



ENN  
新奥

新奥股份  
ENN Natural Gas

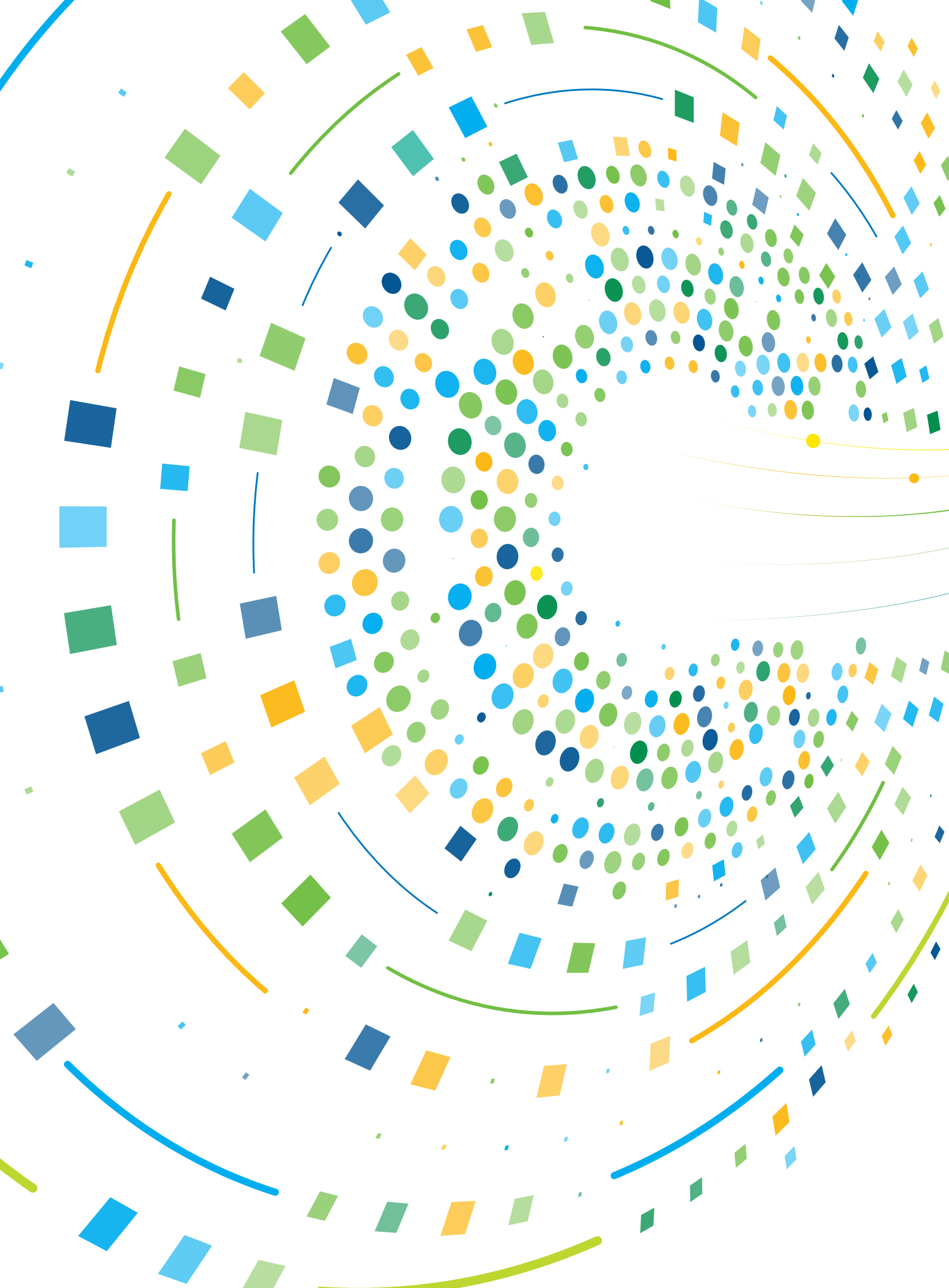
*Digital intelligence  
and aggregation,  
creating infinite possibilities*



ENN Natural Gas Co., Ltd.

2022

INTERIM REPORT





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## Important Notice

- I. The Board of Directors, the Board of Supervisors, and the directors, supervisors and senior managers of the company ensure that the content of the semi-annual report is true, accurate and complete without any false record, misleading statement or major omission, and bear individual and joint legal liabilities.
- II. All the directors of the company attend the meeting of the board of directors.
- III. This semi-annual report is unaudited.
- IV. The chairman of the company, Yu Jianchao, the person in charge of the accounting, Wang Dongzhi, and chief accountant (accounting officer), Cheng Zhiyan declares to ensure that the semi-annual financial report is true, accurate, and completed.
- V. Profit distribution proposal or proposal for capitalization of capital reserve approved by the board of directors

Uninvolved

- VI. Prospective statement of risk

☒ Applicable   ☐ Not Applicable

The forward-looking description of future plans, development strategies, etc. in this report does not constitute a firm's substantive commitment to investors, please pay attention to the risk of investment.

- VII. Whether there is any occupation of the Company's funds for non-operating purposes by the controlling shareholder and its associated parties

No

- VIII. Whether there is any external guarantee in violation of the stipulated decision-making procedures?

No

- IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the semi-annual report disclosed by the company?

No

X. Risks alert

The Company has elaborated in this report on the various risks and countermeasures it may face in the course of its production and operation. Please refer to the "Possible risks" of "Section III Management Discussion and Analysis".

XI. Others

☐ Applicable ☒ Not Applicable



# Interpretation

In this report, unless the context otherwise requires, the following terms have the following meanings:

Interpretation of common words		
Company, ENN-NG	Refers to	ENN Natural Gas Co., Ltd.
ENN International	Refers to	ENN Group International Investment Limited, is the Company's holding shareholder.
ENN Zhoushan, ZhoushanLNG terminal	Refers to	ENN (Zhoushan) LNG Co., Ltd.
ENN energy	Refers to	ENN Energy Holdings Limited, Listed Company on the Hong Kong Stock Exchange, stock code: 2688. HK
Essential Investment	Refers to	Essential Investment Holding Company Limited
ENN Holdings	Refers to	ENN Holdings Investment Co., Ltd.
PipeChina	Refers to	China Oil&Gas Pipeline Network Corporation
Xinneng Mining Industry	Refers to	Xinneng Mining Industry Co., Ltd.
Xinneng Energy	Refers to	Xinneng Energy Co., Ltd.
Xindi Energy	Refers to	Xindi Energy Engineering Technology Co., Ltd.
Xinneng (Tianjin)	Refers to	Xinneng (Tianjin) Energy Co., Ltd.
ENN Qinshui	Refers to	Shanxi Qinshui ENN Clean Energy Co., Ltd.
Xinneng Hong Kong	Refers to	Xinneng (Hong Kong) Energy Investment Co., Ltd.
LNG	Refers to	Liquefied Natural Gas
ENN Group	Refers to	ENN Group Co., Ltd.
ENN Technology	Refers to	ENN Science and Technology Development Co., Ltd.
SSE (Shanghai Stock Exchange)	Refers to	Shanghai Stock Exchange
PetroChina	Refers to	PetroChina Company Limited
Sinopec	Refers to	China Petroleum&Chemical Corporation
CNOO	Refers to	China National Offshore Oil Corporation
Yuan, 0.01 Million Yuan, 100 Million Yuan	Refers to	RMB Yuan, RMB0.01 Million Yuan, RMB100 Million Yuan, China's legal currency unit
Reporting Period	Refers to	From January 1, 2022 to June 30, 2022





# Company Profile and Main Financial Indicators



## I. Corporate information

Chinese name of the Company	新奥天然气股份有限公司
Abbreviation of the Chinese name of the Company	新奥股份
The name of Company in foreign language	ENN Natural Gas Co., Ltd.
Abbreviation of Company's foreign name	ENN-NG
Legal representative of the Company	Wang Yusuo

## II. Contacts and contact information

	Secretary of the Board	Representative of Securities Affairs
Name	Liang Hongyu	Ling Yan
Contact address	Block B, 118 Huaxiang Road, Langfang Development Zone, Hebei Province	Block B, 118 Huaxiang Road, Langfang Development Zone, Hebei Province
Telephone	0316-2595599	0316-2597675
Fax	0316-2595395	0316-2595395
E-mail	enn-ng@enn.cn	enn-ng@enn.cn

## III. Introduction of the changes in the basic information

Company registered address	No. 383 Heping East Road, Shijiazhuang City, Hebei Province
Historical changes in the Company's registered address	In September 2020, the Company's registered address was changed from No. 393, Heping East Road, Shijiazhuang, Hebei Province to No. 383, Heping East Road, Shijiazhuang, Hebei Province
Company office address	No. 383 Heping East Road, Shijiazhuang, Block B, No. 118 Huaxiang Road, Langfang Development Zone, Hebei Province
Postal code of the office address of the Company	050031, 065001
Company website	<a href="http://www.enn-ng.com">http://www.enn-ng.com</a>
E-mail	enn-ng@enn.cn
Query index for changes during the Reporting Period	/

## IV. Brief introduction of information disclosure and change of preparedness location

Names of the newspapers disclosing information selected by the Company	<i>China Securities Journal, Shanghai Securities News and Securities Daily</i>
Website address disclosing semi-annual reports	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Location of the Company's semi-annual report	Shanghai Stock Exchange, Corporate Investor Relations Energization Group
Query index for changes during the Reporting Period	/

## V. Profile of the company's shares

Type of stock	Stock exchange where the stock is listed	Stock abbreviation	Stock code	Stock abbreviation before change
A share	Shanghai Stock Exchange	ENN-NG	600803	/

## VI. Other relevant information

☐ Applicable ☒ Not Applicable

## VII. Key accounting data and financial indicators of the Company

### (I) Key Accounting Data

Unit: RMB'0000 Currency: RMB

Key Accounting Data	This Reporting Period (January-June)	The same period last year		Increase or decrease of this Reporting Period over the same period last year (%)
		After adjustment	Before adjustment	
Operating incomes	7,301,974	5,177,299	5,183,577	41.04
Net profit attributable to shareholders of listed companies	153,543	207,767	207,767	-26.10
Net profit attributable to shareholders of listed companies after deducting non-recurring Gains and losses	133,325	172,732	172,732	-22.82
Net cash flow from operating activities	676,261	554,854	516,904	21.88
The core profit attributable to shareholders of the listed companies	225,874	151,741	151,741	48.85

	At the end of the Reporting Period	At the end of the previous year		Increase or decrease of the end of the Reporting Period over the end of the previous year (%)
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the listed companies	1,444,655	1,485,339	1,483,322	-2.74
Total assets	13,094,973	12,799,569	12,793,392	2.31

## (II) Key Financial Indicators

Key Financial Indicators	This Reporting Period (January-June)	The same period last year		Increase or decrease of this Reporting Period over the same period last year (%)
		After adjustment	Before adjustment	
Basic earnings per share (yuan/share)	0.54	0.74	0.74	-27.03
Diluted earnings per share (yuan/share)	0.54	0.75	0.75	-28.00
Basic earnings per share after deducting non-recurring Gains and losses (yuan/share)	0.47	0.62	0.62	-24.19
Weighted average return on equity (%)	10.16	17.82	17.82	reduced by 7.66 percentage points.
Weighted average return on equity after deducting non-recurring Gains and losses (%)	8.88	15.04	15.04	reduced by 6.16 percentage points.
Basic core profit per share (yuan/share)	0.80	0.54	0.54	48.15

Description of the Company's key accounting data and financial indicators

☒ Applicable   ☐ Not Applicable

1. Operating income increased by 41.04% in the Reporting Period compared with the same period of the previous year, which was mainly due to the increase in the unit price of natural gas business (wholesale and retail), the increase in gas volume, and the rapid growth of comprehensive energy business of the company's subsidiaries during the Reporting Period.

2. The core profit attributable to shareholders of the listed company increased by 48.85% in the Reporting Period compared with the same period of the previous year, mainly due to: (1) In the Reporting Period, the coal business was affected by the substantial increase in sales volume and the increase in unit price, and the profit contribution increased more than that in the same period of the previous year. (2) During the Reporting Period, the profit contribution of the direct selling gas business increased more than the same period of the previous year.

3. The basic core profit per share increased by 48.15% in the Reporting Period compared with the same period of the previous year, mainly due to: (1) In the Reporting Period, the coal business was affected by the substantial increase in sales volume and the increase in unit price, and the profit contribution increased more than the same period of the previous year; (2) During the Reporting Period, the profit contribution of the direct selling gas business increased more than the same period of the previous year.

## VIII. Differences in accounting data under domestic and foreign accounting standards

☐ Applicable   ☒ Not Applicable

## IX. Items and amounts of non-recurring gains and losses

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Non-recurring Gains and losses items	Amount	Note (if applicable)
Gains and losses on disposal of non-current assets	-1,326	
Government subsidies included in the current Gains and losses, except those closely related to the normal business of the Company, which are in line with national policies and are continuously enjoyed by the Company in accordance with certain standard quotas or quantitative amounts	14,314	
Except for the effective hedging business related to the normal business of the Company, the gains and losses from changes in fair value arising from the holding of held-for-trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and the return on investment obtained from the disposal of held-for-trading financial assets, Derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investment	41,560	
Reversal of provision for impairment of receivables and Contract assets with separate impairment test	3,122	
Gains and losses from external entrusted loans	589	
Gains and losses arising from changes in fair value of investment property that are subsequently measured using the fair value model	184	
Custody fee income from entrusted operation	47	
Other non-operating income and expenses other than the above	1,119	
Less: income tax impact	11,614	
minority stockholders' equity impact (after tax)	27,777	
<b>Total</b>	<b>20,218</b>	

Explanation of Defining non-recurring gains and losses items as recurring gains and losses items in *Explanatory Announcement No. 1 on Information Disclosure of publicly issued Companies — Non-recurring Gains and Losses*

☐ Applicable   ☒ Not Applicable

## X. Miscellaneous

☐ Applicable   ☒ Not Applicable



# Management Discussion and Analysis

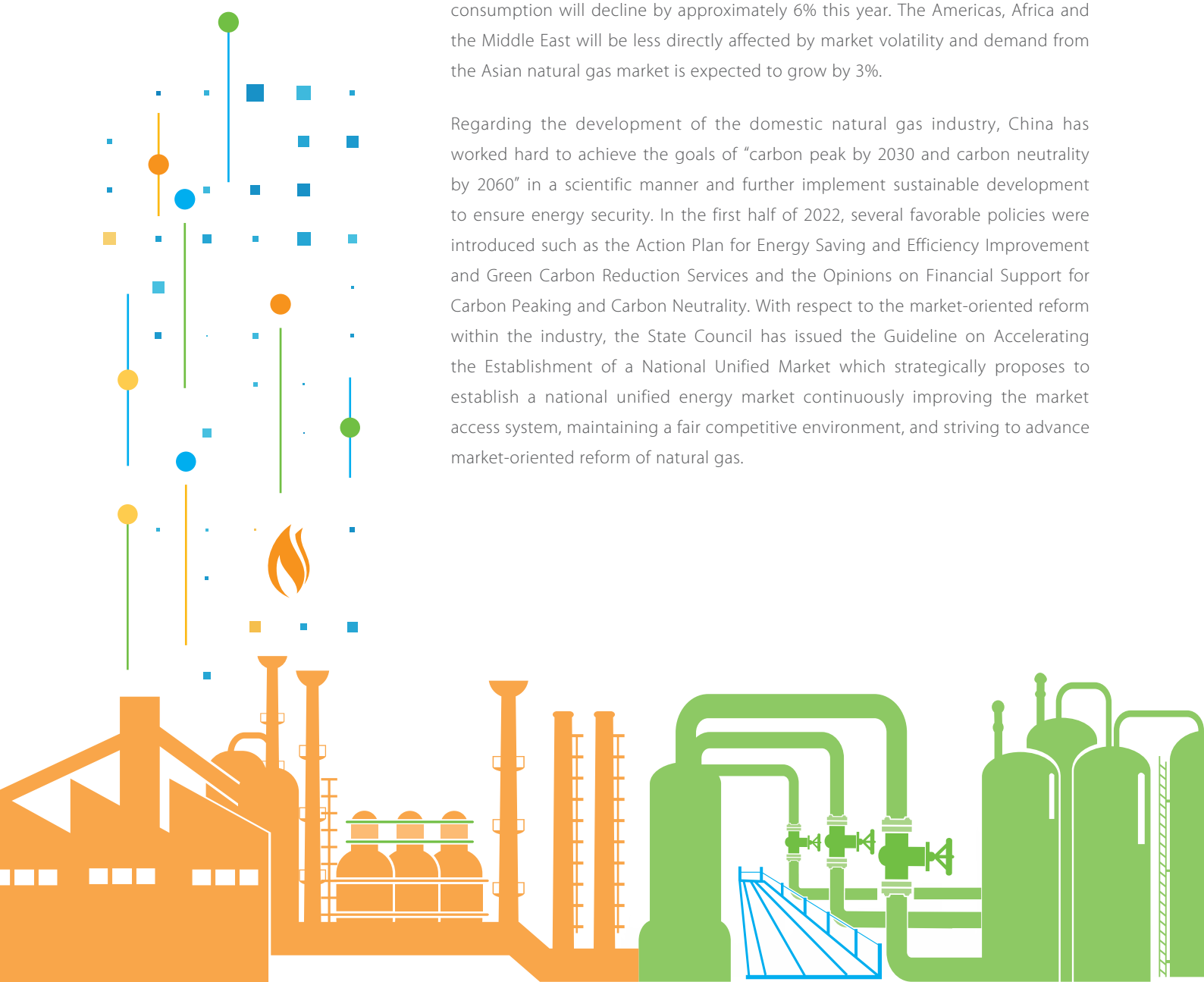
## I. A Look at the Industry and the Principal Business of the Company during the Reporting Period

### (I) Industry Overview

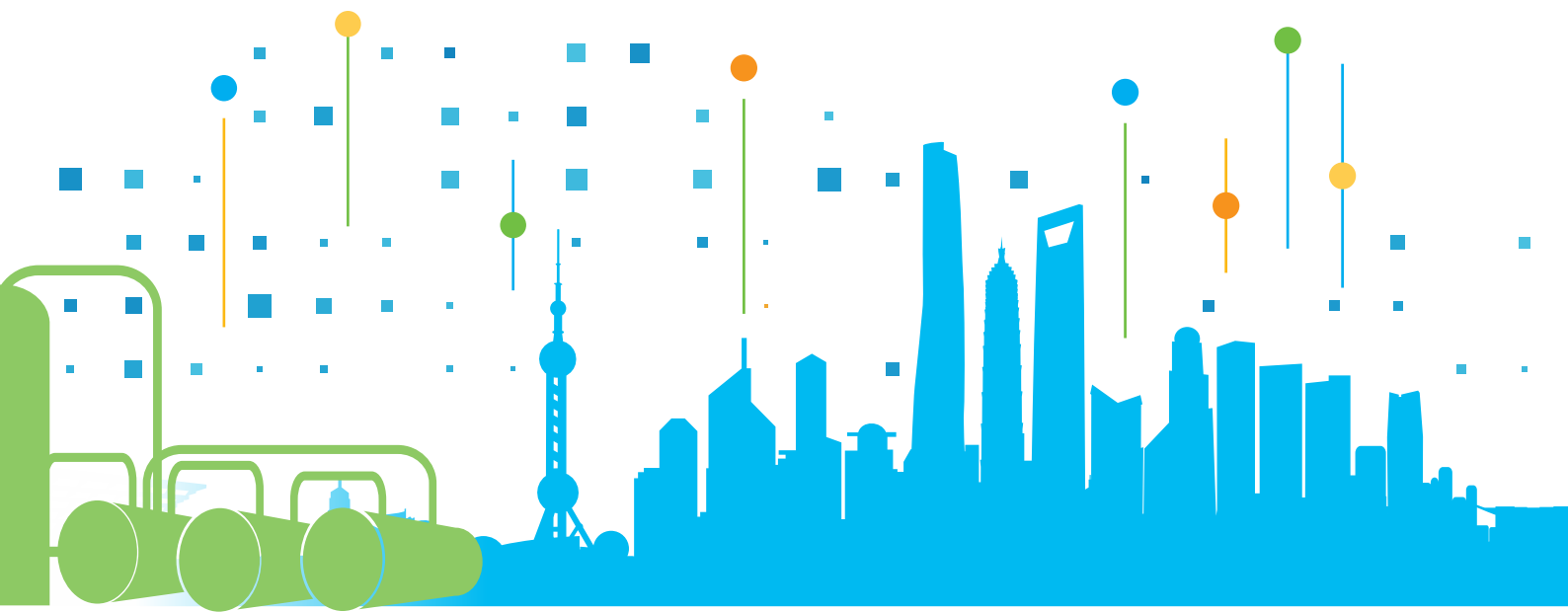
#### 1. Natural gas

In the first half of 2022, the world's major economies have entered a cycle of interest rate hikes mainly due to high inflation. The Russian-Ukrainian conflict has led to increased levels of uncertainty in the world as well as the natural gas market. According to the latest IEA forecasts, global natural gas demand is expected to reduce by 0.5% in 2022 over 2021. It is predicted that European natural gas consumption will decline by approximately 6% this year. The Americas, Africa and the Middle East will be less directly affected by market volatility and demand from the Asian natural gas market is expected to grow by 3%.

Regarding the development of the domestic natural gas industry, China has worked hard to achieve the goals of "carbon peak by 2030 and carbon neutrality by 2060" in a scientific manner and further implement sustainable development to ensure energy security. In the first half of 2022, several favorable policies were introduced such as the Action Plan for Energy Saving and Efficiency Improvement and Green Carbon Reduction Services and the Opinions on Financial Support for Carbon Peaking and Carbon Neutrality. With respect to the market-oriented reform within the industry, the State Council has issued the Guideline on Accelerating the Establishment of a National Unified Market which strategically proposes to establish a national unified energy market continuously improving the market access system, maintaining a fair competitive environment, and striving to advance market-oriented reform of natural gas.



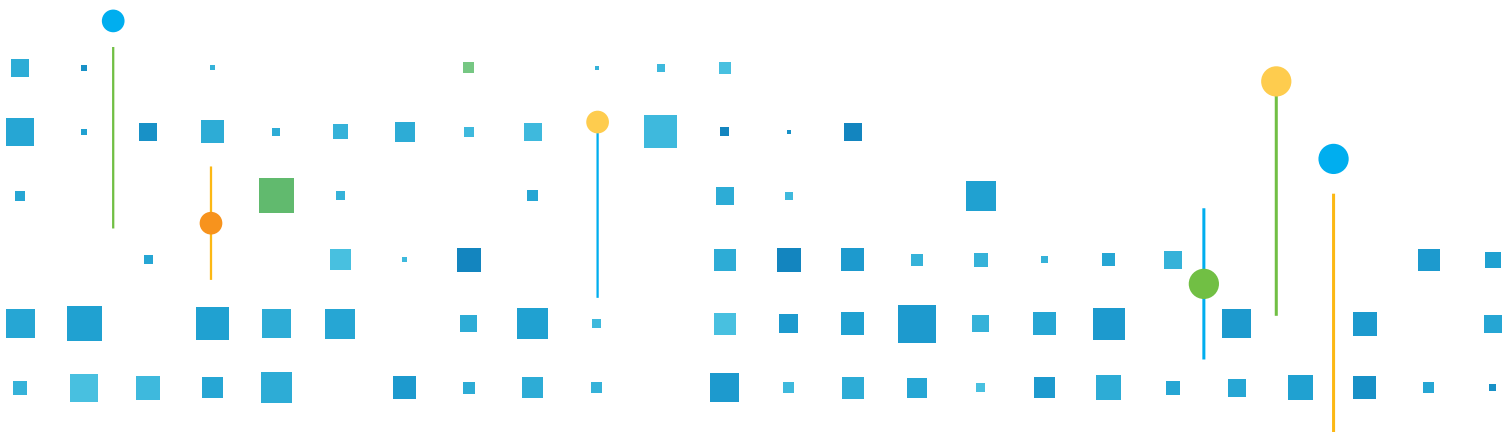
In the first half of 2022, China's general demand for natural gas was weak due to the pandemic. According to SIA Energy, the apparent natural gas consumption from January to June this year was approximately 181.1 billion cubic meters down by 1.5% year-on-year. Except for a slight increase in city-gas consumption, both the industrial and power generation sectors saw a significant decline. As for supply, domestic natural gas production maintained a fast growth rate from January to June with overall production reaching 109.6 billion cubic meters up by 4.9% year-on-year. The Xinjiang, Sichuan Basin, and South China Sea projects were chiefly responsible and contributed 79% of the total increment. According to the General Administration of Customs, China imported 53.57 million tons of natural gas in the first half of 2022 which was down 10% year-on-year. This included 22.31 million tons of pipeline gas and 31.26 million tons of LNG, down by nearly 20% year-on-year. According to the latest data from the National Development and Reform Commission, China's GDP grew 2.5% year-on-year in the first half of 2022 ensuring a turnaround in economic growth. It means the Chinese economy has bottomed out and entered a period of recovery. As the industrial and commercial production and operations recovered rapidly due to the implementation of Chinese macroeconomic adjustment policies and effective pandemic prevention and control measures, China's general demand for natural gas is expected to pick up rapidly.



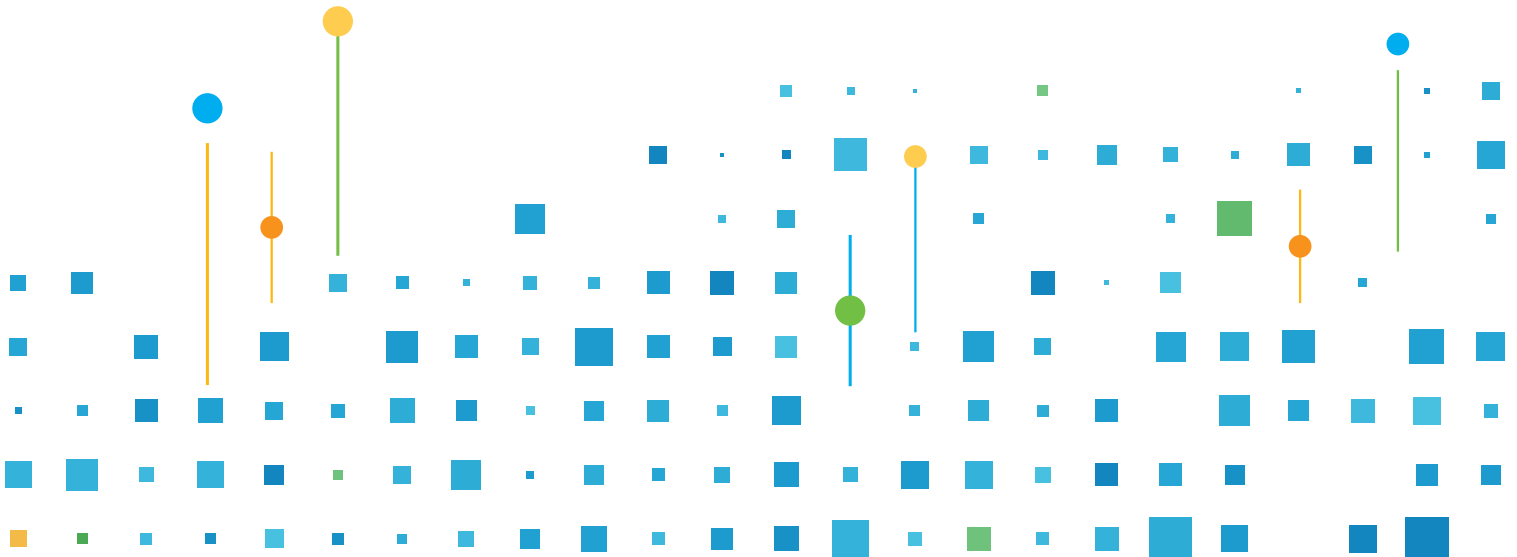


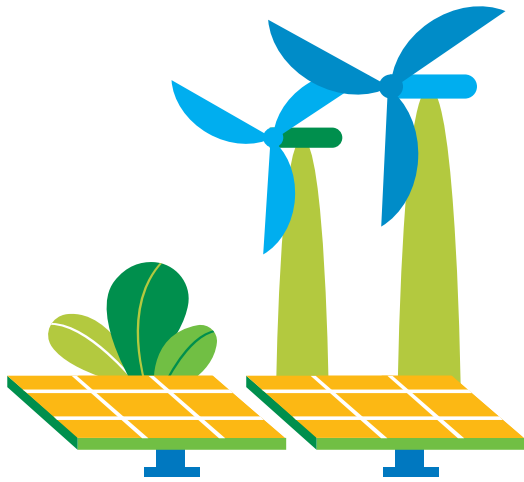
## 2. Engineering construction and installation

In March 2022, the National Development and Reform Commission and the National Energy Administration issued the 14th *Five-Year Plan* for Modern Energy System which proposes to accelerate the construction of long-distance natural gas pipelines and regional natural gas pipeline networks promoting the interconnection of pipeline networks, improving LNG storage and transportation system and enhancing natural gas reserves and regulation capacity speeding up the construction of natural gas infrastructure. By 2025, China's national oil and gas pipeline network is expected to extend across 210,000 km while the gas storage capacity should be in the range of 55-60 billion cubic meters accounting for approximately 13% of natural gas consumption. Besides, several policies such as the Implementation Plan for the Renewal and Renovation of Aging City Gas Pipelines (2022-2025) and Interim Measures for the Special Management of Central Budgetary Investment in the Renewal and Renovation of Aging City Gas Pipelines and Protective Housing Projects have been successively introduced such that by the end of 2025, the renewal and renovation of aging city-gas, water-supply, drainage and heating pipelines and facilities with obsolete materials, long service life and safety hazards in the operating environment will be completed. In the first half of 2022, it has been crucial to stabilize the growth in infrastructure investment. Various policies were introduced to support infrastructure investment, promote the construction of water-conservancy, transportation, and energy infrastructure and increase investment in new infrastructure sectors, which present huge opportunities for the engineering construction business. In addition, the Government has tightened the regulation on the safety of energy and engineering industries. It has strengthened risk control measures of pipelines, gas and electric power facilities, increased the supervision on major projects, cracked down on illegal subcontracting and affiliation qualifications and it is promoting the use of digital safety systems which will generate business opportunities for intelligent infrastructure transformation, IoT installation and intelligent monitoring of pipeline networks.



