meet the needs of energy saving and cost reduction in typical industries such as textiles and steel, we provide customers with **gas technology solutions**, of which the textile dye vat market volume exceeds 500 mil m² (600+ customers)
- Grasping the opportunities of national energy consumption reduction and high-quality industrial development, and deeply tapping the gas consumption potential of industrial customers with the help of the **renewal of old industrial equipment**

Products

Gas supply service by LTAs	Combination of gas+liquid	Basic quantity + increment	Gas selling+peak adjustment...
Direct gas modification of dye vat	Natural gas injection in steel sintering	Natural gas cutting/welding...	
Ladder price	Energy-linked price	Seasonal price	Promotional/interruptible prices ...

- A certain glass enterprise: 5-year long-term cooperative gas service (80,000 m³/day)
- A certain textile enterprise: Energy saving of 25% (bringing the sales volume of gas for 2.5 mil m³/year) after transformation of dye vats characterized by direct gas combustion



3.4 Strategy - Unleash the pivot value of the Tianjin Oil & Gas Exchange Center

- Explore the formation of an efficient platform-based sales model, promote fair trading through market-oriented mechanisms, and expand the direct gas sales volume
- Link international and domestic markets, introduce advanced international experience, establish a risk control system for the industry, and effectively manage risks of market price fluctuation

Continuously launching innovative trading models based on the needs of industrial customers



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Medium - and long-term resource trading markets

Regional online trade market

Spot procurement market

Collaborating and centralized procurement

Production capacity pre-sale

Increase traffic

Resources

LNG order facilitation

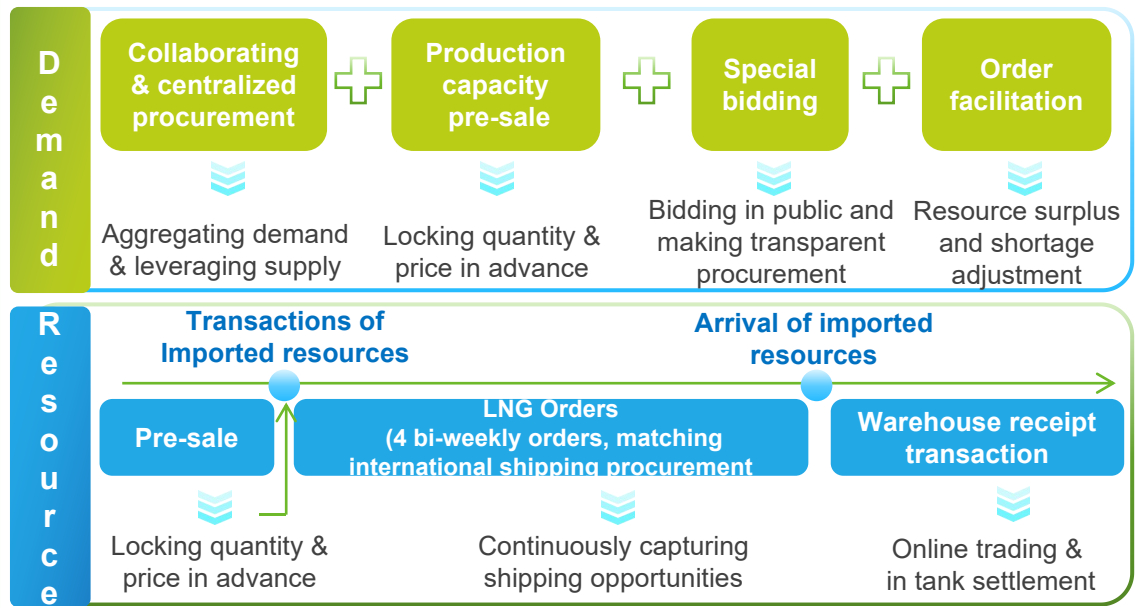
Warehouse receipt transaction

Spot listing

Unidirectional bidding

Assisting customers in achieving success

Both buyers and sellers can independently allocate short, medium, and long-term resources that need to be sold or purchased through market-oriented transaction combinations in an efficient, convenient, and flexible manner