According to the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the People's Republic of China issued by the State Council, the urbanization ratio of China's resident population is expected to increase from 60.6% to 65% by 2030. All provinces are developing metropolitan areas and urban clusters based on national central cities, provincial sub-central cities, and regional central cities planning and building national/provincial new areas, new districts and airport economic zones, and continuously improving the urbanization ratio across counties. Both the transformation and development of cities and the upgrading and rebuilding of suburban settlement space will keep bringing in enormous business opportunities for the Company in terms of residential users. The Key Tasks of New Urbanization and Urban-Rural Integration Development in 2022 proposes to accelerate the renovation of old urban residential communities and improve the basic living conditions of 8.4 million households. The Company will further explore market potential by leveraging the opportunity of urban renewal.

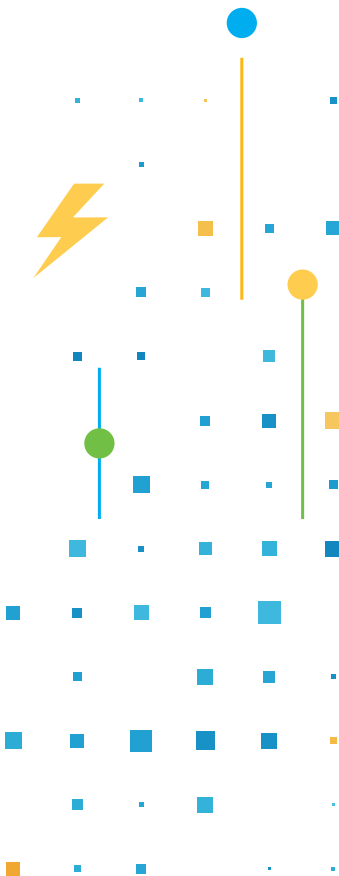




### 3. Integrated energy

The CPC Central Committee and the State Council attached great importance to energy conservation. At the ninth meeting of the Central Finance and Economics Commission, General Secretary Xi Jinping stressed that “China need to introduce a comprehensive conservation strategy to give first priority to the conservation of energy and resources” to achieve the goals of “carbon peak by 2030 and carbon neutrality by 2060”. In June 2022, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, the State-owned Assets Supervision and Administration Commission, and the State Administration for Market Regulation jointly issued the Action Plan for Industrial Energy Efficiency Improvement proposing that, the energy efficiency of key products in industries such as iron and steel, petrochemicals and chemicals, non-ferrous metals and building materials should reach the international advanced level by 2025 so that energy consumption and output growth of industries with annual revenue of 20 million yuan or more from their main business operations will drop by 13.5% in comparison with their levels in 2020; the energy conservation and efficiency improvement will further become the “first energy” of green and low-carbon development and serve as the primary initiative reducing consumption and carbon emission.

According to the 14th Five-Year Plan for Renewable Energy Development, China will achieve approximately 25% of non-fossil energy consumption, and the total wind and solar power-generating installed capacity will be further increased by more than 1.2 billion kWh by 2030. In June 2022, the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission issued the Circular on the Implementation Plan for Carbon Peaking in Urban-Rural Development which proposes to promote the solar-photovoltaic integration in buildings striving to reach 50% coverage of photovoltaic on the roofs of buildings of newly-built public institutions and newly-built plants by 2025. Local governments have also entered relevant policies into force to quicken the development of new energy industries such as photovoltaic and wind power. Under the guidance of policies, China’s power-generating installed capacity amounts to approximately 2.44 billion kWh in the first half of 2022 representing a year-on-year increase of 8.1%. Among them, the wind power-generating installed capacity was approximately 340 million kWh up by 17.2% year-on-year; the solar power-generating installed capacity was approximately 340 million kWh, up by 25.8% year-on-year. In terms of power generation, renewable energy power generation grew steadily in the first half of 2022 representing nearly 31% of the electricity consumption in China. (Data from National Development and Reform Commission, National Bureau of Statistics, and National Energy Administration of the PRC).

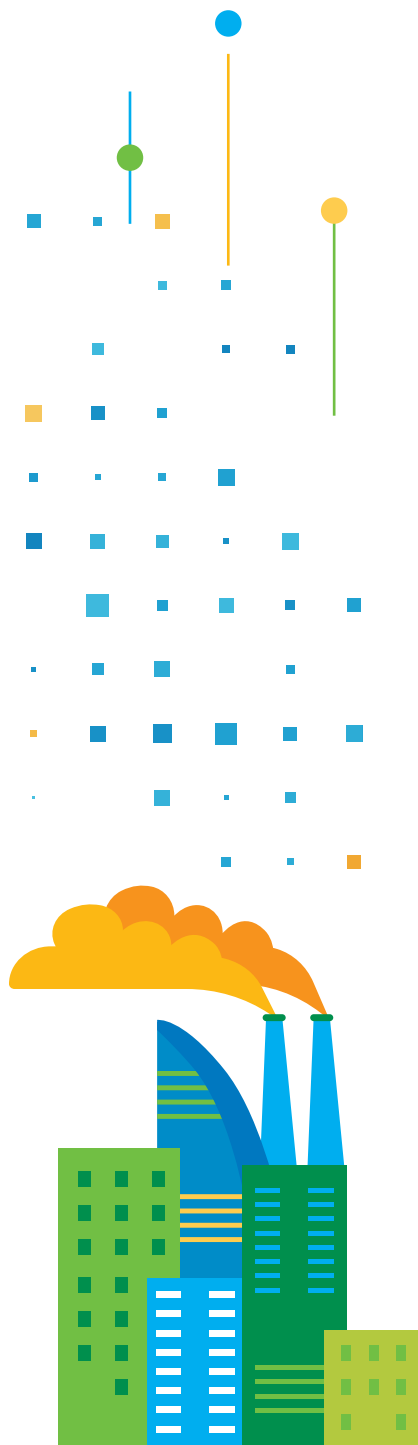


#### 4. Energy production

In the first half of 2022, the domestic coal market saw a great improvement in supply and demand over last year but the phased tight coal supply remained. In view of the fluctuations in international energy prices and expected recovery of domestic power consumption, the government authorities propose to increase 300 million tons of effective production capacity and realize 12.6 million tons of raw coal production per day. According to the National Bureau of Statistics in China, the total raw coal production was 2.19 billion tons in the first six months of the year representing a year-on-year increase of 11% accelerating by 4.6 percentage points over the same period last year. As for imports, the cost of energy imports increased above domestic price as they were affected by volatility in international energy prices with the price inversion discouraging imports. In the first half of the year, 115 million tons of coal were imported, which was down by 17.5% year-on-year. The decrease in supplies of imported coal is expected to further support domestic coal prices.

In the second half of the year, demand-side performance will be a key variable. In the absence of unexpected events, high coal prices are expected to lead to considerable volatility. In addition, governments have introduced certain stimulus policies to strengthen infrastructure development which is expected to boost demand for cement and other building materials in the second half of the year, thereby, leading to increased demand for coal. With respect to coal supply, amidst such high prices, the policy to increase production and protect supply will not waver and domestic coal production in the second half of the year will remain elevated with a moderate increase. For imports, international energy tensions may see a marginal improvement but price inversion of high-card coal between domestic and foreign markets will likely not see a change. China's imports are expected to remain low in the second half of 2022.

China's methanol market price declined after a rise in the first half of the year. In terms of the methanol fundamentals, olefin output was reduced by a slight amount on the demand side but the traditional downstream business saw a small increase meaning the growth was flat or experienced a slight year-on-year increase; on the supply side, China's methanol capacity slowed down in the first half of the year with only one set of devices being put into operation. Currently, China's methanol production capacity amounted to 98.21 million tons, including 35.43 million tons for the first half of the year; total imports amounted to approximately 6.1 million tons. Overall, China's methanol performance in the first year of the year was weaker with demand remaining stable and supply still higher than demand. (Data from General Administration of Customs and JLC).





## (II) Principal Business

Our principal business includes natural gas sales, integrated energy business, engineering construction and installation, energy production, and value-added business.

### 1. Natural gas sales

The Company further divides the natural gas sales business into direct sales, retail and wholesale of natural gas based on differences in natural gas procurement, customer structure, business model, and other factors.

#### a) Direct sales of natural gas

The Company purchases natural gas mainly from overseas sources supplemented by resources from domestic self-owned or entrusted LNG liquid plants and unconventional resources and then sells them to customers including domestic industrial users, city-gas distributors, power plants and transportation energy sectors etc. Regarding international procurement, the Company purchases natural gas from international natural gas producers or traders by signing long-term purchase agreements and spot contracts. At present, the Company has signed the long-term sale and purchase agreements with Total, Origin Energy, Chevron Corporation, Cheniere, Novatek, Energy Transfer and Next Decade and the total volume amounted to 7.14 million tons per year. On the basis of spot procurement, the Company flexibly carries out spot bidding and procurement based on the needs of downstream customers and the natural gas market situation at home and globally. Our international natural gas resources are linked to international mainstream energy indexes such as JCC, Brent and HH to prevent and defuse various price risks. In terms of domestic resources, the Company purchases unconventional resources such as coal-to-gas, coalbed methane and scattered well gas. At the same time, we obtain LNG liquid plant resources through equity investment, OEM and other means.



Cheniere Energy delivered first ship of long-term contract LNG to ENN-NG



ENN-NG and Novatek Regs Deepen Cooperation Summit

### *b) Retail of natural gas*

Regarding the retail business of natural gas, the Company purchases and delivers natural gas to end users from industry, commerce, residents and transportation after gasification, pressure regulation, impurity removal, dehydration, odorization, etc. through the pipeline network.

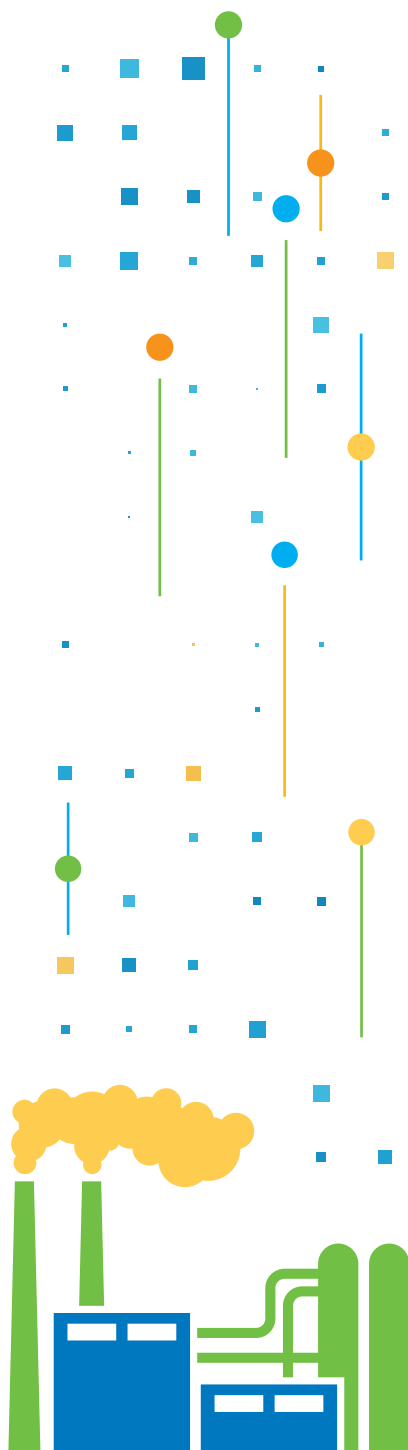
Our upstream gas suppliers are mainly the three oil & gas Chinese state-owned enterprises, namely CNPC, Sinopec and CNOOC. Meanwhile, the Company will purchase pipeline gas from other suppliers and LNG resources in due course for supplementation based on the needs of downstream customers and the natural gas market situation at home and abroad.

The purchase prices of non-pipeline gas (mainly LNG) are determined by the market and are mainly affected by domestic and global supply and demand patterns. The National Development and Reform Commission formulated and adjusted citygate prices, which is in the process of transitioning to a flexible price formation mechanism. China is gradually relaxing citygate price control and the citygate benchmark price determined by the National Development and Reform Commission has been adopted with the market-oriented reform of the domestic natural gas industry. Upstream gas suppliers can charge a certain percentage above the base price or below it without a downside limit, according to the supply and demand situation.

The sales price for commercial and industrial users is adopting the government-guided price. At present, China's various cities have established the price linkage mechanism for non-residential gas sales. When upstream gate station prices change, the Company may apply for an adjustment to the gas sales price for non-residential users based on the range of the change. The sales price for residential users shall be determined by the local government.

### *c) Wholesale of natural gas*

The wholesale of natural gas, as a supplement to natural gas retail, can timely respond to the needs of diversified customers. The Company purchases natural gas from nearly 100 domestic LNG liquid plants, coastal terminals and other suppliers and then sells it to natural gas traders and other customers by leveraging the huge gas source network, intelligent dispatching system and strong logistics and transportation capabilities.



## 2. *Integrated energy*

Driven by the concept of integrated energy and based on customer demand for energy saving and cost reduction as well as low-carbon transformation, the Company has integrated natural gas with other renewable energy sources such as biomass, photovoltaic and geothermal, according to local conditions providing customers with customized integrated energy supply and low-carbon intelligent solutions for cooling, heating, steam and electricity. This helps realize multi-energy collaborative supply and comprehensive cascade utilization of energy. The Company also uses integrated technology to achieve energy allocation among multiple energy stations adopting the optimal operation and control strategy to meet the safe, efficient, clean and economical energy needs from users to achieve energy efficiency improvement and emission reduction.

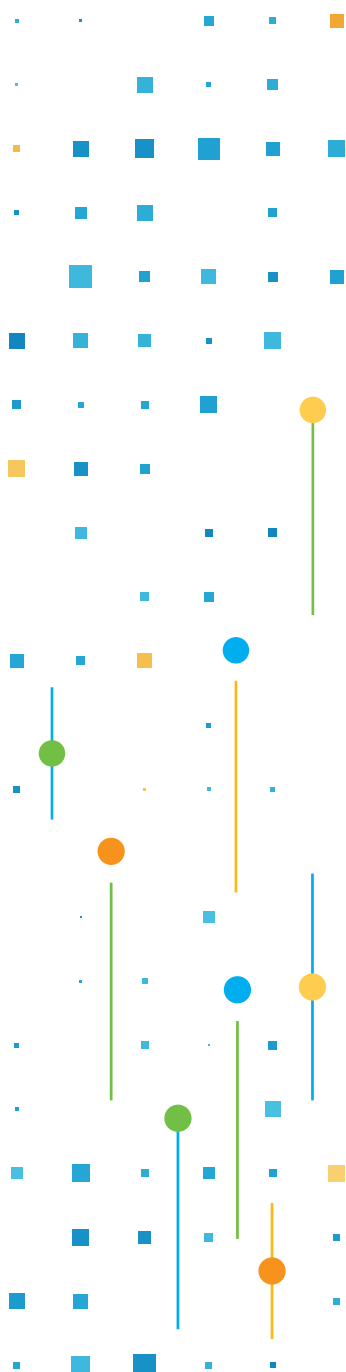
## 3. *Engineering construction and installation*

Engineering construction and installation businesses are mainly divided into construction and installation business and EPC business.

### a) *EPC business*

The Company has Class-A design qualifications and Level-1 general contracting qualifications in chemical, petrochemical and pharmaceutical industries and is qualified to obtain projects through bidding and has provided customers from the natural gas, hydrogen, chemical, pharmaceutical and low carbon and digital intelligence sectors with overall solutions for the entire cycle of projects, including planning and consulting, engineering design, equipment and material procurement, equipment integration, project construction and digital delivery. The engineering projects that we participated in include 4 LNG terminals, more than 10 LNG liquefaction plants, more than 2,500 kilometers of long-distance pipelines and more than 8,000 kilometers of medium- and high-pressure pipelines. They have demonstrated good performance over the long term and have won various





awards, including the Tien-yow Jeme Civil Engineering Prize. At the same time, the Company has undertaken engineering projects relating to hydrogen energy since 2011. With more than 10 years of experience in hydrogen production engineering, we have participated in 39 hydrogen production projects covering mainstream hydrogen production methods using coal, natural gas and water electrolysis. In the future, leveraging independent R&D and cooperation, our engineering construction business will be empowered by more cutting-edge and low-carbon technologies in terms of green hydrogen production, energy storage, CCUS (Carbon Capture, Utilization and Storage), and geothermal, and the like. Driven by core technologies and the digital intelligent design relying on leading intelligent project management and delivery capabilities, the Company delivers to customers a low-carbon engineering design, carbon footprint tracking, carbon trading, smart safety production and operation, digital twin factories and other smart engineering projects that connect the full-cycle carbon chain.

#### *b) Natural gas construction and installation*

The Company has provided construction and installation services relating to gas-use equipment for residential, commercial and industrial users. The installation services for residential users target newly-built commodity houses and old residential houses without installing pipeline gas and specifically include the installation and construction of the courtyard pipeline network and indoor facilities within the red line of residential buildings with charges for installation. The installation services for commercial and industrial users refer to the installation of pipeline gas projects for industrial, commercial, welfare units and other customers. For construction and installation, engineering contractors and material suppliers were selected mainly through bidding. In some regions, the pricing of engineering installation business was implemented under relevant policies and regulations of the provincial and municipal development and reform commissions for engineering installation fees while a market-based pricing mechanism has been adopted in other regions.



Zhangjiakou hydrogen energy industrialization park construction project

#### 4. Energy production

##### a) Coal

The Company owns the mining rights of Wangjiata Coal Mine and entrusts a third party with coal mining and washing. With a capacity of 8 million tons/year, Wangjiata Coal Mine is characterized by simple and stable geological structure and good coal quality. The type of coal includes non-stick coal as the mainstay and long candle coal. The Company's main coal products include blended coal and clean coal. The blended coal is usually used as steam coal due to its high ash content while the cleaned coal, featuring low ash and other impurity content, is suitable as high-quality coal for special purposes and may be used as raw materials for the coal chemical industry. The Company fixed the coal sales price on the next day for end users or traders with reference to the price trend of domestic and surrounding regional coal markets, thermal coal around the Bohai Sea as well as the sales prices of coal of similar quality in surrounding coal mines. The transaction mode of payment in advance of delivery has been adopted as well.

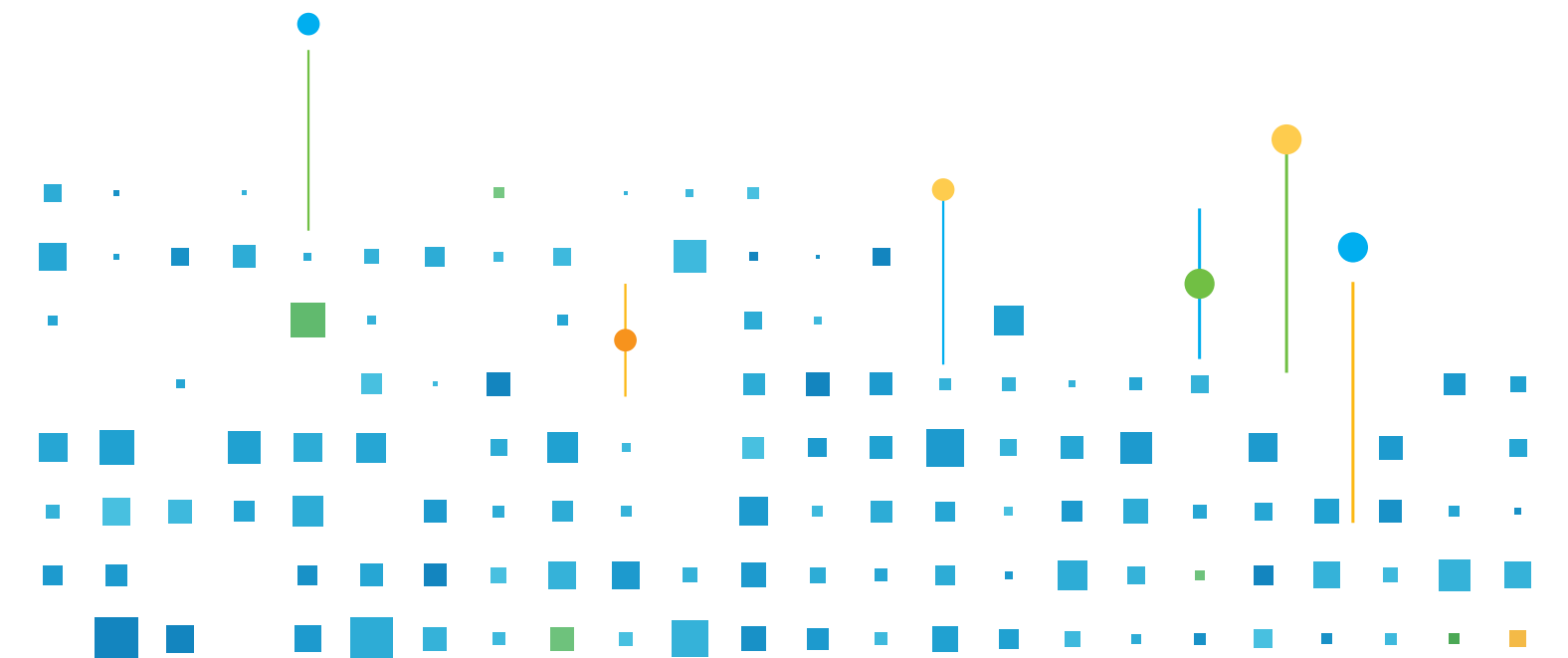
##### b) Methanol

Our methanol business includes the production and sales of methanol. The main raw material of the Company's methanol products is coal which is mainly purchased from Ordos City, Inner Mongolia, and surrounding areas. At present, the Company has two sets of production units with a total designed capacity of 1.2 million tons per year. Our customers are mainly concentrated in large and medium-sized terminal chemical enterprises and have gradually extended to emerging downstream customers such as fine chemicals and methanol fuel.

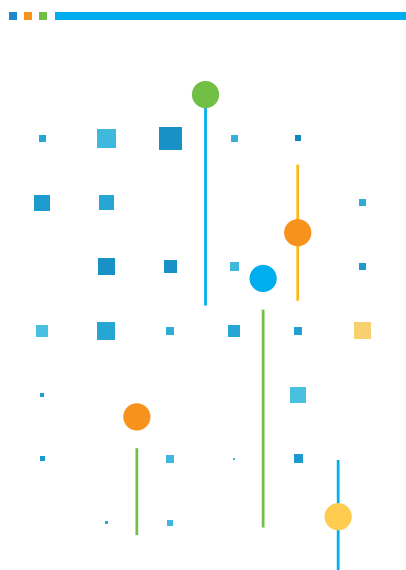


## 5. Valued-added business

Adhering to the principle of customer-centricity, the Company has been focused on meeting customer demands for improved safety, low-carbon solutions, a high degree of comfort and individuality and it has strived to establish a smart city and smart home service platform that aggregates and empowers ecological partners and provides family customers with three core service products, namely a safe home, a low-carbon home and a smart home to meet customers' diversified and personalized demands becoming an ecological operator for "safe, low-carbon and smart" family life. Based on years of practice and data accumulated within the natural gas industry, the Company has linked the demand and supply of natural gas, aggregated industrial ecology, intelligently matched the needs of all ecological parties and provided intelligent products and digital intelligence solutions for customers and ecological parties through the Internet of Things, big data, artificial intelligence, edge computing, joint learning and other digital intelligence technologies utilizing knowledge on the natural gas industry, customers, resources and infrastructure driving industrial transformation and improving the overall capability within the industry.



## II. Analysis of Core Competitiveness during the Reporting Period

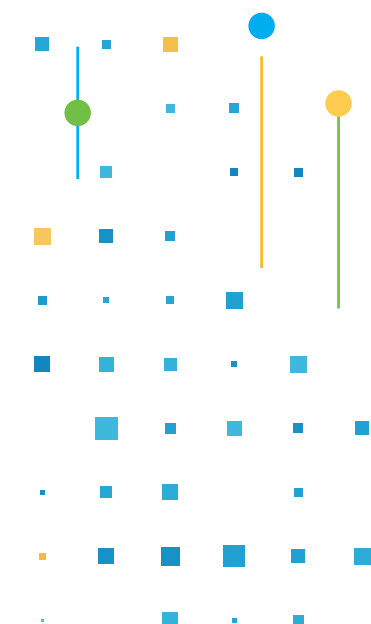


Volume of LNG long-term contracts signed in the first half of 2022

**4.8** million tons

Total volume of LNG long-term contracts

**7.14** million tons

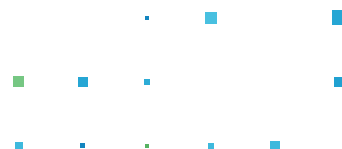


### 1. Build an intelligent ecological operator in the natural gas industry capitalizing on the integrated upstream and downstream layout

As of the end of June, the Company has 254 city-gas projects in total with a strong downstream distribution capacity covering 20 provinces nationwide, most of which are located in the economically developed coasted regions in Southeast China. In the first half of 2022, the Company sold a total of 18,836 million cubic meters representing 10.4% of total natural gas apparent consumption. As the dual carbon policy will continue to be pursued, the market share will be further expanded.

Meanwhile, regarding the acquisition of upstream resources, the Company flexibly utilized and operated gas and liquid, onshore and offshore gas resources from international and domestic markets subject to long-term contracts and spot contracts to optimize the resource pool. Domestically, the Company has deepened its strategic cooperation with major oil companies, including CNPC, Sinopec and CNOOC to obtain incremental pipeline gas contracts and strengthened ecological cooperation for resource and facility exchange to stabilize the resource base volume. At the same time, the Company has acquired a total of more than 3 million cubic meters per day of unconventional resources through stable cooperation with unconventional resource suppliers in Shanxi, Shaanxi, Sichuan and Chongqing and achieved a complementary balance of resources through various cooperation models in Hebei, Shandong and other regions. The Company obtained 600 trucks per day of resources from domestic LNG plants through greatgas.cn and Zhiyuntong. To establish an international resource pool, the Company has signed new long-term contracts for 4.8 million tons of international LNG resources in the first half of 2022 pushing total volume to 7.14 million tons increasing the stability of resources. Long-term contracts linked to various price indices and adopting diversified delivery methods can diversify risks gaining an advantage in stable prices and flexible use.

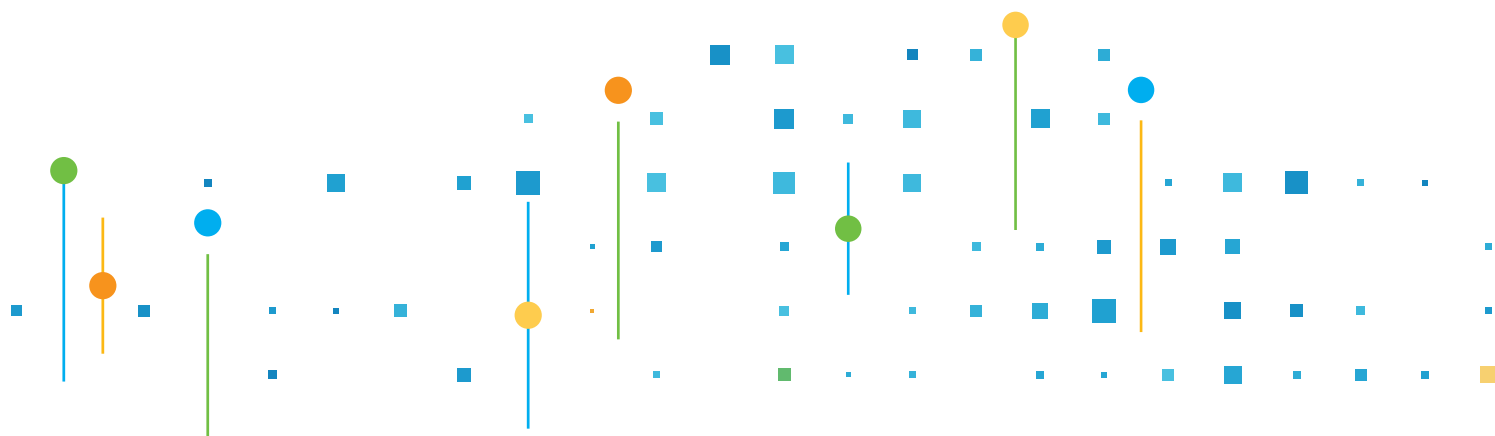
With a strategic advantage in the integrated upstream and downstream layout, the Company can resist uncertain risks posed by high inflation and economic downturn. In the context of high energy prices internationally in the first half of the year, the Company has flexibly adjusted the percentage of international resources, enlarged unconventional resources and those from domestic liquid plants and linked international and domestic resources meeting customer needs to maximize value.



## 2. Build infrastructure and key pathways in an orderly manner to optimize the physical delivery network

By seizing the opportunity presented by the opening up and marketization of PipeChina, the Company has applied for and obtained the qualifications as a shipper of PipeChina and obtained the right to use the pipe capacity of the main gas transmission pipeline. As for pipeline capacity acquisition, the Company has acquired 7 upload points and 52 download points for PipeChina's resources and the pipeline capacity has reached 3 million cubic meters per day. We have also signed more than 60 pipeline consignment agreements, which cover the economically developed coastal regions in East China and enable flexible scheduling of resources across provinces and regions. Therefore, the Company has become an operator with a nationwide inter-provincial onshore pipeline transmission network. The Company has optimized deliveries nationwide by leveraging the pivotal role of Zhoushan Terminal amplifying the synergistic effect of the natural gas industry. Meanwhile, the Company has acquired 10 window slots through centralized and decentralized acceptance. The Company has expanded cooperation modes with PipeChina to enhance the flexibility of the windows and has become a shipper with the best performance capability in addition to the three major oil companies.

Regarding gas storage facilities, the Company obtained 80 million square meters of gas storage capacity from PipeChina in the first half of 2022. CNPC and other several partners based on actual and virtual conditions have dynamically adjusted the pace of gas injection from gas storage reservoirs and leveraged gas storage regulation to suppress the fluctuations in downstream demands which significantly improves the flexibility of pipeline gas deployment.



### 3. Promote the approval for the major asset reorganization project of ENN Zhoushan LNG Terminal

The reorganization project of Zhoushan Terminal was approved by the China Securities Regulatory Commission completing an asset transfer and share issuing in August 2022. Upon the completion of this reorganization, ENN-NG will be able to flexibly utilize the pivotal role of Zhoushan Terminal. Therefore, the synergies of the upstream, midstream and downstream will efficiently empower the industry chain and integrate business model expansion, business information sharing and operation cost control which will significantly improve the efficiency of our integrated operation and further release the value of the whole scenario operation.

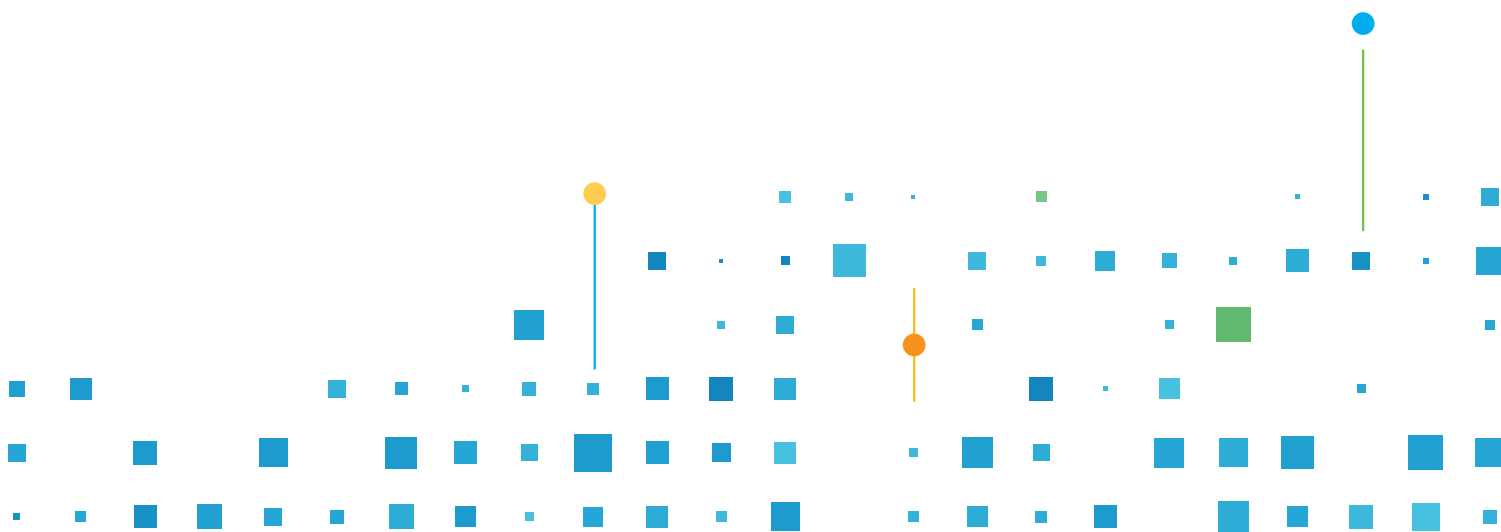
The actual processing capacity of the first and second phases of ENN Zhoushan LNG Terminal can reach 7.5 million tons/year which is among the top in the industry demonstrating an outstanding advantage in scale. With efficient processing capacity, it closely connects huge consumer markets and customer demand in East China in cities such as Zhejiang, Jiangsu, Jiangxi and Shanghai forming a flexible linkage between domestic and international markets. It can also establish a channel covering the import of LNG resources in North, East, and South China coasts through ecological cooperation such as window exchange and third-party use in the window period developing Zhoushan Terminal into an important platform for global allocation of LNG resources realizing dynamic adjustment for long-term, medium-term and short-term contracts for the purchase of overseas LNG resources forming a more stable and competitive resource pool. In addition, ENN-NG can carry out new businesses through Zhoushan Terminal such as window trading, tank capacity leasing, LNG vessel refueling, offshore bonded warehousing and LNG tanker sea-land intermodal transportation to provide more possibilities to develop flexible and diversified domestic and international sales channels for natural gas.



First ship berthed successfully at Zhoushan LNG terminal in 2022

#### 4. Seize the “dual carbon” opportunity and promote the high-quality development of integrated energy business

With a deep understanding of customers, the Company focuses on developing four types of low-carbon solutions, namely low-carbon parks, low-carbon factories, low-carbon buildings and low-carbon transportation and has strived to establish benchmark demonstrations and expand the integrated energy business at a rapid pace. The Company has focused on new urban areas, industrial transfer parks, parks for companies leaving the city center and emerging industrial parks and made overall planning on the upgrade of energy systems in parks. The Company has paid more attention to export and high-energy-consuming enterprises and formulated tailored policies according to their conditions to build low-carbon factories. It has mainly provided integrated low-carbon building solutions to customers such as public institutions, universities, hotels, hospitals and transportation hubs. The Company has also promoted the charging and switching mode mainly to vehicles such as cabs and ride-hailing and commercial vehicles such as heavy trucks. Since the launch of the national carbon trading market last year, the Company has also been vigorously developing its energy services such as carbon consulting, carbon asset management, terminal energy saving, process optimization and energy facility hosting and operation. The Company has a first-mover advantage in the integrated energy business. Relying on more than 400 core patented technologies, leading solution design and planning capabilities and digital intelligence product empowerment, the Company has been working hard to expand its integrated energy model to ten industries, including glass, ceramics and pharmaceuticals creating benchmarks and rapidly replicating it to rapidly expand the integrated energy business.





## 5. Make progress in digital-intelligent transformation and rapidly empower industrial upgrading

The Company has linked the demand and supply of the natural gas industry through digital intelligence technologies, provided scenario data and made intelligent products leveraging ENN's and the industry's best practices to empower all ecological parties and enhance overall capabilities within the industry. In the first half of 2022, the Company constantly iterated on its digital intelligence products on core natural gas scenarios in business fields such as city-gas, natural gas trade, logistics transmission and distribution, infrastructure operations, design and construction and safe operation and it has made significant progress in applications such as customer awareness, demand and supply matching, intelligent trading and intelligent delivery. In the future, the Company will continue to explore the intelligent platform business model of the natural gas industry, adjust the product ideas in an agile manner, actively promote platform operation and expansion, link the industry ecological partners and support the creation of intelligent products with ENN and the industry's best practices in the whole scenario of natural gas in a bid to empower all parties in the natural gas industry ecology and enhance the overall capability of the industry.

## 6. Make continued efforts to improve the ESG governance

In order to actively respond to climate change and the national green and low-carbon development strategy, the Company has released the Green Action 2030 – Carbon Neutral Path of ENN-NG, which sets the long-term goal of achieving carbon neutrality by 2050 and develops an action plan for 2030 in three ways – “promoting



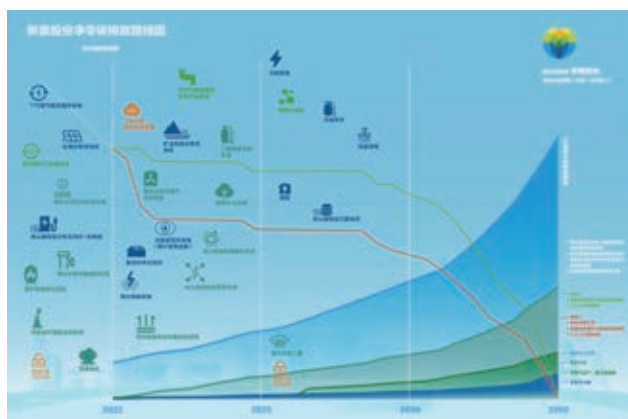
ENN-EN firstly released  
Biodiversity Conservation  
Report



ENN-EN released  
Environmental, Social and  
Governance Report of 2021

its own emission reduction, serving the low-carbon development of society, and promoting the practice and application of green technologies". **[For details, please refer to the attached official website: <https://www.enn-ng.com/social/develop.html>]** The Company has continuously tracked the implementation of indicators under the Green Action 2030 and has completed the design and development of an ESG data board for all employees so that the Company can continuously track the implementation of emission reduction targets in its daily operations and ensure all carbon reduction commitments will be achieved by 2030. In response to the national ecological protection strategy and the UN ecological protection target, the Company released its first Biodiversity Conservation Report on the International Biodiversity Conservation Day. The report systematically shows the whole scenario of our business and explains the possible ecological impacts of our business operations and conservation measures from five dimensions, i.e. land use change, climate change, pollution, over-exploitation and species invasion and incorporates the concept and measures of biodiversity conservation into our corporate strategies and daily operations implementing biodiversity and ecological conservation with practical actions.

In the first half of this year, the Company also started to conduct Scope 3 GHG emission statistics with a focus on upstream and downstream GHG emissions caused by upstream procurement, transportation, energy consumption and sales of gas and it plans to complete all 15 categories of Scope 3 GHG emission statistics in accordance with the GHG Protocol within the year. The Company will proactively promote its sustainable development, continuously establish and improve its ESG governance mechanism and incorporate ESG factors into its strategic decision-making and daily operational management to create long-term, stable environmental, social and corporate value.



ENN-NG released Green Action Report and Net Zero Journey Map

### III. Discussion and Analysis of Operations

In the first half of 2022, despite the persistently rising oil and natural gas prices and the slowdown in the global economy, coupled with the COVID-19 outbreaks in many places of China, the Company upheld its strategic positioning as an intelligent ecological operator in the natural gas industry which fits perfectly with the grand background of the national “dual carbon” policy. Through the accumulated knowledge of the natural gas industry and driven by customer needs, the Company has provided customers with safe, reliable, clean and diversified energy solutions while significantly improving its profitability and generating stable returns to shareholders.

#### 1. Natural gas sales business

##### a) Natural gas direct sale

Total gas sales volume

**18,836** million m<sup>3</sup>

Direct gas sales volume

**2,001** million m<sup>3</sup>

Year-on-year increase

**37.2%**

China's firm carbon peaking and carbon neutrality policy and market-oriented reforms are driving the ongoing rapid development of the natural gas market. The strong demand from large industrial and power plant users outside of the city-gas operating area with high consumption and cost sensitivity provides an opportunity for companies with the ability to flexibly deploy upstream resources to rapidly develop their gas direct sales business. China's dependence on foreign gas supply currently stands at 45% and the future incremental gas supply will still come mainly from overseas LNG imports. The Company can gain revenue from the incremental consumption market by relying on the resources exchange between ENN-Zhoushan Terminal, PipeChina and other resource suppliers and diversified combination and synergy of domestic and overseas resources. In the first half of 2022, facing the high gas price overseas, the Company made flexible resource and market deployment while meeting domestic demands through the acquisition of unconventional and liquid plant resources. With a deeper understanding of customers' demands, the Company has provided flexible and diverse energy product packages to customers by optimizing its market structure and developing sales channels in multiple locations to rapidly expand its gas volume through direct sales. During the Reporting Period, the Company supplied 2,001 million cubic meters of gas through direct sale, a year-on-year increase of 37.2%.

### *b) Natural gas retail*

Based on customer demands, the Company has deeply explored the gas demand of its existing and new customers. As of the end of June 2022, the Company had 254 city-gas projects nationwide covering a population of 128 million. In the first half of 2022, the Company's retail gas sales volume reached 13,065 million cubic meters, an increase of 5.1% over the same period last year.

#### *1) Commercial and industrial ("C/I") users*

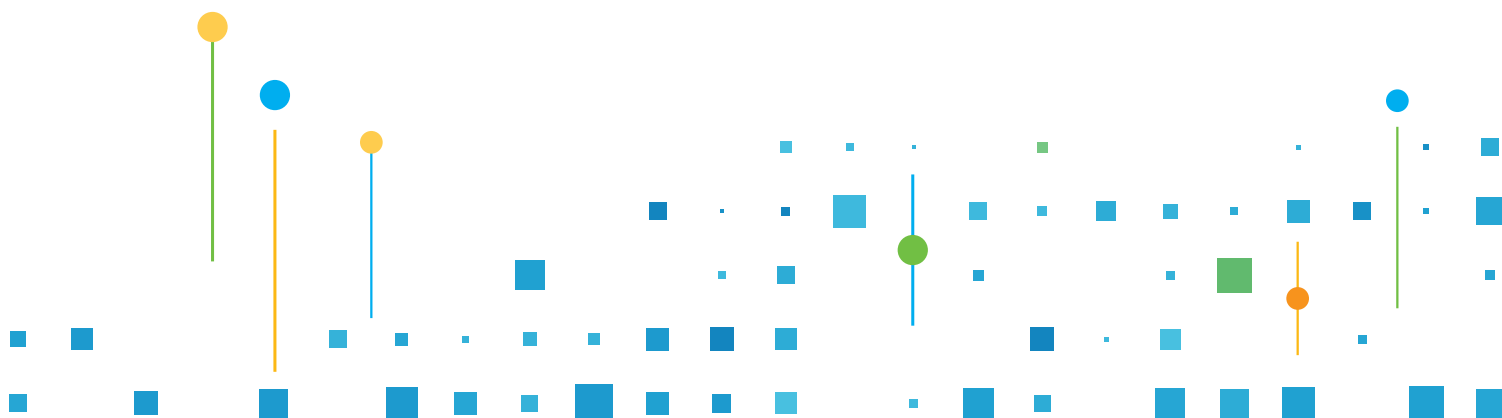
In the first half of 2022, the Company actively promoted the substitution of high-carbon energy with natural gas, optimized energy deployment and demand-side response and continued to expand sale scale by taking multiple measures. During the Reporting Period, the Company's retail sales volume of natural gas to C/I users reached 10.075 billion cubic meters representing a year-on-year increase of 4.8% and accounting for 77.1% of the retail sales volume of natural gas.

#### *2) Residential users*

The large-scale urbanization process and the people's pursuit of a better life quality have continuously brought the Company a large number of opportunities to develop urban residential customers. Benefiting from the gradual use of natural gas by newly developed customers and the adoption of independent heating by more customers, the Company's retail gas sales volume to residential users reached 2.769 billion cubic meters during the Reporting Period representing a year-on-year increase of 12.8% and accounting for 21.2% of the retail sales volume of natural gas.

### *c) Natural gas wholesale*

During the Reporting Period, the Company supplied gas of 3.77 billion cubic meters through wholesale, a year-on-year increase of 5.3%.



Integrated energy sales

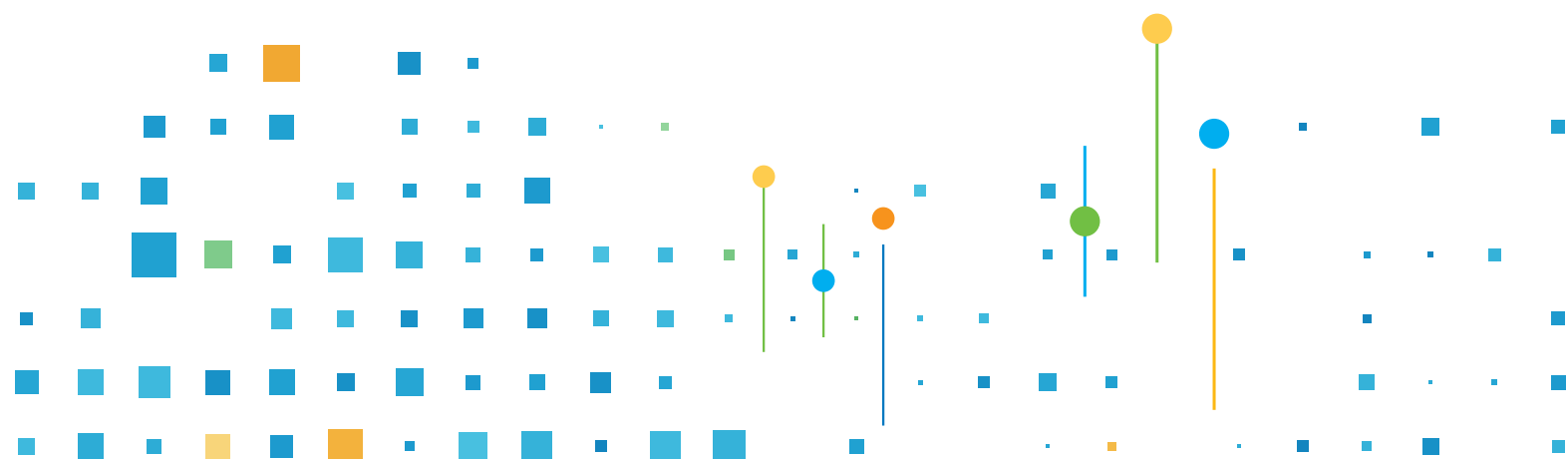
**10,801** million kWh

Year-on-year increase

**34.2%**

## 2. Integrated energy business

With the advancement of environmental protection policies, the upgrading of energy consumption structure and the change of consumption patterns, major economies around the world have announced carbon reduction targets and the 14th Five-Year Plan period is also an important period for China to fully implement its “dual carbon” strategy and for major enterprises to announce their “Dual carbon” roadmaps and implement energy transformation. The Company has seized the opportunity to expand its integrated energy business prioritizing clean energy, providing tailored solutions utilizing various energy sources. Being the energy supplier and power producer at the same time, the Company has developed multi-value lines for its integrated energy business. During the Reporting Period, 27 integrated energy projects were completed and put into operation among a total of 177 integrated energy projects under operation which aggregately brought 10.801 billion kWh of integrated energy sales in respect of cooling, heat, electricity and steam to the Group with a year-on-year increase of 34.2%. In addition, there are also 40 integrated energy projects under construction which is expected to meet a potential integrated energy sales volume of 38 billion kWh when they arrive at full capacity. The low-carbon solutions provided by the Company have not only generated sustainable revenue but also reduced energy consumption for customers by more than 0.68 million tons of standard coal and 2.97 million tons of carbon dioxide emissions which contributed to their low-carbon transition and the improvement in their competitive advantages.



EPC project contracts signed

RMB **3** billion

Year-on-year increase

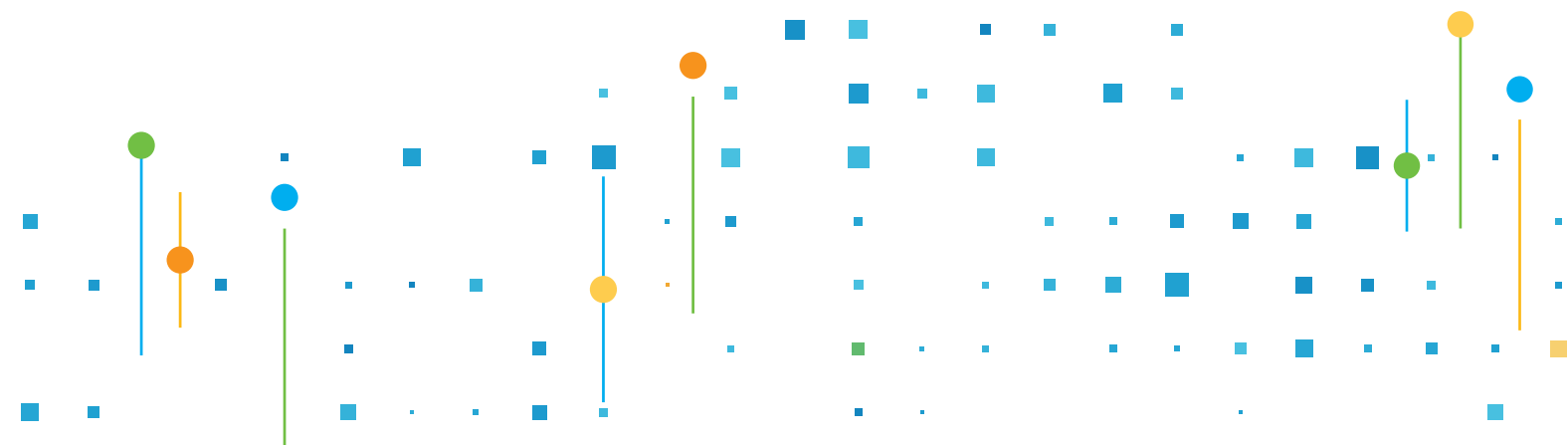
**123.9%**

### 3. Construction and installation and EPC business

The Company has strengthened its recognition of customers and driven by low-carbon design and planning has endeavored to build its efficient, full-cycle low-carbon intelligent construction capability in a bid to enlarge its customer base. Around hydrogen energy, the Company has vigorously developed hydrogen energy technology and core equipment, made efforts in various aspects such as the consulting, design, equipment manufacturing, and construction for hydrogen energy projects and strived to develop a hydrogen energy full lifecycle services solution. Meanwhile, the Company has also made explorations and attempts in the bio-gas field.

In terms of EPC business, the Company signed project contracts involving RMB3 billion during the Reporting Period, a year-on-year increase of 123.9%, of which RMB1.3 billion was related to hydrogen projects.

As for construction and installation, the Company has successfully developed 9,138 C/I users, new C/I installed capacity has reached 9.48 million cubic meters during the Reporting Period. The Company implemented market-based pricing for installation fees for C/I users and the average price remained stable during the year. As at the end of June 2022, the total number of C/I users served by the Company has reached 211,597, the cumulative C/I installed capacity has reached 172 million. Meanwhile, the Company completed the engineering installation for 0.98 million newly developed residential users. As at the end of June 2022, the Company has developed a total of 26.81 million new residential users. The new continuous and stable customers' access to natural gas provides a guarantee for the steady growth of the future sale volume of our natural gas.



Commercial coal sold

**2.57** million tons

Methanol sold

**0.8** million tons

#### 4. Energy production

Leveraging on the fulcrum of coal, methanol and LNG plants, the Company has developed the core capacity of multi-energy supply by connecting the value chain of production, mining, transportation, storage and sales, and linking internal and external ecological resources. During the Reporting Period, the Company has developed diverse customers and sold 2.57 million tons of commercial coal, 0.8 million tons of methanol and 0.18 million tons of LNG from its own and entrusted liquid plants.

#### 5. Value-added business

Adhering to a customer-centered principle, the Company has formed a value-added product family to meet the diversified and differentiated needs of customers bearing in mind the core values of safety, low carbon and intelligence. During the Reporting Period, the penetration rates of new customers increased to 29.6% and existing customers increased to 9.5% respectively. The Company's revenue from the value-added business was RMB1.31 billion representing a year-on-year increase of 56.5%.

Regarding developing natural gas all-scenario digital intelligence products, the Company has developed its digital intelligence products based on the direct trading needs of the upstream and the downstream. The total number of buyers in greatgas.cn has reached 1,695 with 45 new certified buyers and the turnover has reached RMB4.095 billion. The Yuntuyun platform developed by the Company, which is based on the largest tanker capacity pool in China, aims to build an intelligent platform integrating intelligent solutions, SaaS application products, business management system and IoT technology services which provides the whole process services such as enterprise vehicle personnel management, hazardous chemical logistics company management, trading company carrier management, terminal shipment management, dangerous goods freight map and online capacity trading. By the end of June 2022, Yuntuyun added 740 sets of transportation vehicles and the coverage of LNG tankers in the industry reached 79%.