Appendix 1: Company Overview



- ENN-NG (stock code: 600803.SH) was listed in 1994 and is determined to be an intelligent ecological operator in the natural gas industry by leveraging the all-scenario strategic pivots. The company aims to promote the industrial capability and efficiency by aggregating demand, resources and facilities ecology, matching intelligently, leveraging the best practices, building intelligent products and LMs.
- Our principal business includes direct gas sales by platform, retail and wholesale of natural gas, developing and operating the intelligent platforms for the natural gas industry, infrastructure operation, integrated energy, engineering construction and installation.
- The Company operates 259 city-gas projects nationwide, serving 240,000 C/I customers and nearly 30 mil residential customers, respectively.

Direct Gas Sales by Platform	Retail and Wholesale of Gas	Operations of gas intelligent platform	Infrastructure Operation	Integrated Energy	Engineering Construction and Installation
					
<ul style="list-style-type: none"> • The Company mainly purchases natural gas from overseas, supplemented by domestic LNG plants and unconventional resources, and sells gas to city gas companies, energy groups and large industrials, distributors, as well as international utilities, oil & gas companies and energy traders. 	<ul style="list-style-type: none"> • Retail: Our primary focus is purchasing natural gas from the three major oil companies and distributing it to residential clients, C/I customers, and CNG/LNG vehicle refueling stations via our pipeline network • Wholesale: Complementing our retail gas sales, we procure gas from domestic upstream producers and sell it in bulk to customers outside our pipeline network's reach within our operating region. 	<ul style="list-style-type: none"> • The GreatGas.cn aimed to improve the overall capacity and efficiency of the natural gas industry by matching the demand and supply sides of the sector with digital intelligence technologies, providing scenario data, and supporting the creation of intelligent products based on the best innovation practices of ENN-NG. 	<ul style="list-style-type: none"> • Operation of Zhoushan LNG Terminal, gas and liquid transmission and distribution pipelines, gas storage and other infrastructure. 	<ul style="list-style-type: none"> • Based on customer needs, the Company selects the best integrated energy solution for customers based on local conditions and provided integrated energy solutions including cooling, heating, steam and electricity 	<ul style="list-style-type: none"> • Provide integrated engineering services for natural gas infrastructure, municipal engineering, new energy and digital intelligence, including engineering design, equipment manufacturing and integration, engineering construction • Provide gas installation services for residential and C/I customers
600803.SH	2688.HK	600803.SH	600803.SH	2688.HK	Construction: 600803.SH Installation: 2688.HK