## IV. Key Business Conditions within the Reporting Period

### (I) Principal business analysis

#### 1. Analysis of changes in relevant accounts of the financial statements

Unit: RMB'0000 Currency: RMB

Subject	Current period	Number of the same period last year	Proportion of change (%)
Operating incomes	7,301,974	5,177,299	41.04
Operating cost	6,304,724	4,263,206	47.89
Selling expenses	69,603	71,116	-2.13
Administrative expenses	202,119	174,222	16.01
Financing expense	140,921	13,816	919.98
Research and development expenditure	35,348	32,471	8.86
Taxes and surcharges	35,802	23,526	52.18
Investment incomes from associated ventures and joint ventures	14,390	27,458	-47.59
Income from changes in fair value ("-" for losses)	-10,486	24,251	-143.24
Credit impairment loss ("-" for losses)	-9,158	1,307	-800.69
Assets impairment loss ("-" for losses)	-1,233	-286	-
Gain on disposal of assets ("-" for losses)	-1,288	-5,076	-
Non-operating expenses	3,251	5,776	-43.72
Net of tax for other comprehensive income	-122,523	1,138	-10,866.52
Net cash flow from operating activities	676,261	554,854	21.88
Net cash flow from investment activities	-358,384	-192,958	-
Net cash flow from financing activities	-13,695	-273,823	-

Other instructions:

1. The Operating income increased by 41.04% compared with the same period last year, and the Operating cost increased by 47.89% compared with the same period last year, mainly due to the increase in unit price, volume of Gas business and Integrated energy business of the subsidiary of the Reporting Period.



2. The Financing Expense increased by 919.98% over the same period last year, mainly due to the depreciation of RMB in the Reporting Period and exchange loss on U.S.dollar denominated debt held by a subsidiary of the company.
3. Taxes and surcharges in the current period increased by 52.18% compared with the same period of last year, mainly due to the increase of resource tax accrued by the company's subsidiary Xinneng Mining Industry was due to the increase in resources during the Reporting Period.
4. The investment incomes from associated ventures and joint ventures decreased by 47.59% compared with the same period last year, which was mainly due to the decrease in return on investment recognized by the Reporting Period's affiliates and joint ventures.
5. Compared with the same period last year, the Income from changes in fair value decreased by RMB347 million in the current period, which was mainly due to the decline in the fair value of derivatives held by subsidiaries of the Reporting Period.
6. Credit impairment losses increased by RMB105 million in the current period compared with the same period last year, which was mainly due to the increase in the balance of receivables of the subsidiaries of the Company in this Reporting Period compared with the same period last year, and the corresponding increase in the provision for impairment.
7. The asset impairment loss increased by RMB9 million yuan in the current period compared with the same period of last year, mainly due to the provision for impairment of some gas station assets by subsidiaries of the company during the Reporting Period.
8. The income from asset disposal increased by RMB38 million yuan in the current period compared with the same period of last year, mainly due to the decrease in the net loss from the disposal of fixed assets and the increase in the net income from the disposal of intangible assets of the company's subsidiaries during the Reporting Period.
9. Non-operating expenses for the current period decreased by 43.72% compared with the same period last year, mainly due to the decrease in the scrap loss of waste materials of the Company's subsidiaries during the Reporting Period.
10. Net of tax for other comprehensive income decreased by RMB1,237 million yuan in the current period compared with the same period last year, mainly due to the decrease in the cash flow hedge reserve of the Company's subsidiaries in the current Reporting Period.
11. Compared with the same period last year, the net cash flows from investing activities decreased by RMB1,654 million yuan, which is mainly due to the sale of the Company's associate company, Xinneng Fenghuang (Tengzhou) Energy Co., Ltd. (now renamed as Lianhong (Shandong) Chemical Co., Ltd.) in the same period last year and the increase in structured deposits and investment in joint ventures by the Company's subsidiaries during the current Reporting Period.
12. The net cash flow from financing activities increased by RMB2,601 million compared with the same period last year, mainly due to the payment made by subsidiaries of the company to acquire the equity of ENN Energy Holdings Limited under common control in the same period of the previous year.

Unit: RMB'0000 Currency: RMB

Items	Current period	Number of the same period last year	Change ratio (%)
Cash received from selling goods and providing labor service	8,444,347	5,708,329	47.93
Net increase in customer deposits and interbank deposits	1,503	2,936	-48.81
Net increase in funds from repurchase business	24,710	47,090	-47.53
Net decrease in customer loans and advances	6,990		Not Applicable
Refund of taxes received	155,682	2,116	7,257.37
Cash received from other operating activities	26,529	40,240	-34.07
Cash paid for purchasing goods and accepting labor services	7,244,899	4,608,057	57.22
Net increase in loans and advances to customers		9,140	-100.00
Other taxes and dues	320,817	238,253	34.65
Cash received from investment return	55,017	40,969	34.29
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	9,603	3,036	216.30
Other cash received related to investment activities	42,207	64,232	-34.29
Cash paid for investments	728,513	499,681	45.80
Net cash paid to acquire subsidiaries and other business units	6,335	17,092	-62.94
Cash received from investment absorption	5,323	322,898	-98.35
Cash received from loan	1,028,990	1,581,231	-34.92
Other cash received related to financing activities	64,413	14,488	344.60
Cash paid for debt repayment	971,607	1,835,221	-47.06
Other cash payments related to financing activities	50,963	252,603	-79.82

Other instructions:

1. The cash received from selling goods and providing labor services increased by 47.93% in the current period compared with the same period last year, and the cash paid for purchasing goods and accepting labor services increased by 57.22% in the current period compared with the same period last year, mainly due to the increase in the unit price of natural gas business (wholesale and retail) of the company's subsidiaries, the increase in gas volume and the rapid growth of Integrated energy business during the Reporting Period.
2. The net increase of customer deposits and interbank deposits in the current period decreased by 48.81% compared with the same period last year, which was mainly caused by the decrease in the net increase of deposits absorbed by the finance company of the Company in the current Reporting Period compared with the same period of the previous year.
3. The net increase in funds for repurchase business decreased by 47.53% compared with the same period last year. It is mainly due to the increase in the rediscount service repayment to the central bank by the financial company to which the company belongs during the Reporting Period compared with the same period last year.
4. The net decrease in customer loans and advances in the current period increased by RMB161 million compared with the same period last year, mainly due to the increase in the net inflow of funds resulting from the Company's factoring business and financial leasing business during the Reporting Period.
5. The refund of taxes received increased by 7,257.37% over the same period last year, which was mainly due to the increase in VAT retention tax rebate and import VAT rebate received by the company's subsidiary during the Reporting Period.
6. The cash received related to other business activities decreased by 34.07% in the current period compared with the same period last year, which was mainly due to the reduction of performance security deposits and deposits received by the subsidiaries of the company during this Reporting Period.
7. Other taxes and dues paid in the current period increased by 34.65% compared with the same period last year, which was mainly due to the increase in income tax and value-added tax paid by the subsidiaries of the company in the current Reporting Period.
8. The cash received from investment return increased by 34.29% in the current period compared with the same period last year, which was mainly due to the increase in the cash received from the derivatives settlement of the subsidiaries of the company in the current Reporting Period.
9. Net cash received from the disposal of fixed assets, intangible assets and other long-term assets increased by 216.30% in the current period compared with the same period last year, mainly due to the increase in cash received from the disposal of houses and land use rights by the subsidiaries of the company during the Reporting Period.
10. Other cash received related to investment activities decreased by 34.29% compared with the same period last year, mainly due to the decrease in current accounts received by subsidiaries of the Reporting Period from associates and joint ventures.

11. The cash paid for investments in the current period increased by 45.80% compared with the same period last year, which was mainly due to the increase in the financial product business of the company's subsidiaries and the increase in investment in joint ventures during the Reporting Period.

12. The net cash paid to acquire subsidiaries and other business units decreased by 62.94% in the current period compared with the the same period last year, which is mainly due to the decrease in equity purchase price paid in the current Reporting Period.

13. The cash received from investment absorption decreased by 98.35% in the current period compared with the same period last year, which is mainly due to the same period last year's receipt of supporting funds raised by non-public offering for major asset restructuring.

14. The cash received from loans decreased by 34.92% in the current period compared with the same period last year, which was mainly due to the decrease in the issuance of US dollar bonds and loans obtained by the subsidiaries of the Company during the Reporting Period.

15. Other cash received related to financing activities in the current period increased by 344.60% compared with the same period last year, which was mainly due to the increase in the discounted bills received by the subsidiaries of the Company in the current Reporting Period.

16. Cash paid for debt repayment decreased by 47.06% in the current period compared to the same period of the last year, mainly due to the reduction in the repayment of maturing dollar debt and loans by the Company's subsidiaries during the Reporting Period.

17. Payment of other cash related to financing activities decreased 79.82% in the current period compared to the same period of the last year, mainly due to the Company's subsidiary paying for the acquisition of ENN Energy Holding Co., LTD., under the same control.

**2. *Detailed description of significant changes in the company's business type, profit composition or profit source during the current period***

☐ Applicable    ☒ Not Applicable

## (II) Description of significant changes in profit due to non-principal business

☐ Applicable ☒ Not Applicable

## (III) Analysis of assets and liabilities

☒ Applicable ☐ Not Applicable

## 1. Assets and liabilities

Unit: RMB'0000 Currency: RMB

Project name	Amount at the end of the current period	Proportion of total assets at the end of the current period (%)	Amount at the end of the previous year	Proportion of total assets at the end of last year (%)	Proportion of change in the amount at the end of the current period compared with that at the end of the previous year (%)	Description of situations
Lending funds	370,524	2.83	222,099	1.74	66.83	
Held-for-trading financial assets	44,660	0.34	15,510	0.12	187.94	
Derivative financial assets	370,660	2.83	281,628	2.20	31.61	
Dividend receivable	13,655	0.10	21,708	0.17	-37.10	
Non-current assets due within one year	858	0.01	12,061	0.09	-92.89	
Loans and Advances			1,097	0.01	-100.00	
Development expenditure	32,559	0.25	1,437	0.01	2,165.76	
Derivative financial liabilities	486,786	3.72	209,051	1.63	132.86	
Financial assets sold for repurchase	80,200	0.61	55,490	0.43	44.53	
Salary payable	77,082	0.59	110,869	0.87	-30.47	
Other payables	409,065	3.12	237,047	1.85	72.57	
Dividends payable	245,247	1.87	24,669	0.19	894.15	
Bonds payable	1,404,477	10.73	984,096	7.69	42.72	
Other non-current liabilities	315,695	2.41	454,231	3.55	-30.50	
Treasury stock	19,340	0.15	12,545	0.10	54.17	
Other comprehensive income	-74,165	-0.57	27,459	0.21	-370.09	

Other instructions:

1. The lending funds at the end of the period increased by 66.83% compared with that of the previous year. This was mainly due to the increase in deposits absorbed by the affiliate company's finance company during the Reporting Period.
2. Held-for-trading financial assets at the end of the period increased by 187.94% compared with the end of the previous year, mainly due to the increase in the structured deposits of the subsidiaries of the company in this Reporting Period.
3. The derivative financial assets at the end of the period increased by 31.61% compared with the end of the previous year, mainly because the maturity of derivative financial instruments contracts held by subsidiaries of the Company changed from long-term to within one year during the Reporting Period, and the derivative financial instruments reported in other non-current financial assets were reclassified to derivative financial assets.
4. The decrease of 37.10% at the end of the Dividend receivable was mainly due to the Reporting Period's recovery of dividends declared by the joint venture.
5. The decrease of 92.89% at the end of the Non-current assets due within one year was mainly due to the recovery of due factoring by subsidiaries of the Reporting Period.
6. Loans and advances at the end of the period decreased by RMB11 million yuan compared with the end of the previous year, mainly due to the repayment of Reporting Period's clients.
7. Development expenditure at the end of the period increased by 2,165.76% compared with the end of the previous year, mainly because the subsidiaries of the company carried out technology research and development and digital construction during the Reporting Period, safety, management, ubiquitous digital intelligence, Haoqi network ecological platform, intelligent customer service platform and other projects increased investment.
8. The Derivative financial liabilities at the end of the period increased by 132.86% compared with the end of the previous year, mainly due to the reclassification of derivative financial instruments presented in the other non-current liabilities to Derivative financial liabilities and the decline in fair value of some derivative financial instruments.
9. At the end of the period, the amount of the Financial assets sold for repurchase increased by 44.53%, which was mainly due to the increase in discounted bills received by the financial company to which the company belongs from the enterprise in this Reporting Period, coupled with the increase in the policy support of the People's Bank of China, and the increase in the rediscount into the funds.
10. Salary payable at the end of the Reporting Period decreased by 30.47% compared with that at the end of the previous year, which was mainly caused by the company and its subsidiaries issuing performance incentives accrued in the previous year during the Reporting Period.

11. Other payables at the end of the period increased by 72.57% compared with the end of the previous year, mainly due to the increase in dividends payable by the company and its subsidiaries during the Reporting Period.

12. Dividend payable at the end of the year increased by 894.15% compared with the end of the previous year, mainly due to the dividend distribution announced by the company and its subsidiaries during the Reporting Period.

13. The Reporting Period increased by 42.72% at the end of the bonds payable mainly due to the issuance of US dollar senior notes by subsidiaries to replace maturing overseas US dollar bonds.

14. Other non-current liabilities at the end of the period decreased by 30.50% compared with the end of the previous year, mainly because the maturity of derivative financial instrument contracts held by subsidiaries of the Company changed from long-term to within one year during the Reporting Period, and the derivative financial instruments reported in other non-current liabilities were reclassified to derivative financial liabilities.

15. Treasury stock at the end of the period increased by 54.17% compared with the end of the previous year, mainly because the company repurchased the company shares in the form of centralized bidding transactions in this Reporting Period.

16. Other comprehensive income at the end of the period decreased by 370.09% compared with the end of the previous year, which was mainly due to the decrease in the cash flow hedging reserves of the subsidiaries of the company in this Reporting Period.

## 2. *Overseas assets*

☒ Applicable   ☐ Not Applicable

### (1) *Asset size*

Including: overseas assets 1,232,637 (unit: RMB'0000 currency: RMB), accounting for 9.41% of the total assets.

### (2) *Relevant explanations for the high proportion of overseas assets*

☐ Applicable   ☒ Not Applicable

Other instructions

None

### 3. Restricted main assets as at the end of the Reporting Period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Project	Closing balance	Opening balance	Reason for restriction
Monetary fund	121,250	131,361	Statutory reserves deposited with the Central Bank, bank acceptance margin, etc.
Fixed assets	2,818	57,125	Loan mortgage
Intangible assets	250	254	Loan mortgage
Held-for-trading financial assets	44,310	15,160	Structured deposit pledge
Total	168,628	203,900	

Other instructions:

1. The restricted monetary fund is mainly the company's reserves and deposits in various financial institutions, mainly including the legal reserves deposited with the central bank of RMB524 million, and the bank acceptance bill deposit of RMB234 million.

2. The Company pledged the gas charging rights of some subsidiaries as a guarantee for obtaining bank credit.

### 4. Other instructions

☐ Applicable ☒ Not Applicable

## (IV) Investment status analysis

### 1. Overall Analysis of Equity Investment

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Total equity investment in the current period	Total equity investment in the same period last year	Year-on-year increase or decrease (%)
138,035	25,232	447.06

Total equity investment increased by 447.06% over the same period last year, mainly due to the increase in investment and the establishment of new companies in the Reporting Period over the same period last year.

#### (1) Significant equity investments

☐ Applicable ☒ Not Applicable

#### (2) Significant non-equity investments

☒ Applicable ☐ Not Applicable



Unit: RMB'0000 Currency: RMB

Project name	Project amount	Project progress (%)	Amount invested in the current year	Accumulated actual investment amount	Project income	Detailed description of material changes in funds
Langfang LNG gas storage station project	23,000	99.18	151	22,372	Part under construction	Own funds
Longping High-tech Project	17,695	99.80	381	15,565	Part under construction	Own funds
High pressure pipeline project from Xiameimen Station to Taiwanese pressure regulating station	17,256	99.20	744	18,266	Part under construction	Own funds
High-pressure natural gas pipeline project from Taiwanese pressure regulating station to Hui'anmen station	21,267	49.00	5,599	10,348	Under construction	Own funds
Mamu-Yushan sub-high pressure natural gas pipeline project	18,000	82.00	243	14,683	Part under construction	Own funds, bank loans
8,500 m <sup>3</sup> LNG Bunkering Ship New Construction Project of ZhoushanShipbuilding Heavy Industry	37,480	90.00	693	13,081	Under construction	Own funds
Phase I Project of Integrated Energy Microgrid in Yangpu Economic Development Zone, Danzhou City, Hainan Province	19,523	99.00	367	18,246	Part under construction	Own funds, bank loans
Integrated Energy Main Station Project of Integrated Energy Microgrid No. 1 in Daqing Linyuan Chemical Park	108,928	98.86	1,704	85,691	Part under construction	Own funds, bank loans
High Voltage Project of West Third Ring	11,900	60.05		7,146	Part under construction	Own funds, bank loans
Heating Project in the West of Zhengding County	28,322	34.49		9,769	Part under construction	Own funds, bank loans
Shijiazhuang Luquan District ENN Gas Co., Ltd. Luquan District Gas Pipeline Project	30,000	32.49	18	9,765	Part under construction	Own funds
Dongguan City Natural Gas High-Pressure Pipeline Network Project along the Yangtze River Expressway, Shuixiang Avenue and Shawang Road Project	16,100	100.00	266	19,609	Transferred into the company's overall income	Own funds
Dongguan Natural Gas High-Pressure Pipeline Network Project Beiwang Road and Guangzhou-Shenzhen Expressway Project	26,600	99.30	1,702	19,060	Part under construction	Own funds, bank loans
Slurry Gasification Project	21,808	98.20	410	28,560	Under construction	Own funds, bank loans
Water system environmental protection technical renovation project	15,954	99.00		17,784	Part under construction	Own funds, bank loans
Total	413,833	/	12,278	309,945		

## (3) Financial assets measured at fair value

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Project name	Opening balance	Closing balance	Current change
<b>Held-for-trading financial assets</b>	15,510	44,660	29,150
<b>Derivative financial assets</b>			
Of which: non-hedging derivatives	218,144	328,467	110,323
hedging derivatives	63,484	42,193	-21,291
<b>Receivables financing</b>	86,389	83,238	-3,151
<b>Investment in other equity instruments</b>			
Of which: Xinao (Inner Mongolia) Graphene Material Co., Ltd.	26	26	
Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd.	494	494	
Jiaxing Gas Group Co., Ltd.	11,293	9,145	-2,148
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.	1,230	1,230	
Shanghai Petroleum and Gas Exchange Co., Ltd.	4,362	4,362	
Chongqing Petroleum and Gas Exchange Co., Ltd.	5,474	5,474	
Xiangtan Desheng Energy Distribution Co., Ltd.	144	144	
Sanmenxia Swan Power Co., Ltd.	1,177	1,177	
Nanjing Jiangbei New District Power Distribution Co., Ltd.	464	464	
Heilongjiang Electric Power Trading Center Co., Ltd.	356	356	
Longchang Ruigao Energy Development Co., Ltd.	1,490	1,490	
Hebei Electric Power Trading Center Co., Ltd.	290	290	
Zhejiang Hesun Energy Co., Ltd.	166	166	
Guangxi Electric Power Trading Center Co., Ltd.	262	262	
Dongguan Fengneng LNG Co., Ltd.	25	25	
Dongguan Fengneng LNG Terminal Co., Ltd.	25	25	
<b>Other non-current financial assets</b>			
Of which: non-hedging derivatives	102,441	19,941	-82,500
hedging derivatives	9,804	19,037	9,233
Cdb Siyuan (Beijing) Investment Fund Co., Ltd.	5,444	5,444	
Sinopec Marketing Co., Ltd.	417,000	417,000	
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	18,072	16,471	-1,601
Chenzhou Jingui Silver Industry Co., Ltd.	38	32	-6

Project name	Opening balance	Closing balance	Current change
<b>Derivative financial liabilities</b>			
Of which: non-hedging derivatives	196,935	290,810	93,875
hedging derivatives	12,116	195,976	183,860
<b>Other non-current liabilities</b>			
Of which: non-hedging derivatives	85,875	9,807	-76,068
hedging derivatives	49,260	2,448	-46,812
<b>Total</b>	<b>1,307,790</b>	<b>1,500,654</b>	<b>192,864</b>

#### (V) Sales of significant assets and equity

☐ Applicable    ☒ Not Applicable

#### (VI) Analysis of major holding and participating companies

☒ Applicable    ☐ Not Applicable

##### (1) ENN LNG Trading Company Limited

It is a holding subsidiary of the Company, established in November 2014 and mainly engaged in business, with a registered capital of HKD1,000. As of the end of the Reporting Period, the total assets of ENN LNG Trading Company Limited is RMB3,108.87 million, and the net assets is RMB2,538.58 million. During the Reporting Period, it realized the operating incomes of RMB6,131.19 million, the operating profit of RMB1,125.62 million, and the net profit of RMB946.51 million.

##### (2) ENN Global Trading Pte. Ltd.

As the holding subsidiary of the company, it established in December 2020 with a registered capital of USD1 million, and mainly engaged in the procurement and sales of liquefied natural gas. As of the end of the Reporting Period, ENN Global Trading Pte. Ltd. the total assets is RMB1,604.4 million, the net assets is RMB949.94 million, the operating incomes is RMB2,707.6 million, the operating profit is RMB1,084.27 million and the net profit is RMB899.94 million within the Reporting Period.

##### (3) Xinneng Mining Industry Co., Ltd.

The wholly-owned subsidiary of the Company, established in May 2008, mainly engaged in: "coal production and sales". The registered capital is RMB790 million. As at the end of the Reporting Period, the total assets of the Xinneng Mining Industry were RMB7,334.60 million and the net assets were RMB2,265.94 million. Achieved operating income RMB1,402.34 million, operating profit RMB7,06.67 million, and net profit RMB601.59 million within the Reporting Period.

(4) *Xinneng Energy Co., Ltd.*

The company is a holding subsidiary company, established in July 2006, mainly engaged in: “methanol, sulfur, liquid argon production and sales, the deep processing of the above products, liquid oxygen, liquid nitrogen, ammonia production, and sales.” The registered capital is USD325.16 million. As of the end of the Reporting Period, the total assets of Xinneng Energy were RMB7,027.83 million and the net assets were RMB1,656.55 million. Achieved an operating income of RMB1,845.6 million, operating profit of RMB-151.26 million, and net profit of RMB-148.39 million within the Reporting Period.

(5) *Xindi Energy Engineering Technology Co., Ltd.*

It is a wholly-owned subsidiary of the Company established on April 7, 1999 and is principally engaged in “research, development and transformation of energy engineering technology; contracting; engineering consulting; public design for municipal industry; general contracting of municipal public works; general contracting of petrochemical works, and sales of and technical services for other self-produced products”, having a registered capital of RMB300 million. As at the end of the Reporting Period, the total assets of the Xindi Energy Engineering Technology Co., Ltd. were RMB6,229.11 million and the net assets were RMB1,720.17 million. During the Reporting Period, the operating income reaches RMB1,529.8 million, the operating profit reaches RMB233.47 million, and the net profit reaches RMB196.17 million.

**Subsidiaries and associates contributing more than 10% of profit**

Unit: RMB'0000 Currency: RMB

Project	ENN LNG Trading Company Limited	ENN Global Trading Pte. Ltd.	Xinneng Mining Industry
Operating incomes	613,119	270,760	140,234
Operating cost	549,362	162,175	44,576
Operating profit	112,562	108,427	70,667
Net profit	94,651	89,994	60,159
Total assets	310,887	160,440	733,460
Net assets	253,858	94,994	226,594

(VII) **Structured entities controlled by the Company**

☐ Applicable ☒ Not Applicable

## V. Other Disclosure Matters

### (i) Possible risks

√ Applicable    ☐ Not Applicable

#### 1. Gas source acquisition and price fluctuation risk

The company's natural gas mainly depends on purchasing from upstream suppliers, which is highly dependent on upstream suppliers. If domestic upstream suppliers compress the contracted gas volume or there is a risk of force majeure on overseas LNG, the company's business will be adversely affected. Affected by the complex economic situation at home and abroad, the price of natural gas has fluctuated greatly in recent years. The adjustment range of the Company's natural gas sales price is less than the adjustment range of the purchase price or lags behind. The adjustment range of the natural gas sales price cannot cover the Company's efforts in the pipeline and non-pipeline gas sales business. The range of changes in the cost of raw materials, labor, etc., and fluctuations in the price of raw materials may affect the Company's operating results.

#### 2. Risk of Safe Operation

Natural gas is flammable, explosive gas and the storage and distribution of natural gas have high requirements for safe operation. Although during the Reporting Period, ENN energy has no safety accidents such as fire and explosion due to the failure of storage, delivery and transportation equipment, and improper operation of employees, etc., as well as ENN Energy has no circumstances requiring work stop and inspection due to the reasons above. However, in the future, if fire, explosion and other safety accidents are caused by the unexpected failure of storage, delivery and transportation equipment, improper operation of employees or natural disasters, threatening the health and safety of production personnel, the safety supervision department may require work stop, and inspection, which may bring losses to the production and operation, thereby affecting the daily operation of the enterprise.

### 3. Risk of exchange rate fluctuation

As of the date of this report, the outstanding Balance of the Company's existing US dollar financing is USD2.906 billion. As the degree of marketization of the RMB exchange rate formation mechanism increases, the RMB value is affected by the domestic and international economic, and political situation and the relationship between the supply and demand of the currency. The future RMB exchange rate against the US dollar may differ greatly from the current exchange rate, and the Company may face a certain risk of exchange rate fluctuation. In view of the possible exchange rate risk, the company intends to reduce the adverse effect of exchange rate fluctuation on the company's performance by strengthening the research of exchange rate trends, controlling the rhythm of capital receipts and payments, matching the currency of capital receipts and payments, taking favorable currency and settlement methods and by using timely financial instruments for hedging according to the trend of exchange rate fluctuation and agreeing on protective contract terms.

### 4. Interest rate risk

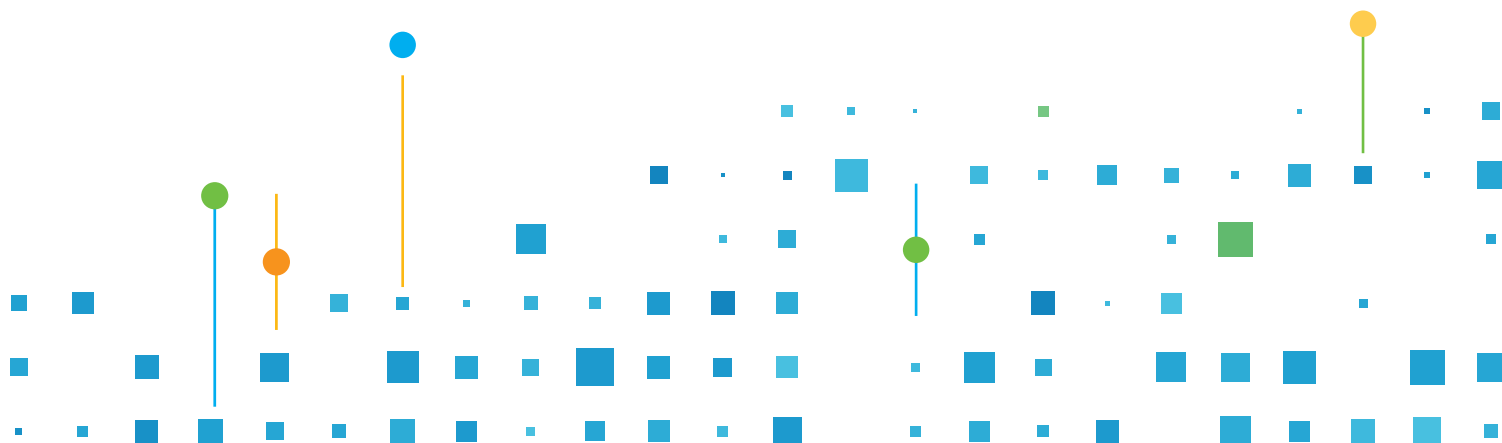
The interest-rate risk of a company arises from interest-bearing debt, such as bank loan. The floating-rate financial liabilities expose the Group to the risk of cash flow interest rate, while the fixed-rate financial liabilities expose the Group to the risk of fair value interest rate. The company adjusts the relative proportion of fixed-rate loans and floating-rate loans according to the market environment and uses derivative products such as interest-rate swaps to hedge.

## 5. Derivatives risk

The Company's derivative products are a number of foreign currency derivative contracts and commodity derivative contracts entered into with certain financial institutions for the purpose of reducing foreign exchange exposure and commodity price risk. Foreign currency derivative contracts allow companies to purchase US dollars at an agreed RMB/USD exchange rate on the maturity date. The vast majority of these contracts are designated as hedging instruments; Commodity derivatives can hedge LNG contracts linked to HH, TTF, JKM, etc. to stabilize future LNG purchase costs and reduce price exposure due to purchase-sale mismatches. The risks of derivative products of the Company mainly include market risk, liquidity risk, credit risk and operational risk caused by changes in commodity prices. In view of the market and liquidity risks, the Company shall, according to the market conditions and the Company's upstream procurement and downstream sales demand, select opportunities and establish positions in batches, and dynamically adjust positions under the condition of risk control; Introduced the internationally leading commodity energy trade risk management system (ETRM), and developed the corresponding mobile risk control product ETMO, to mark the market day by day and monitor various risk indicators. In view of credit and operational risks, the Company has set up the Hedging System and Detailed Rules to regulate hedging transactions and define counterparty transaction restrictions; Set transaction authorization, clarify the transaction direction and stop loss limitations; Reasonably select trading products by carefully studying and judging the market conditions, and adjust the hedging operation in time when there may be significant adverse changes; Set up a risk control and compliance department to control various risks; In order to reduce the operational risks caused by the imperfection of the internal control system, the Company avoids such risks by reducing inappropriate manual intervention through the whole-process digital management of derivatives business.

### (ii) Other disclosure matters

☐ Applicable    ☒ Not Applicable





# Corporate Governance



## I. Brief Introduction of the General Meeting of Shareholders

Session	Date	Enquiry index of the designated website where the resolution is published	Date of disclosure of the publication of the resolution	Resolution
First extraordinary general meeting in 2022	February 9, 2022	The website of the Shanghai Stock Exchange www.sse.com.cn	February 10, 2022 Announcement No.: Lin. 2022-007	1. The "Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Management" was deliberated and approved
Second extraordinary general meeting in 2022	May 5, 2022	The website of the Shanghai Stock Exchange www.sse.com.cn	May 6, 2022 Announcement No.: Lin. 2022-032	<ol style="list-style-type: none"> <li>1. The "Proposal on the Company's Compliance with the Conditions for Issuance of Shares and Payment of Cash to Purchase Assets" was deliberated and approved</li> <li>2. The "Proposal on the Company's Issuance of Shares and Payment of Cash to Purchase Assets and Connected Transactions" was deliberated and approved</li> <li>3. The "Proposal on the Company's Issuance of Shares and Payment of Cash to Purchase Assets Constitute Related Party Transactions" was deliberated and approved</li> <li>4. The "Proposal on the 'Report (Draft) on the Issuance of Shares and Payment of Cash of ENN Natural Gas Co., Ltd to Purchase Assets and Related Party Transactions' and its Summary" was deliberated and approved</li> <li>5. The "Proposal on Compliance of the Transaction with Article 4 of the Provisions on Issues Concerning Regulating the Material Asset Reorganizations of Listed Companies" was deliberated and approved</li> <li>6. The "Proposal on Compliance of the Transaction with Article 11 of the Measures for the Administration of Material Asset Reorganization of Listed Companies" was deliberated and approved</li> <li>7. The "Proposal on Compliance of the Transaction with Article 43 of the Administrative Measures for Material Assets Restructuring of Listed Companies" was deliberated and approved</li> <li>8. The "Proposal on the Transaction Does Not Constitute Restructuring and Listing as Provided for in Article 13 of the Administrative Measures for Material Assets Restructuring of Listed Companies" was deliberated and approved</li> <li>9. The "Proposals on Signing the Agreement with Effective Conditions for the Issuance of Shares and Payment of Cash of ENN Natural Gas Co., Ltd. to Purchase Assets and on the Supplementary Agreement on the Issuance of Shares and Payment of Cash of ENN Natural Gas Co., Ltd. to Purchase Assets" was deliberated and approved</li> <li>10. The "Proposal on the Independence of the Appraisal Institutions, the Rationality of the Appraisal Hypothesis, the Relevance of Appraisal Methods and Purposes and the Fairness of Appraisal Pricing for the Transaction" was deliberated and approved</li> <li>11. The "Proposal on Approving the Auditor's Report, Asset Appraisal Report and Examination Preparation and Review Report related to the Transaction" was deliberated and adopted</li> <li>12. The "Proposal on the Company's Diluted Immediate Return and Filling Measures for This Transaction and related Personnel's Commitment" was deliberated and approved</li> <li>13. The "Dividend Return Plan for Shareholders of ENN Natural Gas Co., Ltd. for the Next Three Years (2022-2024)" was deliberated and approved</li> <li>14. The "Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Transaction with Full Power" was deliberated and approved</li> </ol>

Session	Date	Enquiry index of the designated website where the resolution is published	Date of disclosure of the publication of the resolution	Resolution
2021 Annual General Meeting	June 28, 2022	The website of the Shanghai Stock Exchange www.sse.com.cn	June 29, 2022 Announcement No.: Lin. 2022-049	1. "2021 Report of the Board of Directors" was deliberated and approved 2. "2021 Work Report of the Board of Supervisors" was deliberated and approved 3. "2021 Annual Report and its Summary" was deliberated and approved 4. The "Final Account Report of the Company for 2021" was deliberated and approved 5. The "Profit Distribution Plan of the Company in 2021" was deliberated and approved 6. The "Proposal on Renewing the Appointment of Accounting Firms" was deliberated and approved 7. The "Proposal on the Company's Directors' Remuneration in 2021" was deliberated and approved 8. The "Proposal on the Remuneration of Supervisors in 2021" was deliberated and approved 9. The "Special Report on the Deposit and Use of Proceeds Raised in 2021 (Allotment)" was deliberated and approved 10. The "Special Report on the Deposit and Use of the Company's Proceeds Raised in 2021 (Non-public Offering of Shares)" was deliberated and approved

Request for an extraordinary general meeting by shareholders of preferred stocks whose voting rights are restored

☐ Applicable ☒ Not Applicable

Description of the general meeting

☒ Applicable ☐ Not Applicable

During the Reporting Period, the Company held 3 general meetings of shareholders. The convening procedures of the general meetings, qualifications of conveners, qualifications of participants and voting procedures of resolutions were all under relevant laws and regulations, normative documents and the Articles of Association, and the voting results were legal and valid.

## II. Changes in Directors, Supervisors and Senior Management of the Company

☒ Applicable ☐ Not Applicable

Name	Position	Change
Liu Jianjun	Chief Accountant	Resigned

Description of the changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not Applicable

On January 25, 2022, the Company disclosed the Announcement of ENN Natural Gas Co., Ltd. on the Resignation of the Company's Senior Management Personnel. Due to the adjustment of the division of labor within the Company, Mr. Liu Jianjun resigned as the Company's Chief Accountant and will continue to hold other posts in the Company.

### III. Plan for the Distribution of Profit or Increase of Capital Provident Fund

Proposed profit distribution plan and the plan for converting common reserve into share capital for the first half of the year

Whether or not to allocate or increase	None
Number of bonus shares per 10 shares (shares)	0
Dividends per 10 shares (RMB) (tax included)	0
Increase per 10 shares (shares)	0
Related description of profit distribution or capital reserve increase plan	
Not Applicable	

### IV. The situation and impact of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures

#### (i) The relevant equity incentive matters disclosed in the provisional announcement with no progress or change in the subsequent implementation

☐ Applicable ☒ Not Applicable

#### (ii) Incentives not disclosed in the interim announcement or with subsequent progress

Equity incentives

☐ Applicable ☒ Not Applicable

Other instructions

☒ Applicable ☐ Not Applicable

1. The Company held the 47th meeting of the ninth session of the board of directors and the 26th meeting of the ninth session of the board of supervisors on June 24, 2022, in which the "Proposal on Adjusting the Repurchase Price of First Grant Shares of 2021 Restricted Stock Incentive Plan", the "Proposal on Repurchase and Cancellation of Part of Restricted Stock of 2021 Restricted Stock Incentive Plan", and the "Proposal on The Achievement of Vesting in The First Vesting Period of First Granting Part of 2021 Restricted Stock Incentive Plan" were deliberated and approved, and the independent directors of the Company expressed their independent opinions of agreement on the above proposals. For details, please refer to the interim announcement disclosed by the Company on the website of the Shanghai Stock Exchange on June 25, 2022, "Announcement of ENN-NG on Adjusting the Repurchase Price of the First Granted Shares in 2021 Restricted Stock Incentive Plan" (Announcement No.: Lin. 2022-046), "Announcement of ENN-NG on the Repurchase and Cancellation of Part of Restricted Stock in 2021 Restricted Stock Incentive Plan" (Announcement No.: Lin. 2022-047), and "Announcement of ENN-NG on the Achievement of the First Vesting of 2021 Restricted Stock Incentive Plan (Announcement No.: Lin. 2022-048)";

2. Upon the application of the Company, Shanghai Stock Exchange and Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the restricted stock for the first grant in 2021 Restricted Stock Incentive Plan for 44 incentive objects, meeting the requirements for the first vesting, which were 4,152,500 shares, became listed and outstanding on July 8, 2022. For details, please refer to the Company's interim announcement on the website of the Shanghai Stock Exchange on July 5, 2022, "Announcement of ENN-NG on the First Grant of 2021 Restricted Stock Incentive Plan for Partial Unlocking and Listing during the First Unlocking Period" (Announcement No.: Lin. 2022-051);

3. The third extraordinary general meeting of 2022 was held on July 25, 2022, and the "Proposal on Repurchase and Cancellation of Restricted Stock under 2021 Restricted Stock Incentive Plan" was deliberated and approved. For details, please refer to the interim announcement – the "Announcement of the Resolution of ENN-NG on the Third Extraordinary General Meeting of 2022" (Announcement No.: Lin. 2022-063) disclosed on the website of the Shanghai Stock Exchange on July 26, 2022.

ESOP

☐ Applicable    ☒ Not Applicable

Other incentives

☐ Applicable    ☒ Not Applicable





# Environmental and Social Responsibilities

## I. Environmental Information Situations

- (i) Illustration on the environmental protection situation of the company which belongs to the key pollutant discharge units announced by the environmental protection department and its main subsidiary companies

√ Applicable    ☐ Not Applicable

### 1. Discharge Information

√ Applicable    ☐ Not Applicable

Company Name:	Pollutant name	Way of discharge	Number of the discharge fort	Location of the discharge fort	Name of major pollutants and particular pollutants	Implemented pollutant emission standards	National or local standards limit emission concentrations	Emission concentration	Total emission (t)	Approved total emission/emission concentration	Excess discharge
Xinneng Energy Co., Ltd.	Exhaust gas	Concentrated discharge	2	The west side of Phase I plant area,	Sulfur dioxide	"Emission Standards on Air Pollutant for Thermal Power Plants" (GB13223-2011)	50mg/m <sup>3</sup>	17.78mg/m <sup>3</sup>	38.836	115.7t/50mg/m <sup>3</sup>	None
			2	the east side of Phase II plant area	Soot		20mg/m <sup>3</sup>	6.50mg/m <sup>3</sup>	14.363	46.2t/20mg/m <sup>3</sup>	None
			2		Nitrogen oxide		100mg/m <sup>3</sup>	44.01mg/m <sup>3</sup>	99.615	231.4t/100mg/m <sup>3</sup>	None
	General solid waste	Centralized storage	—	Vaporize grate discharge sludge port, boiler sludge outlet	Gasification slag	"Standard for Pollution Control on the Storage and Disposal Site for general industrial solid wastes" (GB18599-2001)	—	—	59,750.72	—	None
					Boiler ash		—	—	21,396.64	—	None
					Slime		—	—	59,741.62	—	None
					Fly ash		—	—	59,325.94	—	None
					Water purification station sludge		—	—	7,678.46	—	None
					Desulphurization gypsum		—	—	11,249.28	—	None
	Hazardous waste	Self-disposal	—	Filter press outlet	Phase I biochemical sludge	"Standards on the Control of Pollution in Storage of Hazardous Wastes" (GB18597-2001)	—	—	6	—	None
				Recycling tower outlet	Fusel oil		—	—	5,813.97	—	None
		Processing by agreements	—	Filter press outlet	Phase II biochemical sludge		—	—	55	—	None
				Dryer outlet	Miscellaneous salt		—	—	162	—	None
				Unit fuel tank	Waste mineral oil		—	—	5.643	—	None
				Substation UPS	Waste battery		—	—	3.84	—	None
				Ammonia recovery desulfurization tower	Waste ammonia recovery desulfurizer		—	—	19.456	—	None
	Noise	—	—	Around the Factory Boundary	—	"Emission Standard for Industrial Enterprises noise at boundary" (GB12348-2008)	In Daytime 65dB(A) In Nighttime 55dB(A)	In Daytime 60.96dB(A) In Nighttime 52.21dB(A)	—	In Daytime 65dB(A) In Nighttime 55dB(A)	None

## 2. *Construction and operation of pollution controlling facilities*

☒ Applicable    ☐ Not Applicable

### (1) *Control Measures of Air Pollution*

Three 160t/h circulating vulcanized bed boilers were used for Phase I of Xinneng Energy project, and the flue gas was desulfurized by the limestone-gypsum method out of the furnace. Two 260t/h high temperature and high pressure circulating vulcanized bed boilers were used for Phase II of Xinneng Energy project, and the desulfurization is performed by the method of limestone in the furnace and ammonia out of the furnace. For the Xinneng Energy Phase I and Phase II projects, each boiler is equipped with a high-efficiency electric bag dust collector. using low-nitrogen combustion technology control and SNCR denitrification system, the boiler flue gas emission can meet the requirements of "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011); The emission concentration of particulate matter and methanol in the production system can meet the requirements of the second-level standard of "Integrated Emission Standard of Air Pollutants" (GB16297-1996) through the pollution control measures of production technology.

### (2) *Control Measures of Water Pollutants*

Xinneng Energy strictly complies with the principle of "clarification and filtration, rain sewage diversion, multiple uses of water", to improve the reuse rate of water. Wastewater containing methanol, ammonia nitrogen, sulfide, cyanide, suspended solids, etc. adopts the A/O biochemical treatment process for production and reuse. In order to realize the "zero emission" of waste water, the produced brine is treated by the recovery technology independently developed by Yongxin Environmental Protection.

### (3) *Noise Control Measures*

The main noise sources of Xinneng Energy are the coal mill, air compressor, fan and various pumps. On the premise of meeting the technical requirements, in addition to the selection of low-noise products, the boiler safety valve vent tube outlet, dust collector fan outlet, blower outlet, air compressor inlet and outlet are all equipped with silencers to realize noise suppression. The noisy equipment is placed indoors to realize noise insulation, and sound insulation, sound-absorbing materials are used to make doors, windows, masonry, etc., to prevent noise diffusion and propagation; In order to prevent vibration noise, each one of the fans, mill and other large vibration equipment is equipped with an independent foundation, to prevent vibration noise from propagating.

### (4) *Control Measures of Solid Waste*

The waste catalysts for Waste catalyst, miscellaneous salt, waste mineral oil, laboratory waste liquid, etc. in Xinneng Energy production process are entrusted to be disposed of by qualified units and to sign disposal agreements; Gasified slag and boiler ash slag are transported to the designated slag yard of Darat Economic and Technological Development Zone for disposal.

### 3. *Environmental impact assessment and other environmental protection administrative license for construction projects*

☒ Applicable ☐ Not Applicable

Xinneng Energy shall, in strict accordance with provisions of the "Environmental Impact Assessment" and the "Regulations on the Administration of Construction Project Environmental Protection", carry out an environmental impact assessment of construction projects, and actively complete the examination and approval and acceptance procedures of the competent administrative department of environmental protection. Environmental protection facilities and main projects are designed, constructed and put into production and use at the same time.

Xinneng Energy shall, according to the requirements of "Notice of the Department of Environmental Protection of the Inner Mongolia Autonomous Region on Carrying out the Verification of the Pollution emission Right of Major Pollutants" (Inner Environment Office [2015] 242), verify the initial pollutant emission right of the existing pollutant emission units within the autonomous region, and after the verification, a certain amount of pollutant emissions is allowed, and the pollutant emissions can be obtained through paid methods, pollutant discharge permit will be obtained on September 10, 2021. At present, Xinneng Energy, through online monitoring equipment of pollutant emission outlets, monitors pollutants in real-time and uploads data to the management platform of the Environmental Protection Bureau and pays environmental protection tax to the tax bureau according to the emission amount verified by emission concentration of pollutants.

### 4. *Emergency plans for emergent environmental incidents*

☒ Applicable ☐ Not Applicable

The Emergency Plan for Environmental Incidents of Xinneng Energy Co., Ltd. developed by the Xinneng Energy was filed in Dalat Banner Sub-bureau of Ordos Bureau of Ecology and Environment on August 2, 2021. It was approved to be issued on August 3, 2021 and officially implemented on the same day. On June 29, 2022, Xinneng Energy held an emergency drill for fire accidents in hazardous chemical production enterprises together with Dalat Banner People's Government, Dalat Banner Economic Development Zone Management Committee and Dalat Banner Fire Rescue Brigade. Through the drill, the employees are promoted to be familiar with the emergency disposal procedures and methods, and the emergency response ability in dealing with emergent environmental incidents is improved.

### 5. *Environment self-monitoring scheme*

☒ Applicable ☐ Not Applicable

Xinneng Energy will, according to the requirements of the environmental protection ministry "Measures for the Self-Monitoring and Information Disclosure of Key State-monitored Enterprises (Trial)" (Environment Measures (2013) 81), entrust Inner Mongolia Gengtai Environmental Technology Co., Ltd. to carry out self-monitoring.

### 6. *Administrative penalties for environmental problems during the reporting period*

☐ Applicable ☒ Not Applicable

### 7. *Other environmental information to be disclosed*

☐ Applicable ☒ Not Applicable



(ii) **Description of environmental protection of companies other than key pollutant discharge units**

√ Applicable   ☐ Not Applicable

**1. Administrative punishment for environmental problems**

√ Applicable   ☐ Not Applicable

On January 6, 2022, the person in charge of the gas station of Changsha ENN Gas Storage & Distribution Co., Ltd. during an environmental protection law enforcement inspection by the Xingsha Administrative Law Enforcement Team of the Changsha County Administrative Law Enforcement Bureau, provided the law enforcement personnel with business license, gas operation license and other supporting documents, but did not provide

the proof that the “emergency plans for environmental emergencies” of enterprises and institutions were filed with the environmental protection department. Changsha ENN Gas Storage & Distribution Co., Ltd. was fined 11,000 yuan according to item 3 of article 38 of the administrative measures for environmental emergencies, which has been paid so far.

**2. Disclose other environmental information with reference to key pollutant discharging units**

√ Applicable   ☐ Not Applicable

During the Reporting Period, the subsidiaries of Xinneng Mining Industry and ENN Qinshui, which were not key pollutant discharging units, had pollutant discharges with specific pollutant discharge information and control measures as follows:

**(1) Discharge information**

Name of company	Name of pollutants	Method of discharge/treatment	Number of discharge outlets	Location of discharge outlets	Names of major pollutants and characteristic pollutants	Implemented pollutant discharge standards	Limit emission concentrations of national or local standards	Emission concentration	Total emissions (t)	Approved total emissions/emission concentration	Excessive emissions
Xinneng Mining Industry	Waste gas	Centralized emission	1	Boiler room in industrial area	Particulate matters	Emission Standards of Air Pollutants for Boilers GB13271-2014	80mg/m <sup>3</sup>	20.36mg/m <sup>3</sup>	0.951	9.242535t/a	None
					Sulfur dioxide		400mg/m <sup>3</sup>	56.94mg/m <sup>3</sup>	3.386	36.970140t/a	None
					Nitrogen oxides		400mg/m <sup>3</sup>	239.78mg/m <sup>3</sup>	6.434	46.212674t/a	None
	Solid waste	Centralized disposal	—	—	Gangue	Pollution Control Standards for Storage and Disposal Sites of General Industrial Solid Waste (GB18599-2001)	—	—	886,953.8	—	None
		Processing by agreements	—	—	Boiler ash	—	—	—	339.86	—	None
	Noise	—	—	Factory surroundings	—	Standards for Noise at the Boundary of Industrial Enterprises (GB12348-2008)	65 dB(A) at daytime 55 dB(A) at night	56.9 dB(A) at daytime 47.18 dB(A) at night	—	65 dB(A) at daytime Night 55dB(A)	None
	Hazardous wastes	Processing by agreements	—	—	Waste mineral oil	Pollution Control Standards for Hazardous Waste Storage (GB18597-2001)	—	—	4.66	—	None
			—	—	Waste oil drum		—	—	23 (pcs)	—	None

Name of company	Name of pollutants	Method of discharge/treatment	Number of discharge outlets	Location of discharge outlets	Names of major pollutants and characteristic pollutants	Implemented pollutant discharge standards	Limit emission concentrations of national or local standards	Emission concentration	Total emissions (t)	Approved total emissions/emission concentration	Excessive emissions
ENN Qinshui	Waste water	Centralized emission	1	Southwest corner of the plant area	COD	DB141928-2019 Comprehensive Wastewater Discharge Standard (Shanxi Province)	40mg/L	Q1: 34 mg/L Q2: 17 mg/L	0.032249	0.077t	None
					Ammonia nitrogen		2.0mg/L	Q1: 1.48 mg/L Q2: 1.09 mg/L	0.00162673	0.021t	None
	Waste gas	Centralized emission	2	Thermal oil furnace	Sulfur dioxide	Emission Standards of Air Pollutants for Boilers (DB14/1929-2019)	50mg/m <sup>3</sup>	H1:1#: 11 mg/m <sup>3</sup> 2#: 13 mg/m <sup>3</sup>	0.144190392	—	None
					Nitrogen oxides		35mg/m <sup>3</sup>	H1:1#: 32 mg/m <sup>3</sup> 2#: 30 mg/m <sup>3</sup>	0.373783824	1.22t	None
					Particulate matters		5mg/m <sup>3</sup>	H1:1#: 2.3 mg/m <sup>3</sup> 2#: 3.4 mg/m <sup>3</sup>	0.0341325456	0.56t	None
	Hazardous wastes	Processing by agreements	—	—	Waste mineral oil	Pollution Control Standards for Hazardous Waste Storage (GB18597-2001)	—	—	0	—	None
			—	—	Waste oil drum		—	—	0	—	None
			—	—	Waste MDEA solution		—	—	0	—	None
			—	—	Mercury-containing activated carbon		—	—	0	—	None
	Noise	—	—	Factory surroundings	—	Standards for Noise at the Boundary of Industrial Enterprises (GB12348-2008)	Daytime 60dB(A) Night 50dB(A)	Daytime 53.4dB(A) Night 42.9dB(A)	—	Daytime 60dB(A) Night 50dB(A)	None

## (2) Construction and operation of pollution prevention facilities

Wastewater treatment measures:

During the construction period of Xinneng Mining Industry, a mine water treatment station was built with a mine water treatment capacity of up to 13,600 m<sup>3</sup>/d, the reverse osmosis treatment capacity of up to 9,300 m<sup>3</sup>/d, and the produced water in compliance with the surface class III standard. The designed treatment capacity of domestic sewage is 954 m<sup>3</sup>/d.

### 1) Process flow of domestic sewage treatment

Two-stage contact oxidation, two-stage filtration and disinfection process are adopted.

The domestic sewage discharged from the industrial site is treated and collected in septic pools at all levels, and then the large impurities and floating objects are intercepted by the mechanical grille, and then enter the domestic sewage adjustment pool respectively; then the domestic sewage is automatically lifted to the A/O biological contact oxidation combined pool by the sewage lifting pump according to the liquid level of the inlet pool; The A/O biological contact oxidation combined pool is composed of the anoxic pool, the aerobic pool, the sedimentation pool, the intermediate pool and the disinfection reuse pool. The sewage flows through the anoxic pool, aerobic pool, and sedimentation pool in turn, and finally converges in the intermediate pool. The water stored in the intermediate water pool is automatically raised by the lift pump to the series multi-media filter and activated carbon filter according to the liquid level in the water pool. The filter effluent is collected into the disinfection pool, and the disinfection effluent flows into the reuse pool. The sludge from the sedimentation pool is discharged into the sludge pool and finally discharged to the sludge treatment system for treatment.

### 2) Downhole drainage water

Processing capacity: The pretreatment capacity is 13,600 m<sup>3</sup>/d, and the capacity of advanced treatment is 9,300 m<sup>3</sup>/d.

Process flow of mine water treatment: the treatment process of advection sedimentation regulating pool pretreatment + coagulation sedimentation filtration integrated treatment device + self-cleaning filter + ultrafiltration + two-stage reverse osmosis are adopted. Mine sewage is collected to the sewage treatment station through the pipeline network or underground ditches in the mining area, and then enters the advection sedimentation adjustment tank for homogeneous adjustment, and most of the cinder and suspended solids are removed at the same time; The effluent from the regulating pool is pumped into the integrated water purification device with high-efficiency sedimentation and filtration by the pipeline pump, and the pipeline mixer is added with chemicals to flocculate the sewage, and the flocculant PAC and the coagulant PAM are added. It plays the role of accelerating the sedimentation and flocculation of sewage. The water after dosing enters the integrated water purification device of high-efficiency sedimentation and filtration and is collected into the intermediate water pool after a series of treatments such as sedimentation and filtration.

Domestic sewage and mine water are treated up to standard, realizing zero discharge. At the same time, the mine water is stored in winter and irrigated in summer, and three ecological reservoirs have been built outside the factory yard, with a total capacity of 314,000 m<sup>3</sup>.

The sewage of ENN Qinshui mainly comes from domestic water. The sewage treatment facility was completed and put into operation in January 2008. In June 2015, the sewage treatment facilities were renovated and an advanced A2O treatment system was adopted, which can better remove water chemical oxygen demand and ammonia nitrogen. The design treatment capacity is: 24 tons/day (the actual treatment condition is: 5-10 tons/day), and it will be discharged after reaching the comprehensive sewage discharge standard of Shanxi Province (DB141928-2019). In May, 2021, to cooperate with the local government to carry out the ecological protection of Qinhe River and realize the "zero discharge" of sewage in the river protection area, the Company actively responded to the call of the government and timely completed the reconstruction project of sewage connecting to the sewage pipe network in Jiafeng Town, realizing the "zero discharge" of sewage in the whole plant.

#### Treatment measures of waste gas:

Xinneng Mining Industry supplies heat to the plant through four coal-fired boilers, including three SZL14-1.0-110/70 20 t/h high-temperature hot water chain boilers (two in operating and one for standby) and one SZL7-1.0-110/70 10 t/h high-temperature hot water chain boiler, all four boilers share a 50-m high, 1.7-m diameter chimney, and the dust collectors are all gas box type pulse bag dust collectors (98% dust removal efficiency by design). The desulfurization process is mono-alkali desulfurization.

The first-phase heat-conducting oil furnace of ENN Qinshui was completed and put into operation in January 2008. The second-phase heat-conducting oil furnace was completed in June 2011, using 2 sets of YY(Q)W-1400(125)Y (Q) type gas boilers, and the low-nitrogen burner transformation was completed in June 2019, which effectively reduced the pollution of the ambient air caused by the flue gas pollutants emitted by the boilers.