Appendix 2: Details of Long-term LNG Contracts

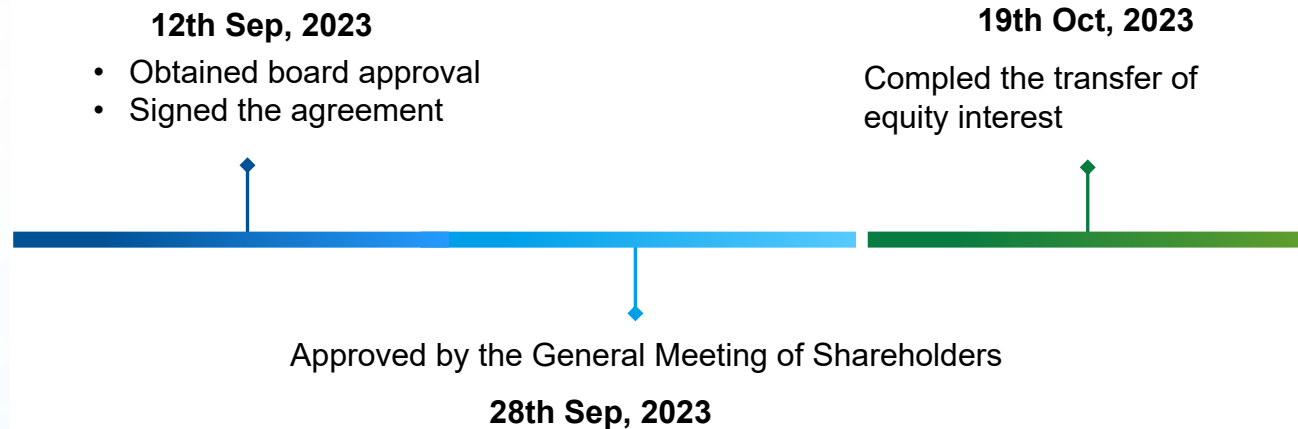
No.	Buyer	Seller	Signing Date	Tenor	Contract vol (mil tons/yr)	Delivery method	Gas resources	Start year	Index-linked
1	ENN Energy	Chevron	2016.08	10 years	0.66	DES	Global resources	2018	JCC
2	ENN Energy	Total	2016.07	10 years	0.50	DES	Global resources	2018	JCC/HH
3	ENN LNG (Singapore) Pte Ltd	Cheniere	2021.11	13 years	0.90	FOB	USA Corpus Christi Sabine Pass	2022	HH
4	ENN LNG (Singapore) Pte Ltd	Novatek	2022.01	11 years	0.60	DES	Global resources	2025	Brent
5	ENN Energy	EnergyTransfer	2022.03	20 years	0.90	FOB	USA Lake Charles LNG Project	2026	HH
6	ENN LNG (Singapore) Pte Ltd	EnergyTransfer	2022.03	20 years	1.80	FOB	USA Lake Charles LNG Project	2026	HH
7	ENN LNG (Singapore) Pte Ltd	NextDecade	2022.12	20 years	2.00	FOB	USA Rio Grande LNG Project	2026	HH
8	ENN LNG (Singapore) Pte Ltd	Cheniere	2023.06	20 years	1.80	FOB	USA SabinePass Liquefaction	2026	HH
9*	ENN LNG (Singapore) Pte Ltd	ADNOC	2023.12	15 years	1.00	-	UAE Ruwais LNG Project	2028	Brent

* HOA has been signed and LTA is under the signing process

Transaction consideration

- **Total: RMB10,505 mil**
Equity consideration: RMB6,670 mil
Net debts: RMB3,835 mil

Transaction key milestones and processes



Appendix 4: Net Profits Deducting Non-recurring Profits and Losses

Unit: RMB mil

Main items excluded for calculating the profits deducting non-recurring profits and losses		FY2023	FY2022
Net Profits Attributable to the Parent		7,091	5,844
Excluded Items	Gains or losses on disposal of non-current assets	4,406	-73
	Government subsidies included in current profits or losses*	414	386
	Gains or losses from changes in fair value of held-for-trading financial assets/liabilities and return on investment from disposal of held-for-trading financial assets/liabilities and available-for-sale financial assets, excluding effective hedging activities related to the Company's normal business operations	1,293	1,748
	Reversal of provision for impairment of receivables individually tested for impairment	47	32
	Net profits or losses of a subsidiary resulting from the merger of enterprises under the same control from the beginning of the period to the date of the merger	-	173
	Other profit and loss items that meet the definition of non recurring gains and losses	-520	-
	Miscellaneous	275	-34
	Affected amount of income tax	-630	-384
Affected amount of minority equity (after tax)	-653	-674	
Net Profits Deducting Non-recurring Profits and Losses		2,459	4,671

✓ The government subsidies for aging pipeline upgrades and urban community renovation attributed to the parent totaled **RMB159 mil**, considered as extraordinary items excluded from net profit as per disclosure requirements. However, these subsidies are closely associated with operations and are part of core earnings.

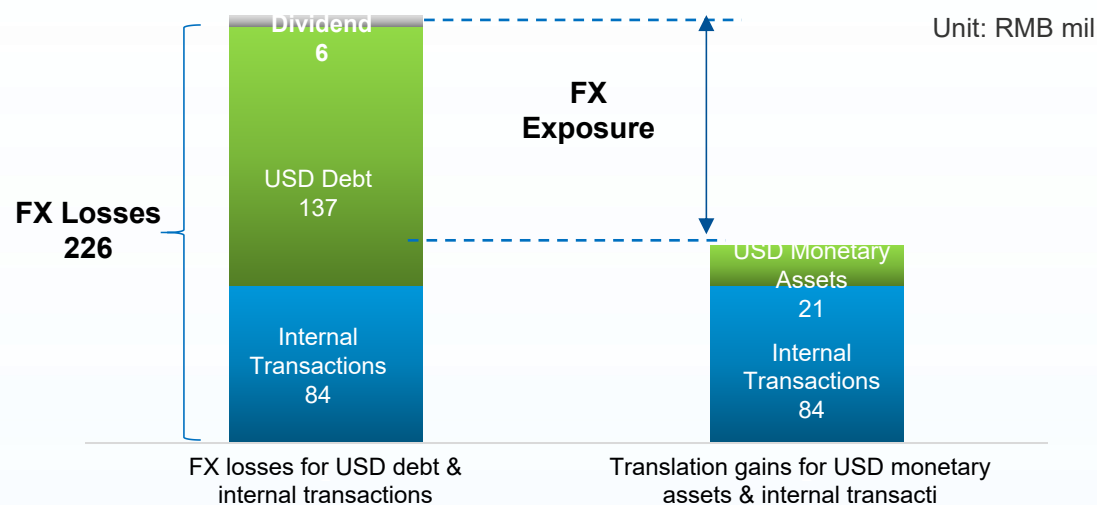
✓ Realized gains attributed to the parent from spot and paper-combined derivatives reached **RMB1,945 mil**, considered as extraordinary items excluded from net profit as per disclosure requirements. However, these gains are generated from operations and are part of core earnings.

✓ Foreign exchange losses attributed to the parent resulting from currency fluctuations amounted to **RMB226 mil**, considered as part of operating profits as per disclosure requirements. However, these losses do not involve actual cash flows and are not closely tied to operations, and thus are not part of core earnings.

Appendix 5: Analysis of Core Profit Deductions - Exchange Gain or Loss

- ✓ Due to the refinancing of USD debt upon maturity, changes in FX gains and losses arising from currency fluctuations will not result in actual cash outflows
- ✓ For overseas subsidiaries reporting in USD, their USD monetary assets and internal transactions were accounted for in owner's equity according to accounting principles, without directly offsetting FX gains and losses

FX Gains and Losses



*The USD monetary funds and internal credits held by overseas subsidiaries reporting in USD can generate a translation gain of RMB105 mil to offset FX losses

Unit: USD mil

	Opening Balance	Ending Balance
Total debt in USD	2,387	1,743
Cash in USD	181	541

FX Impact on Income Statement

Unit: RMB mil

	Changes in USD/RMB exchange rate	Cash impact	Non-cash impact	Non-cash impact attributable to parent
Sensitivity Analysis	±1%	± 2	± 78	± 49

FX Risk Management

- ✓ Pay continuous attention to market changes and manage the scale of dollar debt through methods such as repurchase of dollar debt by overseas dollar income
- ✓ Pay continuous attention to market fluctuations of exchange rate and dynamically manage the hedging of existing dollar bonds, with the proportion of hedged bonds reaching around **36.7%**

Appendix 6: Analysis of Core Profit Deductions - Changes in Fair Value of Derivatives

- The valuation of the mark-to-market gains and losses on commodity derivatives under accounting standards was reflected as a gain on changes in fair value, with the effect of physical and derivatives combination excluded.
- Commodity derivatives were linked to price indices such as JKM, TTF, Brent, etc., based on a physical purchase and sale pricing model, and the gain on changes in fair value fluctuated according to changes in the price indices and was not representative of current/future realizable gains.

Gains and losses on changes in fair value and derivatives realized during the current period

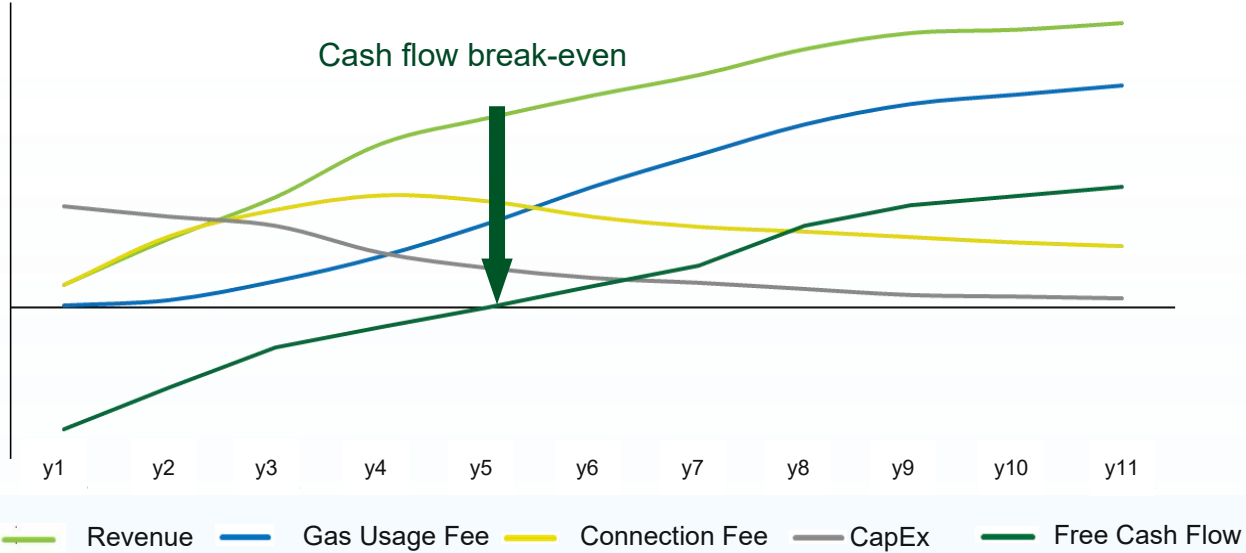
Unit: RMB mil

Project	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Gain on change in fair value	-107	15	479	772	30	-935	-723	135
Derivatives realised during the period	265	233	599	-574	817	975	952	-5

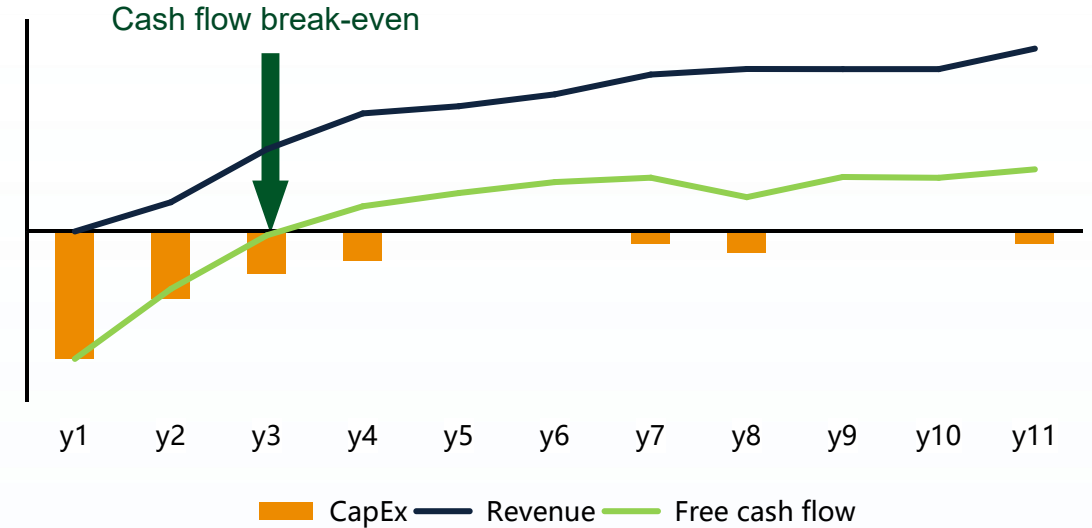
According to the accounting requirements, the fair value change income in the statement is the amount of derivatives that have been transferred into investment income, after deducting the actual mark-to-market gains and losses of the commodity paper goods on hand, and the separate item does not represent the future expected income of the commodity paper goods on hand

Appendix 7: Simplified Model for a Typical City-gas Project & IE Project

City-gas Project



IE 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**

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 pass-through mechanism with customers
- Market-oriented business model with low regulatory risk

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