#### Solid waste treatment measures:

The gangue washed by Xinneng Mining Industry Coal Preparation Plant is used for the land reclamation project of

comprehensive utilization of coal gangue in Wangjiata Coal Mine of Xinneng Mining Industry Co., LTD., which is located in the northeast of the industrial plant. The approval of the Environmental Impact Report on the Comprehensive Utilization of Coal Gangue in Wangjiata Coal Mine of Xinneng Mining Industry Co., LTD has been obtained for this project from the Ecological and Environmental Bureau of Ordos City with the name of Ordos Environmental Audit Document [2020] No. 302. The slag produced by the boiler is entrusted to the qualified unit of Ordos Shengyuan Nalin Taohai Industrial Co., Ltd. for comprehensive utilization. The hazardous wastes generated by Xinneng Mining Industry are waste mineral oil and waste oil drums, which are entrusted to qualified units for disposal and relevant disposal agreements are signed. Ordos Meidu Environmental Protection Co., Ltd. is entrusted with the disposal of domestic wastes.

The hazardous wastes produced by ENN Qinshui are waste mineral oil, waste oil drums, waste MDEA solution, and mercury-containing activated carbon, which is all entrusted to qualified units for disposal and disposal agreements are signed.

#### Noise treatment measures:

Xinneng Mining Industry has made reasonable planning and arrangement. In order to control industrial noise, it has selected low-noise equipment, and adopted measures such as noise elimination and sound insulation to ensure that the noise at the factory boundary conforms to the "Standard of Noise at Boundary of Industrial Enterprises". When the factory is in normal operation, the noise at the factory boundary at night and during the day is lower than the class III standard under the Standard for Noise at the Boundary of Industrial Enterprises (GB12348-2008)[65 dB (A) during daytime, 55 dB (A) at night], the construction of the soundproof cover for the fans of the south and north wind wells was completed and put into use, and the noise at the factory boundary of the north and south wind wells industrial plaza was greatly reduced.

The main noise sources of ENN Qinshui include original compressors, nitrogen compressors, refrigerant compressors, nitrogen generators, air compressors and various pumps. On the premise of meeting the technological requirements, in addition to low-noise products, muffler cotton is also installed at the pressurizing end of the expander, and mufflers are installed at the inlet and outlet of the air compressor to reduce noise; placing the noisy equipment in the room for sound insulation, the doors, windows, masonry, etc. shall be made of insulation and sound-absorbing materials to prevent the diffusion and transmission of noise. The Company renovated the circulating water cooling tower and changed the original open cooling tower into a closed cooling tower, which greatly reduced the impact of noise on the residents living around the plant.

*(3) Environmental impact assessment of construction projects and other administrative licenses for environmental protection*

Xinneng Mining Industry and ENN Qinshui strictly followed the Environmental Impact Assessment Law and "Construction Project Environmental Protection Management Regulations" to carry out an environmental impact assessment of construction projects, and actively completed the approval and acceptance procedures of the environmental protection administrative department. The facility and the main project were designed, constructed, and put into operation at the same time.

On September 30, 2019, Xinneng Mining Industry declared the total permitted amount of air pollutants in the "National Pollutant Discharge Permit Management Information Platform", and the Company's total amount of air pollutant emissions was finally approved: particulate matters: 9.242535 t/a; SO<sub>2</sub>: 36.970140 t/a; NO<sub>x</sub>: 46.212674 t/a. At present, the boiler flue gas of Xinneng Mining Industry monitors the pollutant data in real-time through the online monitoring equipment at the pollutant discharge outlet and uploads the data to the management platform of the ecological environment bureau. The discharge amount shall be calculated according to the concentration of pollutant discharge and the discharge tax shall be paid to the tax authorities.

Shanxi Jincheng Environmental Protection Bureau issued Letter JHH [2008] No. 139 on February 4, 2008 and the Letter JSHH [2010] No. 112 on September 1, 2010 to respectively approve the "Environmental Impact Report of ENN (China) Gas Investment Co., Ltd Shanxi Jincheng for 150,000 Nm<sup>3</sup>/d LNG Project" and the "Environmental Impact Report of Shanxi ENN Gas Co., Ltd. 250,000 Nm<sup>3</sup>/d LNG Expansion Project (Total Scale 400,000 Nm<sup>3</sup>/d)". Jincheng Environmental Protection Bureau carried out the environmental protection acceptance of the completed project on March 15, 2010 with the Letter HY [2010] No. 16 and the Letter JSHH [2013] No. 386, on October 22, 2013, respectively. On April 13, 2020, it was registered on the national sewage discharge permit management information system platform with registration number: 9114052167018913XQ001X, and the validity period will expire on April 12, 2025.

*(4) Contingency plan for environmental emergencies*

Xinneng Mining Industry's revised contingency plan for environmental emergencies was approved on February 2, 2021 and formally implemented on the same day; On February 5, 2021, the filing was completed at the Yijinhuluo Banner Branch of the Ordos City Ecological Environment Bureau. Xinneng Mining Industry has established an emergency system for environmental emergencies and allocated relevant emergency materials and equipment.

ENN Qinshui approved and released the "Plan of Shanxi ENN Qinshui Clean Energy Co., Ltd. Emergency for Environmental Emergencies" on May 13, 2022, which was officially implemented on the same day; On May 19, 2022, the filing was completed in Jincheng Ecological Environment Bureau (filing number: 140500-2022-008 M). ENN Qinshui organized a comprehensive emergency drill for isopentane storage tank leakage on June 28, 2022. Through the drill, employees were familiarized with emergency response procedures and methods, and their ability to deal with environmental emergencies was improved.

### (5) *Environmental self-monitoring scheme*

In accordance with the requirements of the Renovation Scheme of Coal-fired Boiler with a Capacity of 10 ton/hour or More in Ordos City issued by the Ordos Environmental Protection Bureau, Xinneng Mining Industry had 4 sets (3 sets of 20 tons and 1 set of 10 tons) coal-fired boilers which were used for domestic heating in the plant installed with an online boiler-gas monitoring system, and the online monitoring data was connected to the County and Municipal Ecological Environment Bureau. The on-line monitoring facility was updated in August 2020, checked and accepted by the County and Municipal Ecological Environment Bureau in November 2020. The Company entrusted the third party Erdos Environmental Protection Investment Co., Ltd. to carry out routine maintenance. In the first half of 2022, a third-party qualified unit, "Inner Mongolia Golden Times Environmental Protection Engineering Technology Co., Ltd.", was entrusted to carry out the test for routine monitoring of boiler flue gas. The test results were all qualified, and the "Inner Mongolia Autonomous Region Pollution Source Monitoring Data Management and Information Sharing Platform" for pollutants discharged was announced.

Following the Ministry of Environmental Protection's General Principles of Self-Monitoring Technical Guidelines for Pollutant Discharging Units (Release) (HJ819-2017) and the Measures for Self-Monitoring and Information Disclosure by National Key Monitoring Enterprises (Trial) (Huan Fa [2013] No. 81), ENN Qinshui organized self-monitoring and information disclosure of the pollutants discharged, and formulated a self-monitoring plan. The self-monitoring method is to entrust a qualified third party to conduct monitoring, and the internal monitoring is carried out by relying on the Company's own laboratory personnel, site and equipment.

### 3. *Reasons for not disclosing other environmental information*

☐ Applicable ☒ Not Applicable

### (iii) *The progress or changes in the disclosed environmental information during the Reporting Period*

☐ Applicable ☒ Not Applicable

### (iv) *Relevant information conducive to ecological protection, pollution prevention and control, and environmental responsibility*

☒ Applicable ☐ Not Applicable

#### 1. *ENN Energy*

ENN Energy ensures that all companies, in which it has controlling interests, conduct biodiversity assessments for their business operations, and implement relevant measures to promote ecosystem restoration; take a series of measures such as reducing carbon emissions, protecting natural resources, and reducing harmful chemical substances, and integrating the concepts and measures of energy conservation and environmental protection into all aspects of the whole business chain. The main measures are as follows:

- (1) Carry out pre-assessment of environmental impact in the early stage of large-scale projects, and comprehensively assess the types of animals and plants around the project site and the possible impacts of the project on land, water sources, natural resources and surrounding communities. Adopt trenchless method for pipeline construction as far as possible to avoid damage to animals, plants and land, and choose environment-friendly PE pipe and compression type plastic coated steel pipe as natural gas pipe network materials. Mitigate potential contamination of the land from conventional steel and galvanized pipes.

- (2) Make every effort to recover the volatile gas (BOG) in the process of storage, transportation and distribution and reduce methane emissions. At the same time, the emission and leakage of natural gas during engineering and operation are minimized, and the impact on the surrounding ecological environment is minimized.
- (3) Promote the utilization of renewable energy, develop biomass energy technology, and carry out biomass cogeneration business.
- (4) Implement the policies and requirements of national and local governments on environmental protection governance, increase investment in environmental protection facilities and environmental protection technological transformation projects, and ensure that all pollution emission indicators of enterprises are controlled within the limits of national standards, and are at the leading level of governance in the same industry.

## **2. *Xinneng Energy***

Xinneng Energy strictly implements the principle of “separation of sewage, separation of sewage of rain, and multiple uses of water” to improve the reuse rate of water. The production wastewater containing methanol, ammonia nitrogen, sulfide, cyanide, suspended solids, etc., adopts the A/O biochemical treatment process for production and reuse. The recycling technology independently developed by Yongxin Environmental Protection is adopted for the produced concentrated brine, which realizes “zero discharge” of the wastewater.

## **3. *Xinneng Mining***

Xinneng Mining was included in the list of green mines in Inner Mongolia Autonomous Region in 2019. In 2022, the Company carried out the environmental treatment, greening and land reclamation restoration around the mining area in strict accordance with the “Green Mine Construction Plan”, and carried out comprehensive treatment and vegetation restoration in the subsidence area, thus ensuring timely ecological restoration in the subsidence area.

## **4. *ENN Qinshui***

In order to reduce the impact of drainage on the environment, ENN Qinshui took the initiative to contact the local government to discharge domestic sewage into the sewage pipe network to achieve “zero discharge” of sewage, which greatly reduced the pollution to Qinhe River emissions.

(v) **Measures taken to reduce carbon emissions within the Reporting Period and the effects thereof**

√ Applicable    ☐ Not Applicable

ENN Holdings integrates the concept of green and sustainable development into its daily operations, actively grasp the opportunity of the national low-carbon development era, analyzes the data of greenhouse gas emissions and energy structure in all scenarios, and formulates effective medium and long-term emission reduction targets and strategies. Through the use of clean energy technology and continuously upgraded energy smart management capabilities, it realizes the low-carbon transformation of its own business and contributes to the efficient development of the country's green and low-carbon energy.

**1. Accumulate and develop in depth, carry out an in-depth layout of the entire hydrogen energy industry chain**

ENN Holdings has always attached great importance to the research and application of clean energy technology. Over the years, ENN has been actively investing in research and development and has made in-depth deployment in the entire hydrogen energy industry chain, including hydrogen production process research and production, hydrogen storage and transportation, hydrogen energy project engineering construction and downstream utilization, etc. Some results have been achieved in all aspects. In the upstream of the industrial chain, taking technology research and development, process design and equipment manufacturing as traction, analyze high-efficiency hydrogen acquisition solutions of different scales and various preparation methods have been formed, and a large number of technical explorations have been carried out in the field of hydrogen production from natural gas, and preliminary results have been obtained.

The company promotes the accumulation and application of hydrogen production technology through independent research and development and cooperation, and has 14 patented technologies. The self-developed technologies for hydrogen production from natural gas reforming, hydrogen production from coke oven gas and hydrogen production from electrolytic water have all been applied in industry. In the first half of 2022, based on the previous technical achievements, the 500kg/d Nature gas hydrogen skid-mounted hydrogen production project was completed, focusing on the development of high-efficiency reforming reactors and high-strength catalysts, and formulated a systematic solution.

In terms of hydrogen production projects, the Company has a wealth of project accumulation, with 32 hydrogen production projects under construction and delivered to customers. The company cooperates with the 718th Research Institute of China Shipbuilding Industry Corporation to provide EPC general contracting construction services. The Haiboer project in Zhangjiakou adopts the technology of hydrogen production from electrolytic water, which can produce 2,000 standard cubic meters of hydrogen per hour. The hydrogen purity is as high as 99.999%, and the daily hydrogen production volume reaches 4 tons. The long-tube trailer can be filled and shipped 10-16 vehicles for up to 300 hydrogen fuel cell vehicles. In the Huludao project in Liaoning, the Company used high-efficiency and low-cost nature gas hydrogen production technology to build nature gas hydrogen production equipment, supporting public works and auxiliary facilities for pharmaceutical customers. The project produced a total of 5.58 million standard cubic meters of hydrogen in the first half of the year. In the Henanjingbao project, the hydrogen-rich by-products of the cold box in the coke oven gas to liquefied natural gas project was used to purify hydrogen, and a total of 1.47 million standard cubic meters of hydrogen was produced in the first half of the year.



In addition, the Company is cooperating with well-known domestic universities and leading enterprises in the energy industry to actively explore the research on technologies related to the construction of hydrogen-blending natural gas pipelines and pure hydrogen pipelines.

## 2. *Scientific planning to build a green and low-carbon LNG terminal*

ENN Zhoushan LNG terminal focuses on “green energy supply, green energy use” and building a green and low-carbon LNG terminal through low-carbon comprehensive energy planning. In terms of green energy supply, realizing the complementary energy supply of “photovoltaic + wind power + energy storage + utilization of cold energy” attached great importance and the integrated application of technologies such as “green power generation + air-conditioning smart energy saving + smart low-carbon energy management” in the LNG terminal in terms of green energy consumption, greatly reduce the use of gray electricity in the plant area, and realize the purpose of replacing gray electricity with green electricity. At the same time, other technical means are adopted to reduce the carbon emission of the LNG terminal, and the implementation route, plan and goal of the construction of the carbon-neutral LNG terminal are planned.

During the Reporting Period, the Zhoushan LNG terminal completed its carbon inventory and verification for 2021. In the first half of the year, the Company carried out data source sorting and carbon emission inventory check month by month, so as to keep track of energy consumption at any time and correct deviations in a timely manner.

After completing the carbon inventory, from the aspects of “structure optimization, technology empowerment, and management improvement”, the transformation and upgrading of the functional structure of the LNG terminal will be accelerated, and the interactive energy storage and intelligent transformation of energy management will be actively promoted. The company is actively carrying out the implementation of cold energy power generation projects at the LNG terminal and rooftop photovoltaic projects. The feasibility of the cold energy air separation project is demonstrated. The rational use of LNG to generate a large amount of cold energy in the gasification process and the recovery of cold energy will strive to put the first phase of cold energy into operation by the end of 2022. The power generation device can reduce the purchase of gray electricity and realize the replacement of green electricity. It is estimated that the annual emission reduction can reach 26,000 tons of CO<sub>2</sub>e. The planning and implementation of wind energy and energy storage projects are also being carried out simultaneously. At the same time, ENN Zhoushan LNG terminal, as the leading unit, cooperated with a number of colleges and enterprises to jointly develop the petrochemical federation group standard “Requirements for Carbon Neutrality Evaluation of Natural Gas Products”, aiming to accelerate the introduction of natural gas standards in the field of carbon neutrality evaluation and lead the development of natural gas industry shifting towards a green and low-carbon direction.



Zhoushan LNG terminal completed its carbon inventory and verification for 2021

### ***3. Leverage lean operation experience and advanced technology to build green and low-carbon factories and green-and-smart mines***

#### *Building green and low-carbon factory*

The company's methanol plant in Ordos fully taps the energy-saving and carbon-reducing space of production units, and uses self-developed advanced technology to carry out systematic energy-saving and carbon reduction: First, optimize the heat recovery of the boiler system, rebalance the steam of the whole system, and improve the utilization of by-product steam, and other measures to improve equipment reliability while reducing a coal-fired power boiler. To meet the steam demand of itself and enterprises outside the park, and supply the park through by-product steam, the business income increased by 14.15 million yuan during the Reporting Period. The total energy consumption and carbon emissions were effectively reduced. During the Reporting Period, the energy consumption intensity was reduced by 7% year-on-year, the thermal coal consumption was saved by 9.1 million yuan, and the carbon emission was reduced by 18,700 tons of CO<sub>2</sub>e. Second, 14,100 tonnes of CO<sub>2</sub> were recovered in the Reporting Period through CO<sub>2</sub> recovery units for food processing and agricultural production. Third, through the recycling of wastewater in the production process and the disposal of waste materials, it not only realizes the protection of the environment, but also increases the Company's income. Fourth, use the waste tail gas of the device to implement the micro-combustion turbine power generation project. The project has been approved by the government and entered the construction stage. It is expected to generate 19.3 million kWh of electricity throughout the year, produce 53,600 tons of steam, and reduce carbon emissions by 27,500 tons of CO<sub>2</sub>e. Fifthly, a 6MW distributed photovoltaic project is planned using office buildings and workshops, which is expected to generate 7.4 million kWh/year and reduce emission of 4,300 tons of CO<sub>2</sub>e/year after being put into operation.

#### *Create a green and smart mine*

The Company overcomes the difficulties of poor ecological environment and complex land properties in the subsidence area, which are not conducive to intensive operation and management. With the help of advanced technology in the industry, we can improve the ecological environment according to local conditions. There are 5,669 trees planted, covering an area of 60 mu, including 5,252 coniferous pines, 357 broad-leaved poplars and 60 Chinese locusts. According to international standards, the Company can neutralize about 130 tons of greenhouse gas per year. In the daily operation of the mine, the Company took various measures to reduce the cost of about 20 million yuan by grasping key links, of which the comprehensive electricity saved 1.61 million kWh, and the peak and off-peak electricity saved about 4.934 million yuan.

In the future, the Company will actively build a national-level green mine, establish a forestry carbon sink demonstration base, and form a demonstration radiation role. Pay close attention to the development of national policies and increase the development of grassland carbon sinks after the policies are implemented. In-depth exploration of carbon sink projects, building a green industrial economy, and helping ENN Holdings 2050 carbon neutral vision plan to be successfully achieved.

### ***4. Strengthen technology research and introduction, and explore the efficient use of clean energy***

As one of the third-generation advanced fuel cell technologies, solid oxide fuel cells ("SOFC") have high power generation efficiency and wide fuel sources (hydrogen, natural gas, biogas, biomass gas, coke oven gas, coal-to-gas, etc. fuel) and low emissions. SOFC have great application prospects in the fields of CCHP, distributed energy, ship power, biogas landfill gas power generation, coal gasification power generation, etc. It can realize "near zero" emission of CO<sub>2</sub> and pollutants and is an effective way for clean and efficient utilization of fuel.

The ENN Holdings-led national key research and development plan of the Ministry of Science and Technology, "Research on Key Technologies for Combined Heat and Power of Solid Oxide Fuel Cells (SOFC)", achieved a mid-term breakthrough, and completed the technical development, construction and performance test of the 8kW SOFC principal prototype. The test results show that the average power generation of the system is 8.89kW, the power generation efficiency is up to 62%, and the total efficiency of the combined heat and power supply is up to 90%. This mid-term assessment indicates that the ENN Holdings SOFC power generation system research and development has opened up the overall process flow. The system fully verified the entire process flow, important design parameters and module performance, accumulated important experience for SOFC productization, and laid a good foundation for the subsequent development of medium and large SOFC power generation systems.

#### 5. *Create carbon-neutral LNG digital products, improve efficiency and reduce emissions through intelligent means*

Relying on the whole scene of overseas imported LNG ship transportation, Zhoushan LNG terminal processing, downstream pipeline transportation and tank truck transportation to end customers for combustion and use, based on greatgas.cn, the Company has built the first domestic LNG full life cycle carbon footprint accounting digital products. Carry out carbon emission management for the whole life cycle of the natural gas value chain, focus on tapping the potential for carbon reduction, and gradually reduce its own carbon emissions through various means such as energy conservation and emission reduction, increasing the proportion of green energy, and utilizing excess pressure preheating energy. At the same

time, the digital product can provide ecological partners with carbon emission accounting and carbon neutrality certification for different business scenarios such as LNG production, transportation, and use, and provide services such as carbon neutral LNG sales through greatgas.cn. Provide ecological partners with the precipitation and accumulation of production and operation data, and help the entire industry chain to reduce carbon while reducing carbon itself.

## II. Consolidate and expand the achievements of poverty alleviation and rural revitalization

√ Applicable    ☐ Not Applicable

ENN Holdings responded positively to the UN Sustainable Development Agenda 2030 (SDGs) target initiative and the Chinese government's policy guidelines on poverty alleviation and poverty reduction. Adhering to the charity mission of "paying attention to energy conservation and environmental protection, supporting education, and promoting social harmony", and guiding and encouraging member enterprises to establish a partnership with local communities and fulfill the social responsibilities of corporate citizens with the charity values of "being kind, helping the world and living in harmony. The Company is committed to consolidating the achievements of poverty alleviation and achieving the goal of building a moderately prosperous society for all by improving the medical and health conditions of local communities, supporting the development of education in poverty-stricken areas, etc. Realize the integration of enterprise business value and social value, share the achievements of enterprise development with the society, and give back to the society with practical actions.

### (i) Rural revitalization

The implementation of the rural revitalization strategy is a major decision and deployment made by the 19th National Congress of the Communist Party of China, and it is the general starting point for the work of “agriculture, rural areas and farmers” in the new era. ENN Holdings strengthen communication and cooperation with local governments, explore new assistance measures, help create a typical rural revitalization model, and continue to contribute to the promotion of rural revitalization.

During the Reporting Period, the ENN Holdings and its subsidiaries contributed a total of 80,000 yuan to the rural revitalization work to continuously consolidate and expand the poverty alleviation results.

### (ii) Social welfare

ENN Holdings has always adhered to the original intention of “creating a modern energy system and improving people’s quality of life”, adhering to the public welfare concept of sharing development achievements with the

society, and giving back to the society with practical actions. The company is enthusiastic about public welfare and charity, actively helping to improve the living conditions of community residents, and creating a harmonious and stable community relationship.

During the Reporting Period, the ENN Holdings and its subsidiaries have donated 3.395 million yuan to the public for medical assistance, improvement of health services and promotion of local culture and ecology.

### (iii) Supporting education

ENN Holdings has always paid attention to and supported the development of education, and firmly believes that high-quality education is the basis for sustainable social development. During the Reporting Period, ENN Holdings and its subsidiaries donated a total of 1.7 million yuan to subsidize poor students and improve drinking water conditions for teachers and students. Support rural education with practical actions, help young people obtain fair educational opportunities, and realize their ideals and their own values.



On June 14, ENN-NG organized a blood donation activity for free



# Major Events



## I. Performance of commitments

### (i) Commitments of the Company's Actual Controller, shareholders, related parties, acquirers and other committing parties in or lasting to the Reporting Period

√ Applicable    □ Not Applicable

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
Commitments related to major asset restructuring	Shares restricted for sales	ENN Holdings	The shares of the listed company held by the Company before the completion of this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash will not be transferred within 18 months after the completion of the reorganization.	December 9, 2019 Term: 18 months after the completion of the reorganization	Yes	Yes		
	Shares restricted for sales	Wang Yusuo	The shares held by me before the completion of the restructuring of the ENN Energy through asset replacement, issuance of shares and payment of cash shall not be transferred within 18 months after the completion of the restructuring.	December 9, 2019 Term: 18 months after the completion of the reorganization	Yes	Yes		
	Shares restricted for sales	ENN International	1. In this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash, for the shares of the listed company obtained by subscribing for some of the underlying company shares held by the Company, the Company will not transfer in any way, including but not limited to public transfer through the securities market or by agreement, before the expiration of 36 months from the date of the completion of the issuance and the later of the completion of the compensation obligations agreed in the asset replacement, share issuance and cash payment agreement for asset purchase and its supplementary agreement signed based on this reorganization, but under the condition that the Company has the obligation of impairment compensation, except those repurchased or offered as free gift by the listed company. 2. If the closing price of the ENN Energy's shares is lower than the issue price for 20 consecutive trading days within 6 months after the completion of this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash, or the closing price is lower than the issue price after the 6-month period expires, the lock-up period of shares of the listed company held by the Company will be extended by 6 months automatically.	December 9, 2019 Term: 36 months after the issue of shares	Yes	Yes		
	Others	Wang Yusuo	There are no arrangements, commitments, agreements and other matters concerning the change of control of the listed company in the reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash. From the date of issuance of the commitment letter to 60 months after the completion of the transaction, I will maintain my status as the Actual Controller of the listed company on the premise of complying with laws, regulations and normative documents. If I violate the aforementioned commitments and cause losses to the listed company or investors, I will be liable for compensation according to law.	December 9, 2019 Term: 60 months after completion of reorganization	Yes	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving defects in property right concerning lands, etc.	ENN International	<ol style="list-style-type: none"> <li>1. The Company shall urge and assist ENN Energy and its holding subsidiaries to apply for relevant housings and buildings ownership certificates that have not yet been applied for. If it cannot be obtained, the competent authority will at any time require ENN Energy and/or its subsidiaries to go through the formalities related to housing construction or pay the relevant fees, impose penalties on the ENN Energy and/or its subsidiaries, recover from ENN Energy and/or its subsidiaries or require the ENN Energy and/or its subsidiaries to dismantle the relevant buildings and structures, and the Company will bear all the expenses and expenses arising therefrom.</li> <li>2. There are defects in the land use of ENN Energy and its holding subsidiaries, and the Company promises to urge and assist ENN Energy and its subsidiaries to go through the land use procedures; If the land allocated by ENN Energy and its holding subsidiaries is recovered or needs to converted back to land to be transferred due to policy adjustment in the future, the Company promises to actively cooperate with ENN Energy and its holding subsidiaries to go through the transfer procedures or take other practicable measures. If the above procedures cannot be completed, the competent authority will at any time require ENN Energy and/or its subsidiaries to go through supplementary procedures or pay supplementary fees, impose fines on ENN Energy and/or its subsidiaries, or claim or recover from ENN Energy and/or its subsidiaries relevant land, and the Company will bear all the expenses and expenses incurred therefrom (excluding land premiums or rents, land acquisition fees, title registration fees, taxes and other related fees required to be paid by ENN Energy and its holding subsidiaries in accordance with laws and regulations).</li> </ol>	December 9, 2019 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
			<p>3. If the non-standard situation of the leased land/house significantly affects the use of such land/house by ENN Energy and its holding subsidiaries to engage in normal business operations, the Company promises to actively take effective measures (including but not limited to arranging the provision of land/house with the same or similar conditions for the operation and use of relevant companies, etc.) to promote the continuous normal business operations of relevant companies, so as to reduce or eliminate the adverse effects; The Company undertakes to compensate ENN Energy and its holding subsidiaries in case of actual additional expenses or damages (e.g. third party claims) arising from the irregularity of the leased land/house, so as to mitigate or eliminate the adverse effects.</p> <p>4. ENN Energy and its holding subsidiaries have defects in business qualification, franchise permission and construction project approval. The Company undertakes to urge and assist ENN Energy and its holding subsidiaries to go through relevant qualifications, licenses and procedures. If it cannot be obtained, the competent authority shall at any time require ENN Energy and/or its subsidiaries to complete the relevant qualification procedures or make up the relevant fees, impose penalties on ENN Energy and/or its subsidiaries, recover fees and expenses from ENN Energy and/or its subsidiaries or require ENN Energy and/or its subsidiaries to suspend business, and the Company will fully bear the expenses and expenses incurred in making up the payment, being punished or being recovered and the suspension of business, and bear the losses arising therefrom.</p> <p>5. The subsidiaries of ENN Energy are subject to a number of administrative penalties during the Reporting Period, and the Company undertakes to bear the losses arising from such administrative penalties if they affect the production and operation of ENN Energy and its subsidiaries at any time.</p>					



Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving defects in property right concerning lands, etc.	Essential Investment	<ol style="list-style-type: none"> <li>1. The Company shall urge and assist ENN Energy and its holding subsidiaries to apply for relevant housings and buildings ownership certificates that have not yet been applied for. If it cannot be obtained, the competent authority will at any time require ENN Energy and/or its subsidiaries to go through the formalities related to housing construction or pay the relevant fees, impose penalties on the ENN Energy and/or its subsidiaries, recover from ENN Energy and/or its subsidiaries or require the ENN Energy and/or its subsidiaries to dismantle the relevant buildings and structures, and the Company will bear all the expenses and expenses arising therefrom.</li> <li>2. There are defects in the land use of ENN Energy and its holding subsidiaries, and the Company promises to urge and assist ENN Energy and its subsidiaries to go through the land use procedures; If the land allocated by ENN Energy and its holding subsidiaries is recovered or needs to converted back to land to be transferred due to policy adjustment in the future, the Company promises to actively cooperate with ENN Energy and its holding subsidiaries to go through the transfer procedures or take other practicable measures. If the above procedures cannot be completed, the competent authority will at any time require ENN Energy and/or its subsidiaries to go through supplementary procedures or pay supplementary fees, impose fines on ENN Energy and/or its subsidiaries, or claim or recover from ENN Energy and/or its subsidiaries relevant land, and the Company will bear all the expenses and expenses incurred therefrom (excluding land premiums or rents, land acquisition fees, title registration fees, taxes and other related fees required to be paid by ENN Energy and its holding subsidiaries in accordance with laws and regulations).</li> </ol>	December 9, 2019 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
			<p>3. If the non-standard situation of the leased land/house significantly affects the use of such land/house by ENN Energy and its holding subsidiaries to engage in normal business operations, the Company promises to actively take effective measures (including but not limited to arranging the provision of land/house with the same or similar conditions for the operation and use of relevant companies, etc.) to promote the continuous normal business operations of relevant companies, so as to reduce or eliminate the adverse effects; The Company undertakes to compensate ENN Energy and its holding subsidiaries in case of actual additional expenses or damages (e.g. third party claims) arising from the irregularity of the leased land/house, so as to mitigate or eliminate the adverse effects.</p> <p>4. ENN Energy and its holding subsidiaries have defects in business qualification, franchise permission and construction project approval. The Company undertakes to urge and assist ENN Energy and its holding subsidiaries to go through relevant qualifications, licenses and procedures. If it cannot be obtained, the competent authority shall at any time require ENN Energy and/or its subsidiaries to complete the relevant qualification procedures or make up the relevant fees, impose penalties on ENN Energy and/or its subsidiaries, recover fees and expenses from ENN Energy and/or its subsidiaries or require ENN Energy and/or its subsidiaries to suspend business, and the Company will fully bear the expenses and expenses incurred in making up the payment, being punished or being recovered and the suspension of business, and bear the losses arising therefrom.</p> <p>5. The subsidiaries of ENN Energy are subject to a number of administrative penalties during the Reporting Period, and the Company undertakes to bear the losses arising from such administrative penalties if they affect the production and operation of ENN Energy and its subsidiaries at any time.</p>					

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving defects in property right concerning lands, etc.	ENN Holdings	ENN Holdings shall ensure that the status quo of the ownership of the house of Xinneng Mining Industry will not affect the normal production and operation of Xinneng Mining Industry, and ENN Holdings will bear corresponding legal liabilities for the losses caused by the failure to handle the above ownership certificate.	January 21, 2013 Term: until the completion of the Xinneng Mining Industry-related housing property certificate	Yes	Yes		
	Others	ENN-NG	<ol style="list-style-type: none"> <li>The relevant information and materials provided by the Company for the restructuring matter of issuing shares and paying cash to purchase 90% equity interest in ENN Zhoushan are true, accurate and complete and contain no false records, misleading statements or material omissions;</li> <li>The materials provided by the Company to the intermediaries participating in this reorganization are true, accurate and complete original written or duplicate materials, and the duplicates or copies of materials are consistent with their original materials; The signatures and seals of all the documents are authentic, and there are no false records, misleading statements or major omissions;</li> <li>The statements and commitments issued by the Company for the issuance of shares and the cash payment to purchase 90% equity of ENN's Zhoushan are authentic, accurate and complete without any false records, misleading statements or major omissions. The Company agrees to be legally responsible for the truthfulness, accuracy and completeness of the information provided by the Company.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		
	Others	Directors, Supervisors and Senior Management	<ol style="list-style-type: none"> <li>The materials provided by me to each intermediary involved in the reorganization to issue shares and pay cash to purchase 90% equity interest in ENN Zhoushan are true, accurate and complete original written materials or copies of materials and information, and the copies of materials or copies are consistent with the original materials or originals; The signatures and seals on each document are true and free from any false record, misleading statement or material omission. The Company shall assume legal responsibility for the authenticity, accuracy and completeness of the information provided; If the information provided contains false records, misleading statements or material omissions, causing losses to ENN-NG or investors, I shall bear individual and joint legal liabilities according to the law.</li> <li>I warrant that the explanations and statements and commitments provided for the restructuring are true, accurate and complete, and free from any false record, misleading statement or material omission, and bear individual and joint legal liabilities for such false record, misleading statement or material omission.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
			<p>3. I guarantee that there are no false records, misleading statements or material omissions in the information disclosure and application documents of the reorganization; If there are false records, misleading statements or material omissions in the information disclosure and application documents of the reorganization, which cause losses to ENN-NG or investors, I shall bear individual and joint legal liabilities according to law.</p> <p>4. If the suspicion exists concerning this reorganization that there are false records, misleading statements or material omissions in the information provided or disclosed, which cause a case to be filed for investigation by a judicial organ or to be filed for investigation by China Securities Regulatory Commission, I will suspend the transfer of the shares (if any) of ENA-NG, in which I have an interest, and submit my written application for suspension of transfer and share account to the Board of directors of ENA-NG within two trading days upon receipt of the notice of filing and audit. The board of directors of ENN-NG shall apply to China Securities Depository and Clearing Corporation Limited for locking up the trading on the stock exchange on behalf of me; If the lock-up application is not submitted within two trading days, the board of directors of ENN-NG will be authorized to verify and directly report the identity information and account information to the stock exchange and China Securities Depository and Clearing Corporation Limited and apply for lock-up; If the board of directors of ENN-NG has not submitted my identity information and account information to the stock exchange and China Securities Depository and Clearing Co., China Securities Depository and Clearing Corporation Limited, it authorizes the stock exchange and China Securities Depository and Clearing Corporation Limited to directly lock up the relevant shares. If any violation of laws and regulations is found in the conclusion of investigation, I promise to lock up the shares voluntarily for the compensation arrangements for relevant investors.</p> <p>5. I guarantee that, if I violate the above commitments, I am willing to bear the corresponding legal responsibility.</p>					

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	ENN Technology, ENN Group, and ENN Holdings	In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Major Asset Restructuring of Listed Companies, the Provisions on Several Issues Concerning the Major Asset Restructuring of Listed Companies, the Rules for the Listing of the Shanghai Stock Exchange Stocks and other laws, regulations and normative documents, the Company will provide the listed company with timely information on the restructuring matters related to the issuance of shares and the payment of cash for 90% equity of ENN Zhoushan, and ensure that the information provided is true, accurate and complete, and bear individual and joint legal liabilities for the authenticity, accuracy and completeness of the information provided. If the listed company or investors suffer losses due to false records, misleading statements or major omissions in the information provided, the Company will be liable for compensation according to law. If the reorganization is investigated by the judicial organ or CSRC due to the suspected false records, misleading statements or major omissions in the information provided or disclosed, the transfer of shares with interests in the listed company (if any) will be suspended until the conclusion of the case investigation is clear.	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	ENN International	<p>In accordance with the requirements of laws, regulations and normative documents of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Major Asset Restructuring of Listed Companies, the Provisions on Several Issues Concerning the Major Asset Restructuring of Listed Companies, and the Listing Rules of the Shanghai Stock Exchange, the Company and the persons acting in concert will timely provide the listed company with information related to the reorganization to acquire 90% equity of ENN Zhoushan by issuance of shares and payment of cash, and ensure that the information provided is true, accurate and complete, and bear individual and joint legal liabilities for the authenticity, accuracy and integrity of the information provided. If any loss is caused to the listed company or investors due to false records, misleading statements or major omissions in the information provided, the Company and persons acting in concert shall be liable for compensation according to law.</p> <p>If the reorganization is investigated by the judicial authorities or CSRC due to suspected false records, misleading statements or major omissions in the information provided or disclosed, the Company will suspend the transfer of the shares with interests in the listed company until the conclusion of the investigation of the case is clear, and submit the written application and stock account for the suspension of the transfer to the board of directors of the listed company within two trading days after receiving the notice of filing and inspection, then the board of directors shall apply to the stock exchange and the registration and clearing company for lock-up on behalf of the Company and persons acting in concert; If the lock-up application is not submitted within two trading days, the board of directors is authorized to directly submit the identity information and account information of the Company and the persons acting in concert to the stock exchange and the CSRC and apply for lock-up; If the board of directors fails to submit the identity information and account information of the Company and the persons acting in concert to the stock exchange and the registration and settlement company, it shall authorize the stock exchange and the registration and settlement company to directly lock up the relevant shares. If the investigation finds any illegality or irregularity, the Company and persons acting in concert promise to lock up the shares voluntarily for the relevant investors compensation arrangement.</p>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	Wang Yusuo	<p>In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Major Asset Restructuring of Listed Companies, the Provisions on Several Issues Concerning the Major Asset Restructuring of Listed Companies, the Rules for the Listing of the Shanghai Stock Exchange Stocks and other laws, regulations and normative documents, I will provide the listed company with timely information on the restructuring matters related to the issuance of shares and the payment of cash to purchase the 90% equity of ENN Zhoushan, and ensure that the information provided is true, accurate and complete, and bear individual and joint legal liabilities for the authenticity, accuracy and completeness of the information provided. If any loss is caused to the listed company or investor due to any false record, misleading statement or major omission in the information provided, I shall be liable for compensation according to law.</p> <p>If the reorganization is investigated by the judicial authorities or by CSRC due to suspected false records, misleading statements or major omissions in the information provided or disclosed, the transfer of the shares with interests in the listed company will be suspended until the conclusion of the investigation of the case is clear, and the written application and stock account for the suspension of the transfer should be submitted to the board of directors of the listed company within two trading days after receiving the notice of filing and inspection. The board of directors shall apply to the stock exchange and the registration and clearing company for lock-up on my own behalf; If the applicant fails to submit the lock-up application within two trading days, the board of directors shall be authorized to directly submit the identity information and account information to the stock exchange and the registration and settlement company after verification and apply for lock-up; Where the board of directors fails to submit the identity information and account information to the stock exchange and the registration and settlement company, the stock exchange and the registration and settlement company shall be authorized to directly lock up the relevant shares. If any violation of laws and regulations is found in the conclusion of investigation, I promise to lock up the shares voluntarily for the compensation arrangements for relevant investors.</p>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	ENN Zhoushan	<ol style="list-style-type: none"> <li>1. The relevant information and materials provided by the Company for the restructuring matter of issuing shares and paying cash to purchase 90% equity interest in ENN Zhoushan are true, accurate and complete and do not contain any false records, misleading statements or material omissions;</li> <li>2. The materials provided by the Company to the intermediaries participating in this reorganization are true, accurate and complete original written or duplicate materials, and the duplicates or copies of materials are consistent with their original materials; The signatures and seals of all the documents are authentic, and there are no false records, misleading statements or major omissions;</li> <li>3. The statements and confirmations issued by the Company for this restructuring are true, accurate and complete, without any false records, misleading statements or major omissions, and the Company undertakes to bear legal responsibility for the authenticity, accuracy and integrity of the information provided by the Company.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		
	Solving horizontal competitions	ENN International	<ol style="list-style-type: none"> <li>1. The Company and persons acting in concert, the companies and other principal business wholly-owned or controlled by the Company (including ENN Zhoushan) and the persons acting in concert do not actually engage in the same business as the listed company or the holding subsidiary.</li> <li>2. The Company and its holding subsidiaries will take effective measures to avoid substantial horizontal competition with the Company and its holding subsidiaries, and promise to urge the other enterprises wholly owned or controlled by the Company and the persons acting in concert to take effective measures to avoid substantive horizontal competition with listed companies and their holding subsidiaries.</li> <li>3. If the Company and the persons acting in concert, and the other enterprises wholly owned or held by the Company and the persons acting in concert obtain business opportunities which constitute or may constitute substantial competition in the same industry as the listed companies and its holding subsidiary, the Company and the persons acting in concert will do their best to provide the listed company or its holding subsidiaries with such business opportunities. If the listed company and its holding subsidiary do not obtain such business opportunities, the Company and the persons acting in concert will undertake to resolve them by means permitted by laws, regulations and with CSRC approval.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		



Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving horizontal competitions	Wang Yusuo	<ol style="list-style-type: none"> <li>1. I and the other companies wholly owned or controlled by me do not actually engage in the same business or principal business as or similar to that of the listed company or its holding subsidiaries (including ENN Zhoushan).</li> <li>2. I will take effective measures in strict accordance with the relevant laws, regulations and normative documents to avoid substantial horizontal competition with the listed company and its holding subsidiary, and promise to urge other companies wholly owned or controlled by me to take effective measures to avoid substantial horizontal competition with the listed company and its holding subsidiary.</li> <li>3. If I and other companies wholly owned or controlled by me obtain business opportunities that constitute or may constitute substantial competition with the listed companies and their holding subsidiary, I will use my best efforts to make such business opportunities available to the listed companies or their holding subsidiary. If the listed company and its holding subsidiary do not obtain such business opportunities, I, myself, will promise to resolve them by using means permitted by laws, regulations and with CSRC's approvals.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		
	Solving horizontal competitions	ENN Technology, ENN Group, and ENN Holdings	<ol style="list-style-type: none"> <li>1. The Company and the other wholly-owned or controlled companies do not actually engage in any business or principal business the same as or similar to that of the holding subsidiary or its holding subsidiary (including ENN Zhoushan).</li> <li>2. The Company will take effective measures in strict accordance with relevant laws, regulations and normative documents to avoid substantial horizontal competition with the listed company and its holding subsidiaries, and promise to urge other companies wholly-owned or controlled by the Company to take effective measures to avoid substantial horizontal competition with the listed company and its holding subsidiary.</li> <li>3. If the Company and other enterprises wholly-owned or controlled by the Company are offered business opportunities that constitute or may constitute substantial competition with the listed company and its holding subsidiaries in the same line of business, the Company will use its best endeavors to make such business opportunities available to the listed company or its holding subsidiaries. If the listed company and its holding subsidiaries fail to obtain such business opportunities, the Company promises to resolve the problem by means allowed by laws, regulations and China Securities Regulatory Commission.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving related party transactions	ENN International	<ol style="list-style-type: none"> <li>1. After the completion of the share issuance and the purchase of 90% equity in ENN Zhoushan, the Company and persons acting in concert, and the other enterprises controlled by the Company and the persons acting in concert other than the listed company will do their best to avoid adding unnecessary connected transactions. When conducting connected transactions that are necessary and cannot be avoided, the Company shall ensure fair operation in accordance with the market principles and fair price, perform transaction approval procedures and information disclosure obligations according to relevant laws, regulations, rules and other normative documents, and guarantee that the legitimate rights and interests of listed companies and other shareholders are not damaged through connected transactions.</li> <li>2. The Company and the persons acting in concert undertake not to use the status of shareholders of the listed company to damage the legitimate interests of the listed company and other shareholders. After the completion of the restructuring, the Company and the persons acting in concert will continue to exercise shareholders' rights in strict accordance with the relevant laws and regulations, normative documents and the articles of association of the listed company. When voting on related-party transactions involving the Company and the persons acting in concert at the general meeting, they shall withdraw from voting.</li> <li>3. The Company and persons acting in concert will be liable for the losses incurred by the Company and its holding subsidiary after the restructuring due to their breach of this undertaking.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving related party transactions	Wang Yusuo	<ol style="list-style-type: none"> <li>1. After the completion of the restructuring of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan, I and other enterprises under my control other than the listed company will try to avoid new unnecessary related party transactions with listed companies. When conducting connected transactions that are necessary and cannot be avoided, the Company shall ensure fair operation in accordance with the market principles and fair price, perform transaction approval procedures and information disclosure obligations according to relevant laws, regulations, rules and other normative documents, and guarantee that the legitimate rights and interests of listed companies and other shareholders are not damaged through connected transactions.</li> <li>2. I promise not to take advantage of the shareholder status of the listed company to damage the legitimate interests of the listed company and other shareholders. After the completion of the restructuring, I will continue to exercise the shareholder rights in strict accordance with the relevant laws, regulations, normative documents and relevant provisions in the articles of the listed company; When the general meeting of shareholders of a listed company votes on related transactions involving itself, it shall perform the obligation to avoid voting.</li> <li>3. If the listed company and its holding subsidiary suffer losses after the completion of this restructuring due to my breach of this commitment, I will bear the corresponding liability for compensation.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving related party transactions	ENN Technology, ENN Group, and ENN Holdings	<p>1. After the reorganization of issuing shares and paying cash to purchase 90% equity of ENN is completed, besides the existing transactions, the Company and its affiliated enterprises (except the listed company, the target company and its holding subsidiaries) will try their best to avoid adding unnecessary transactions with the listed company, the target company and its holding subsidiary. For transactions that cannot be avoided or exist reasonably, it will sign normative transaction agreements with the listed company and the underlying company in accordance with the law, and perform the approval and disclosure procedures of the listed company and the target company, in accordance with relevant laws, regulations, rules, other normative documents as well as the articles of association based on the relevant regulatory requirements of the listed company and the target company; The transaction price shall be determined according to the price at which the same or similar transaction is conducted with an independent third party without affiliated relationship to ensure the fairness of the transaction price; To ensure that disclosure is made in accordance with relevant laws, regulations and the Articles of Association, and to abstain from voting when voting on related-party transactions involving Company at the general meeting; To guarantee not to damage the legitimate rights and interests of the listed company, the target company and other shareholders through such transactions.</p> <p>2. If the Company violates this commitment and causes the listed company or the target company to suffer losses after the completion of the reorganization, the Company will assume the corresponding liability for compensation.</p>	October 26, 2021 Term: permanent	No	Yes		
	Others	ENN International	Before the restructuring of the issuance of shares and payment of cash to purchase 90% equity interest in ENN Zhoushan, the listed company was independent of the Company and parties acting in concert. Upon completion of this restructuring, the Company and parties acting in concert will continue to maintain the independence of the listed company, follow the principle of five separations in terms of business, assets, personnel, finance and institutions, and comply with the relevant regulations of the CSRC, not use the listed company to provide guarantees in violation of the law, not occupy funds of the listed company and not form competition with the listed company.	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	Wang Yusuo	Prior to the restructuring of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan, the listed company is independent of me. After the restructuring, I will continue to maintain the independence of the listed company, follow the principle of five separations in business, assets, personnel, finance and institutions, abide by the relevant provisions of the China Securities Regulatory Commission, and will not use the listed company to provide guarantee in violation of regulations, occupy the listed company's funds, and will not form horizontal competition with the listed company.	October 26, 2021 Term: permanent	No	Yes		
	Others	ENN Technology, ENN Group, and ENN Holdings	After the completion of the reorganization of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan, the Company will maintain the independence of the listed company, follow the principle of five separation in business, assets, personnel, finance and institutions, abide by the relevant provisions of the CSRC, do not use the listed company to provide guarantees in violation of regulations, do not occupy the funds of the listed company, and do not form horizontal competition with the listed company.	October 26, 2021 Term: permanent	No	Yes		
	Others	ENN Technology, ENN Group, and ENN Holdings	<ol style="list-style-type: none"> <li>1. The Company legally holds the underlying equity, which shall be qualified as the counterparty to the restructuring.</li> <li>2. The Company has fulfilled its contribution obligations to the Company in accordance with the law, and there is no false capital contribution, withdrawal of capital contribution or other violations that may affect the legal existence of the Company.</li> <li>3. The Company legally owns the complete ownership of the subject equity, and guarantees that there are no other contracts or agreements that restrict the transfer of the target equity to the listed company on the delivery date, nor are there any circumstances that restrict its transfer to the listed company such as being sealed up or frozen.</li> <li>4. The Company confirms that there are no pending or foreseeable major lawsuits, arbitrations and disputes that may affect the change of ownership of the subject equity held by the Company or prevent the transfer of the subject equity to the listed company. The Company warrants that it will not pledge or set any other restrictions to the company that may prevent the transfer of the underlying equity to the Company from the date hereof until the completion of the restructuring. If the Company violates the commitments of this Letter of Undertaking, the Company is willing to compensate the listed company for all losses incurred thereby.</li> </ol>	October 26, 2021 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Shares restricted for sales	ENN Technology	<p>The shares of the listed companies obtained by the Company in the re-organization of the issuance of shares and the payment of cash to purchase 90% of the shares in ENN Zhoushan will not be transferred for 36 months from the date of the end of the issuance of shares. (Transfers between different subjects under the control of the same actual controller are not subject to the lock-up period of the shares.) Thereafter, the relevant provisions of CSRC and stock exchanges shall be followed; The shares bearing interest due to bonus issue and conversion of share capital by listed companies shall also be locked up in accordance with the aforesaid lock-up period. If the closing price of the shares of the listed company is lower than the issue price for 20 consecutive trading days within 6 months after the completion of this reorganization, or if the closing price of the shares of the listed company at the end of 6 months after the completion of this reorganization is lower than the issue price, the lock-up period of the shares of the listed company held by the company will be automatically extended for 6 months.</p> <p>If the above arrangement is inconsistent with the latest regulations of securities regulators, the Company agrees to adjust it accordingly. After the lock-up period, it shall be subject to the Agreement on the Purchase of Asset by Issuance of Shares and its supplementary agreement (if any) and the relevant stipulations of CSRC and Shanghai Stock Exchange.</p>	October 26, 2021 Term: 36 months after the issue of shares	No	Yes		
	Shares restricted for sales	ENN International	<ol style="list-style-type: none"> <li>During the period from the date of resumption of trading to the completion of this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash to purchase 90% of the equity of ENN Zhoushan, the Company and the concerted actors have no plan to reduce the shares of the listed company.</li> <li>The Company and persons acting in concert undertake not to reduce their shares from the date of resumption of trading to the date of completion of the restructuring.</li> <li>The shares held by the Company and persons acting in concert before the completion of the restructuring shall not be transferred within 18 months after the completion of the restructuring.</li> </ol> <p>The shares of listed companies held by the Company and concerted parties before the completion of this reorganization are derived from the distribution of stock dividends, capital reserve conversion to share capital, etc., and also comply with the above-mentioned share locking arrangement. The transfer of the shares of the listed company held by the Company and persons acting in concert before the completion of the reorganization to other entities controlled by the actual controller of the Company and persons acting in concert is not subject to the aforementioned restrictions.</p>	October 26, 2021 Term: 18 months after the completion of the reorganization	Yes	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Shares restricted for sales	Wang Yusuo	<ol style="list-style-type: none"> <li>1. I have no plan to reduce my shareholding in the listed company during the period from the date of resumption to the completion of this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash to purchase 90% equity interest in ENN Zhoushan.</li> <li>2. I promise not to reduce the shares of the listed company from the date of the resumption of the reorganization to the completion of the implementation period.</li> <li>3. The shares of the listed company held by me before the completion of the restructuring shall not be transferred within 18 months after the completion of the restructuring. The shares derived from the shares of the listed company held by me before the completion of the restructuring due to the distribution of stock dividends and conversion of capital reserve into share capital shall also be subject to the above-mentioned share lock-up arrangements.</li> </ol>	October 26, 2021 Term: 18 months after the completion of the reorganization	Yes	Yes		
	Shares restricted for sales	Directors, Supervisors and Senior Management	<ol style="list-style-type: none"> <li>1. I have no plan to reduce my shareholding in the listed company during the period from the date of resumption to the completion of this reorganization to acquire shares of ENN Energy by asset placement, issuance of shares and payment of cash to purchase 90% equity interest in ENN Zhoushan.</li> <li>2. I promise not to reduce the shares of the listed company from the date of the resumption of the reorganization to the completion of the implementation period.</li> </ol>	October 26, 2021 Term: after the completion of the restructuring	Yes	Yes		
	Others	ENN International	<p>The Company has not been placed on file for investigation because of the suspected insider trading related to the reorganization of the issuance of shares and the payment of cash to purchase 90% of the equity of ENN Zhoushan. In the past 36 months, there has been no case of administrative punishment by CSRC or criminal liability investigated by judicial organs for insider trading related to material assets reorganization.</p> <p>To sum up, the Company is not allowed to participate in any material assets restructuring in accordance with Article 13 of the Guidelines for the Supervision of Listed Companies No.7 – Supervision of Abnormal Transactions Related to Material Assets Restructuring.</p>	October 26, 2021 Term: long-term	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	All Directors of ENN International	<p>I have not been placed on file for investigation or investigation for suspected insider trading related to the issue of shares and the reorganization of 90% equity of ENN Zhoushan by paying cash, and there has been no case in the past 36 months related to major asset reorganization, or circumstances where insider trading is subject to administrative punishment by China Securities Regulatory Commission or criminal responsibility is pursued by judicial organs in accordance with the law.</p> <p>To sum up, I am not allowed to and actually I didn't participate in the material assets restructuring of any listed company in accordance with Article 13 of the Guidelines for the Supervision of Listed Companies No. 7 – Supervision and Administration of Abnormal Transactions of Stocks Related to Material Assets Restructuring of Listed Companies.</p>	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN-NG	<p>The Company has not been placed on file for investigation because of the suspected insider trading related to the reorganization of the issuance of shares and the payment of cash to purchase 90% of the equity of ENN Zhoushan. In the past 36 months, there has been no case of administrative punishment by CSRC or criminal liability investigated by judicial organs for insider trading related to material assets reorganization.</p> <p>To sum up, the Company is not allowed to participate in the restructuring of the material assets in accordance with Article 13 of the Guidelines for the Supervision and Administration of Listed Companies No. 7 – Supervision of Abnormal Transactions Related to Material Assets Restructuring.</p>	October 26, 2021 Term: long-term	No	Yes		
	Others	All directors, supervisors and senior management of the Company	<p>I have not been placed on file for investigation or investigation for suspected insider trading related to the issue of shares and the reorganization of 90% equity of ENN Zhoushan by paying cash, and there has been no case in the past 36 months related to major asset reorganization, or circumstances where insider trading is subject to administrative punishment by China Securities Regulatory Commission or criminal responsibility is pursued by judicial organs under the law.</p> <p>To sum up, I am not allowed to and actually, I didn't participate in the material assets restructuring of any listed company in accordance with Article 13 of the Guidelines for the Supervision of Listed Companies No. 7 – Supervision and Administration of Abnormal Transactions of Stocks Related to Material Assets Restructuring of Listed Companies.</p>	October 26, 2021 Term: long-term	No	Yes		



Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	ENN Technology, ENN Group, and ENN Holdings	<ol style="list-style-type: none"> <li>1. The Company, the directors, supervisors, senior managers, controlling shareholders, actual controllers and the institutions controlled by the Company are not allowed to participate in any material assets restructuring as stipulated in Article 13 of the guideline for supervision of the company No. 7 – the supervision of abnormal transactions related to material assets restructuring.</li> <li>2. The Company promises to meet the conditions of being a listed company's non-public offering of shares, and there is no circumstance that laws, regulations, rules or normative documents stipulate that it shall not be the object of non-public offering of stocks by listed companies.</li> <li>3. The Company warrants that the Company is willing to bear the corresponding legal liability in case of breach of the above commitments.</li> </ol>	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN Technology, ENN Group	<ol style="list-style-type: none"> <li>1. The Company has not been subject to administrative penalties (except those unrelated to the securities market), criminal penalties, or involved in major civil litigation or arbitration related to economic disputes within the last five years.</li> <li>2. The Company has not failed to repay large debts as scheduled, failed to fulfill commitments, been subject to administrative supervisory measures by CSRC or been subject to disciplinary actions by the stock exchange within the last five years.</li> </ol>	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN Holdings	<ol style="list-style-type: none"> <li>1. The Company has not been subject to administrative penalties (except those obviously unrelated to the securities market), criminal penalties, or involved in major civil litigation or arbitration related to economic disputes within the last five years.</li> <li>2. On April 16, 2018, the Company received the "Decision on Issuing the Notice of Criticism to ENN Ecological Holdings Co., Ltd., the Controlling Shareholder ENN Holdings Investment Co., Ltd. and its Persons Acting in Concert, Relevant Shareholders and Responsible Persons"([2018]No. 21) issued by Shanghai Stock Exchange. In addition to the above-mentioned circumstances, there were no circumstances where the Company did not repay large debts on time, failed to fulfill commitments, was subject to administrative supervision measures by the China Securities Regulatory Commission or was subject to any disciplinary action of any stock exchange in the past five years</li> </ol>	October 26, 2021 Term: long-term	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	All directors, supervisors and senior managers of ENN Technology, ENN Group and ENN Holdings except Wang Yusuo	<ol style="list-style-type: none"> <li>1. I have not been subject to administrative punishment (except those obviously unrelated to the securities market), criminal punishment, or involved in major civil litigation or arbitration related to economic disputes in the past five years.</li> <li>2. I have not failed to repay large debts on schedule or fulfill commitments, and have not been subjected to administrative supervision measures by CSRC or disciplinary sanction by stock exchanges in the past five years.</li> </ol>	October 26, 2021 Term: long-term	No	No		
	Others	Wang Yusuo	<ol style="list-style-type: none"> <li>1. I have not been subjected to administrative punishment (except those obviously unrelated to the securities market), criminal punishment, or involved in major civil litigation or arbitration related to economic disputes in the past five years.</li> <li>2. On April 16, 2018, I received the "Decision on Issuing the Notice of Criticism to ENN Ecological Holdings Co., Ltd., the Controlling Shareholder ENN Holdings Investment Co., Ltd. and its Persons Acting in Concert, Relevant Shareholders and Responsible Persons" ([2018] No. 21) issued by Shanghai Stock Exchange; on April 27, 2021, I received the Decision on Regulatory Attention to Tibet Tourism Co., Ltd., Wang Yusuo, the actual controller, related party Xinyi Hotel Management Co., Ltd., and relevant responsible persons issued by Shanghai Stock Exchange (Shanghai Public Regulatory Letter [2021] No. 0051). Except for the above-mentioned, I have not failed to repay large-amount debts on schedule, failed to fulfill commitments, been subject to administrative supervision measures by the CSRC or disciplinary punishments by stock exchanges in the past five years.</li> </ol>	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN-NG	<ol style="list-style-type: none"> <li>1. The Company is not under investigation by judicial authorities or investigation by the CSRC due to suspected violation of laws and regulations;</li> <li>2. The administrative penalties imposed on the Company in the past three years are obviously unrelated to the securities market and do not constitute a material impact on the restructuring of this offering and the purchase of 90% equity in ENN Zhoushan.</li> </ol>	October 26, 2021 Term: long-term	No	Yes		
	Others	All directors, supervisors and senior management of the Company	<ol style="list-style-type: none"> <li>1. I am not under the situation that being placed on file for investigation by judicial authorities due to suspected crime or under investigation by China Securities Regulatory Commission due to suspected violation of laws and regulations.</li> <li>2. I have not been subjected to administrative punishment (except for those obviously unrelated to the securities market) or criminal punishment in the last three years, and have not been publicly condemned by the stock exchange or other major dishonesty in the last 12 months.</li> </ol>	October 26, 2021 Term: long-term	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	ENN International	During the preliminary negotiation stage of the reorganization of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan and the process of this reorganization, the Company has not been placed on file for investigation or detection due to suspected insider trading, nor has it disclosed the insider information of this restructuring and used this restructuring information for insider trading. If the Company violates the above commitments, it will bear the losses caused to the listed company and other shareholders.	October 26, 2021 Term: long-term	No	Yes		
	Others	All Directors of ENN International	During the preliminary negotiation stage of the reorganization of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan and the process of this reorganization, there is no case of being filed for investigation or investigation due to suspected insider trading, and there is no case of disclosing the insider information of this reorganization and using this reorganization information for insider trading. If I violate the above commitments, Will bear the losses caused to the listed company and other shareholders.	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN Technology, ENN Group, and ENN Holdings	During the preliminary negotiation with the listed company and the reorganization of the issuance of shares and the payment of cash to purchase 90% of the equity of ENN Zhoushan, the Company has not been investigated or investigated for suspected insider trading, nor has it disclosed the insider information of this reorganization and used this reorganization information for insider trading. If the Company violates the above commitments, Will bear the losses caused to the listed company and its shareholders.	October 26, 2021 Term: long-term	No	Yes		
	Others	All directors, supervisors and senior managers of ENN Technology, ENN Group and ENN Holdings	During the preliminary negotiation stage and implementation of the restructuring matter of issuing shares and paying cash to purchase 90% equity interest in ENN Zhoushan, I am not under investigation or investigation for suspected insider trading, nor do I disclose insider information about the restructuring and use the restructuring information for insider trading, and if I violate the above undertaking, I will bear the losses caused to the listed company and its shareholders as a result.	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN-NG	During the preliminary negotiation stage of the reorganization of issuing shares and paying cash to purchase 90% equity of ENN Zhoushan and the process of this reorganization, the company has not been investigated or investigated for suspected insider trading, nor has it disclosed the insider information of this reorganization and used this reorganization information for insider trading. If the Company violates the above commitments, it will bear the losses caused to investors.	October 26, 2021 Term: long-term	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Others	All directors, supervisors and senior management of the Company	During the preliminary negotiation stage and implementation process of the restructuring matters concerning the issuance of shares and the purchase of 90% equity of ENN Zhoushan by cash, I did not disclose the insider information of the restructuring or conduct insider transactions by using the information of the restructuring; To the best of my knowledge, I have not been filed for investigation or interrogation for suspected insider trading. If I violate the above commitments, I will bear the direct losses caused to the listed company and its shareholders per the results of judicial judgment or ruling.	October 26, 2021 Term: long-term	No	Yes		
	Others	ENN Zhoushan	The Company did not disclose any inside information about the restructuring or use the information for inside trading during the initial consultation and implementation of the restructuring about the issuance of shares and the payment of cash for 90% of the equity of ENN Zhoushan; To the knowledge of the Company, the Company has not been filed for investigation or investigation due to suspected insider trading. If the Company violates the above commitments, it will bear the direct losses caused to the listed company and its shareholders according to the results of judicial judgments or rulings.	October 26, 2021 Term: long-term	No	Yes		
	Others	All directors, supervisors and senior officers of ENN Zhoushan	During the preliminary negotiation stage and implementation process of the restructuring matters concerning the issuance of shares and the purchase of 90% equity of ENN Zhoushan by cash, I did not disclose the insider information of the restructuring or conduct insider transactions by using the information of the restructuring; To the best of my knowledge, I have not been filed for investigation or interrogation for suspected insider trading. If I violate the above commitments, I will bear the direct losses caused to the listed company and its shareholders in accordance with the results of judicial judgment or ruling.	October 26, 2021 Term: long-term	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving defects in property right concerning lands, etc.	ENN Technology, ENN Group, and ENN Holdings	<ol style="list-style-type: none"> <li>1. For the houses and buildings for which the Subject Company has not obtained the ownership certificate, the Company will urge and assist ENN Zhoushan and its subsidiaries to handle the relevant ownership certificate of the houses and buildings. If it cannot be obtained, the competent department will at any time require ENN Zhoushan and/or its subsidiaries to go through the formalities related to housing construction or pay the relevant fees, impose penalties on ENN Zhoushan and/or its subsidiaries, recover from ENN Zhoushan and/or its subsidiaries or require ENN Zhoushan and/or its subsidiaries to dismantle the relevant housing and buildings, and the Company will bear the expenses and expenses of the supplementary payment, punishment, recovery and demolition of housing and buildings in full, and bear all losses caused thereby.</li> <li>2. The Company will urge and assist ENN Zhoushan and its subsidiaries to handle the land use procedures. The Company will bear all the expenses and expenses arising therefrom if the Competent Authority requires Nao Zhoushan and/or its Subsidiaries to make up the land use formalities or make up the relevant fees, impose penalties on Nao Zhoushan and/or its Subsidiaries at any time.</li> <li>3. For administrative penalties for the target company's sea area, if the target company is unable to obtain the right to use the relevant sea area, thus causing obstacles to the normal operation of the target company or its holding subsidiaries in the future or causing any losses to the target company or its holding subsidiaries or listed company, the Company undertakes to coordinate the settlement and bear all losses, fines or liabilities arising therefrom by the target company or its holding subsidiaries.</li> </ol>	October 26, 2021 Term: The relevant housing title certificates of ENN Zhoushan and/or its subsidiaries have been processed	Yes	Yes		
	Others	Wang Yusuo	There are no arrangements, commitments, agreements and other matters related to the change of control of the listed company in the restructuring of the issuance of shares and the payment of cash for the purchase of 90% of the equity of ENN Zhoushan, and I will maintain my position as the actual controller of the listed company within 36 months from the date of signing the commitment letter to the completion of the transaction within 36 months after the completion of the transaction. If I violate the aforementioned commitments and cause losses to the listed company or investors, I will be liable for compensation according to law.	October 26, 2021 Term: 60 months after completion of reorganization	Yes	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Profit prediction and compensation	ENN Technology, ENN Group, ENN Holdings	<p>The Company undertakes that the net profit attributable to the owners of the parent company after deducting non-recurring profit and loss for 2022, 2023, 2024 and 2025 of the Target Company, ENN Zhoushan, shall be not less than RMB349.67 million, RMB639.43 million, RMB933.48 million and RMB1,196.43 million respectively.</p> <p>Performance compensation method: ENN Technology, ENN Group and ENN Holdings should first use the shares issued this time and pay cash to purchase the share compensation obtained in the restructuring transaction of 90% equity of ENN Zhoushan, and the insufficient part should be compensated in cash. Since in this transaction, only ENN Technology received share-based consideration, ENN Technology's priority for compensation in shares may be recovered from ENN Group and ENN Holdings after compensation.</p>	October 26, 2021 Term: 2022-2025	Yes	Yes		
Commitments related to refinancing	Solving related party transactions	ENN Holdings	<ol style="list-style-type: none"> <li>1. After the completion of the restructuring of the purchase of ENN Energy shares by means of asset replacement, share issuance and cash payment, the company and the company-controlled enterprises with listed companies will avoid unnecessary associated transactions as far as possible. When conducting connected transactions that are necessary and cannot be avoided, the Company shall ensure fair operation following the market principles and fair price, perform transaction approval procedures and information disclosure obligations according to relevant laws, regulations, rules and other normative documents, and guarantee that the legitimate rights and interests of listed companies and other shareholders are not damaged through connected transactions.</li> <li>2. The Company promises not to take advantage of the shareholder status of the listed company to harm the legitimate interests of the listed company and other shareholders. After the completion of this reorganization, the Company will continue to exercise shareholder rights in strict accordance with relevant laws and regulations, normative documents and relevant provisions of the articles of association of the listed company; When the shareholders' meeting of the listed company votes on the related transactions involving Company, it shall fulfill the obligation to avoid voting.</li> <li>3. If the listed company and its holding subsidiary after the completion of the reorganization suffer losses due to the breach of this commitment, the Company will bear the corresponding liability for compensation.</li> </ol>	December 9, 2019 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving related party transactions	Wang Yusuo	<ol style="list-style-type: none"> <li>1. After the completion of the reorganization to purchase ENN Energy shares by means of asset replacement, share issuance and cash payment, I and the enterprises under my control will try to avoid new unnecessary related transactions with the listed company. When conducting connected transactions that are necessary and cannot be avoided, the Company shall ensure fair operation in accordance with the market principles and fair price, perform transaction approval procedures and information disclosure obligations according to relevant laws, regulations, rules and other normative documents, and guarantee that the legitimate rights and interests of listed companies and other shareholders are not damaged through connected transactions.</li> <li>2. I promise not to take advantage of the shareholder status of the listed company to damage the legitimate interests of the listed company and other shareholders. After the completion of the restructuring, I will continue to exercise the shareholder rights in strict accordance with the relevant laws, regulations, normative documents and relevant provisions in the articles of the listed company; When the general meeting of shareholders of a listed company votes on related transactions involving itself, it shall perform the obligation to avoid voting.</li> <li>3. I will bear the corresponding compensation responsibility for the losses suffered by the listed company and its holding subsidiary after the completion of this reorganization as a result of my breach of this undertaking.</li> </ol>	December 9, 2019 Term: permanent	No	Yes		

Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Solving horizontal competitions	ENN Holdings	<ol style="list-style-type: none"> <li>1. The Company and other wholly-owned or controlled company do not actually engage in any business or principal business the same as or similar to that of the holding subsidiary or its holding subsidiary (including ENN Zhoushan).</li> <li>2. The Company will take effective measures in strict accordance with relevant laws, regulations and normative documents to avoid substantial horizontal competition with the listed company and its holding subsidiaries, and promise to urge other companies wholly owned or controlled by the Company to take effective measures to avoid substantial horizontal competition with the listed company and its holding subsidiary.</li> <li>3. If the Company and other enterprises wholly-owned or controlled by the Company are offered business opportunities that constitute or may constitute substantial competition with the listed company and its holding subsidiaries in the same line of business, the Company will use its best endeavors to make such business opportunities available to the listed company or its holding subsidiaries. If the listed company and its holding subsidiary fail to obtain such business opportunities, the Company undertakes to resolve such business opportunities by means approved by laws, regulations and China Securities Regulatory Commission (except that the listed company and its holding subsidiary voluntarily give up such business opportunities).</li> </ol>	December 9, 2019 Term: permanent	No	Yes		
	Solving horizontal competitions	Wang Yusuo	<ol style="list-style-type: none"> <li>1. I and the other companies wholly owned or controlled by me do not actually engage in the same business or principal business as or similar to that of the listed company or its holding subsidiary (including ENN Zhoushan).</li> <li>2. I will take effective measures in strict accordance with the relevant laws, regulations and normative documents to avoid substantial horizontal competition with the listed company and its holding subsidiary, and promise to urge other companies wholly owned or controlled by me to take effective measures to avoid substantial horizontal competition with the listed company and its holding subsidiary.</li> <li>3. If I and other companies wholly owned or controlled by me obtain business opportunities that constitute or may constitute substantial competition with the listed companies and their holding subsidiary, I will use my best efforts to make such business opportunities available to the listed companies or their holding subsidiary. If the listed company and its holding subsidiary fail to obtain such business opportunities, I undertake to solve the problem by means approved by laws, regulations and the China Securities Regulatory Commission (except that the listed company and its holding subsidiaries voluntarily give up such business opportunities).</li> </ol>	December 9, 2019 Term: permanent	No	Yes		



Background of commitments	Commitment type	Party making commitments	Commitment content	Time and term of commitments	Whether there is a period for performance	Whether timely and strict performed	If it fails to be performed in a timely manner, the specific reasons for the performance shall be explained	If it fails to be performed in time, the next step shall be described
	Shares restricted for sales	ENN Holdings	The shares subscribed by the Company in ENN Energy through asset replacement, issuance of shares and payment of cash may not be transferred within 18 months from the date of completion of the issuance of new shares. After the completion of the raising of supporting funds, the shares increased due to the company's allotment of shares, bonus shares, conversion of capital reserve to share capital and other reasons shall also comply with the above-mentioned share lock-in agreement.  If China Securities Regulatory Commission makes policy adjustments to the lock-in period of the issued shares, the Company agrees to make corresponding adjustments in accordance with the relevant regulatory provisions. After the lock-in period, it shall be implemented under the agreement on issuing shares to purchase assets and its supplementary agreement (if any) signed by the listed company and the company, as well as the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange.	December 9, 2019 Term: 18 months after the issuance of shares	Yes	Yes		
	Solving defects in property right concerning lands. etc.	ENN Holdings	shall supervise and assist the issuer and its subsidiaries to handle the procedures for the construction/builder's license and ownership certificates of relevant buildings and structures. In case of failure, if the competent authority requires the issuer to supplement the relevant procedures for building construction or pay the relevant fees, impose penalties on the issuer, recourse to the issuer or require the issuer to demolish the relevant buildings and structures at any time, ENN Holdings will fully bear the amount of this supplementary payment, the expenses and expenses incurred in the punishment or recourse and demolition of houses and buildings, and bear the economic losses caused thereby and the loss of expected profits of the issuer caused by the demolishing of houses and buildings.	May 17, 2017 Term: until the completion of formalities for relevant ownership certificates	Yes	Yes		

Note: In the matter of the major asset restructuring of the company's purchase of ENN Energy equity and ENN Zhoushan equity which the Company's actual controller, shareholders, related parties, purchasers, the Company and other committing parties have been involved in, there is duplicate content in terms of maintaining independence, resolving related party transactions, and resolving horizontal competition. The Company has integrated the duplicate content and listed them in the above table according to the latest commitment time of the committing parties. Details of all commitments made by the relevant parties can be found in the "Report on Major Asset Exchange, Issue of Shares and Payment of Cash to Purchase Assets and Raise Matching Funds and Connected Transaction of ENN-NG" and "Report on Issue of Shares and Payment of Cash to Purchase Assets and Connected Transaction (Draft) of ENN-NG" are disclosed on the website of the Shanghai Stock Exchange.

## II. Non-operating appropriation of funds by controlling shareholders and other related parties in the Reporting Period

☐ Applicable ☒ Not Applicable

## III. Situation of illegal guarantee

☐ Applicable ☒ Not Applicable

## IV. Audit of the semi-annual report

☐ Applicable ☒ Not Applicable

## V. Translation of changes and handling of matters involved in non-standard audit opinions in the annual report of the previous year

☐ Applicable ☒ Not Applicable

## VI. Matters related to bankruptcy reorganization

☐ Applicable ☒ Not Applicable

## VII. Major litigation and arbitration matters

☐ The Company had major litigation and arbitration matters during the Reporting Period

☒ The Company had no major litigation and arbitration matters during the Reporting Period

## VIII. The listed company and its directors, supervisors, senior managers, controlling shareholders and actual controller are suspected of violating laws and regulations, punished and rectified

☐ Applicable ☒ Not Applicable

## IX. Description of the integrity status of the Company, its controlling shareholders and Actual Controller during the Reporting Period

☒ Applicable ☐ Not Applicable

During the Reporting Period, the Company and the company's controlling shareholders and Actual Controller were in good standing and there was no material breach of trust, no failure to comply with court judgments in force or to repay large debts on time, etc.

## X. Major related transactions

### (i) Related transactions related to daily operations

#### 1. *Matters that have been disclosed in the interim announcement and with no progress or changes in the subsequent implementation*

☐ Applicable ☒ Not Applicable

**2. *Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation***

√ Applicable    ☐ Not Applicable

**I. *Related-party transaction predictions and deliberations of new related-party transactions***

- (1) The Company held the 37th meeting of the 9th Board of Directors on November 17, 2021, which deliberated and approved the “proposal on the prediction of the company’s annual daily connected transactions from 2022 to 2023”. The independent directors of the Company approved the proposal in advance and expressed their opinions as agreed independent opinions. For details, please refer to the interim announcement of ENN-NG on the projection of annual daily related transactions from 2022 to 2023 (Announcement No. Lin.2021-083) disclosed on the website of the Shanghai Stock Exchange on November 18, 2021;

- (2) The third extraordinary general meeting of 2021 was held on December 28, 2021, at which the “Proposal on Forecast of Daily Related Transactions from 2022 to 2023” was deliberated and approved. For details, please refer to the “Announcement of the ENN-NG’s Third Extraordinary General Meeting in 2021” (Announcement No. Lin.2021-102) disclosed on the website of the Shanghai Stock Exchange on December 29, 2021.

**II. *Implementation of related transactions in the Half Year 2022***

From January to June 2022, the actual amount of daily related transactions between the company/its subsidiaries and related parties is RMB923.83 million, and 18.55% of the estimated daily related transactions in 2022 are completed. The cumulative completion of daily related transactions from January to June 2022 is shown in the following table:

### Comparison of Estimated and Actual Implementation of Daily Related Transactions in January-June 2022

Unit: RMB'0000 Currency: RMB

Related transaction category	Related party	Estimated amount incurred in 2022	Actual amount incurred from January to June 2022
Design, construction and sale of materials and supplies	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	74,500	1,313
	Other subsidiaries controlled by the actual controller of the Company	13,280	1,348
	Hebei Financial Leasing Co., Ltd.	20,000	
	Shanghai 3040Tech Co., Ltd.	300	
Subtotal		108,080	2,661
Provide technical and comprehensive services	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	11,150	6,222
	Other subsidiaries controlled by the actual controller of the Company	10,650	1,182
Subtotal		21,800	7,404
Provide commercial factoring	Other subsidiaries controlled by the actual controller of the Company	7,000	
	Shanghai 3040Tech Co., Ltd.		628
Subtotal		7,000	628
Sales of gas and other commodities	Other subsidiaries controlled by the actual controller of the Company	3,440	1,235
Subtotal		3,440	1,235
Sub-total of income		140,320	11,928
Procurement of equipment, materials, natural gas	ENN YangguangYicai Technology Co., Ltd. and its subsidiaries	55,470	23
	Other subsidiaries controlled by the actual controller of the Company	8,420	7,409
	Shanghai 3040Tech Co., Ltd.	8,170	2,646
	Shanghai Petroleum and Gas Exchange Co., Ltd.	5,730	6
Subtotal		77,790	10,084

Related transaction category	Related party	Estimated amount incurred in 2022	Actual amount incurred from January to June 2022
Acceptance of engineering construction	Other subsidiaries controlled by the actual controller of the Company	3,350	180
Subtotal		3,350	180
Acceptance of technical and comprehensive services	ENC Digital Technology Co., Ltd. and subsidiaries	25,000	14,984
	ENC Holding Investment Co., Ltd. and its subsidiaries	11,990	4,703
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	7,680	645
	Other subsidiaries controlled by the actual controller of the Company	30,670	11,741
	Ordos Xinneng Logistics Co., Ltd.	1,650	
	Hebei Financial Leasing Co., Ltd.	920	330
	Shanghai Petroleum and Gas Exchange Co., Ltd.	120	8
Subtotal		78,030	32,411
Acceptance of services by receiving Stations	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	198,660	37,780
Subtotal		198,660	37,780
Subtotal of expenses		357,830	80,455
Total		498,150	92,383

### 3. *Matters not disclosed in the interim announcement*

☐ Applicable    ☒ Not Applicable

#### (ii) **Related transactions arising from asset purchase or equity purchase or sales**

### 1. *Matters that have been disclosed in the interim announcement and with no progress or changes in the subsequent implementation*

☐ Applicable    ☒ Not Applicable

## 2. *Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation*

√ Applicable    ☐ Not Applicable

- (1) The Company intends to purchase 90% equity of ENN (Zhoushan) LNG Co., Ltd. jointly held by ENN Science and Technology Development Co., Ltd., ENN Group Co., Ltd. and ENN Investment Holdings Co., Ltd. by issuing shares and paying cash (hereinafter referred to as the Transaction). The specific progress from the Reporting Period to the disclosure date of the semi-annual report is as follows:

Description of matters	Query index
The Company held the 44th meeting of the 9th Board of Directors on April 18, 2022. The proposals related to this transaction, such as the Proposal on the Company's Compliance with the Conditions for Issuing Shares and Paying Cash to Purchase Assets, the Proposal on the Company's Plan for Issuing Shares and Paying Cash to Purchase Assets and Related Party Transactions, and the Proposal on the Report of ENN Natural Gas Co., Ltd. on Issuing Shares and Paying Cash to Purchase Assets and Related Party Transactions (Draft) and Its Abstract, were deliberated and approved. The independent directors of the company approved these proposals in advance and announced independent opinions of consent.	For details, please refer to the Resolution of the 44th Shanghai Stock Exchange of the ENN-NG (Announcement No.: Lin. 2022-026), the ENN-NG to Issuing Shares and Paying Cash to Purchase Assets and Connected Transactions (Draft) and its abstracts disclosed on the website of the Shanghai Stock Exchange on April 19, 2022.
On May 17, 2022, the Company received "the Application Acceptance Form for Administrative Licensing" issued by the CSRC (Acceptance No.: 220960). CSRC has examined and verified the application materials for the administrative license submitted of "Approval of Listed Companies to Purchase Assets" by Issuing Shares under the law, considered that the application materials are complete and conform to the statutory form, and decided to accept the application for administrative license.	For details, please refer to the Announcement of the ENN-NG on Receipt of the CSRC Administrative License Application Acceptance Form (Announcement No.: Lin.2022-034) disclosed on the website of the Shanghai Stock Exchange on May 18, 2022.
On June 6, 2022, the Company received the Notice of Feedback on the Review of Administrative Licensing Items (No. 220960) issued by the CSRC and reviewed the application materials for administrative licensing of ENN Natural Gas Co., Ltd. listed companies by issuing shares to purchase assets. The Company responded to the feedback on June 16, 2022. On June 24, 2022, according to the further review opinions of the CSRC, the Company and the intermediary agency supplemented and revised the contents of the feedback comments and made the disclosure again.	For details, please refer to the Announcement of ENN on Receiving <Notice of Feedback on the Review of Administrative Licensing Projects of China Securities Regulatory Commission> (Announcement No.: Lin. 2022-037), the Announcement of the ENN's Announcement on the Reply to the Feedback on the <Notice of a Feedback on the Review of the Administrative Licensing Project of the China Securities Regulatory Commission> (Announcement No.: Lin. 2022-038), the ENN-NG reply to Feedback on Issuing Shares and Paying Cash to Purchase Assets and Related Transactions and the ENN's Announcement on Feedback Reply (Revised Draft) on the First-time Review of China Securities Regulatory Commission's Administrative Licensing Project (Announcement No.: Lin2022-043), reply to ENN's Feedback on Issuing Shares and Paying Cash to Purchase Assets and Related Party Transactions (Revised Draft) disclosed on the website of the Shanghai Stock Exchange.

Description of matters	Query index
On July 13, 2022, the review committee of mergers and acquisitions of listed companies of the CSRC held its 11th working meeting in 2022 to review the Company's issuance of shares, payment of cash to purchase assets and related party transactions. According to the review results of the meeting, the Company's restructuring item was conditionally approved.	For details concrete content, please refer to the Announcement of the ENN-NG on Issuing Shares and Paying Cash to Purchase Assets and Connected Transactions and Conditionally Approved by The Review Committee of Mergers and Acquisitions of Listed Companies of The CSRC and the Resumption of Trading of Shares (Announcement No.: Lin. 2022-059) disclosed on the Shanghai Stock Exchange website.
On July 18, 2022, according to the review opinions and relevant requirements of the Merger and Reorganization Committee, the Company organized intermediaries to carefully study relevant issues and disclosed the matters involved after supplementing and revising the materials.	For details, please refer to the Announcement of ENN-NG's Reply to the Review Opinions of the Mergers and Acquisitions Review Committee of Listed Companies of China Securities Regulatory Commission (Announcement No.: Lin. 2022-061), Reply of ENN Natural Gas Co., Ltd. to the Review Opinions of the Mergers and Acquisitions Review Committee of Listed Companies of China Securities Regulatory Commission and other notices disclosed on the website of the Shanghai Stock Exchange on July 19, 2022.
On July 29, 2022, the Company received the Approval of ENN Natural Gas Co., LTD. To Issue Shares To ENN Technology Development Co., LTD. To Purchase Assets issued by the China Securities Regulatory Commission (CSRC License No. 1660 [2022]).	For details, please refer to the Announcement on ENN's Obtaining of Approval and Reply from China Securities Regulatory Commission About the Issue of Shares and Purchase Assets Through Cash And Related Transactions disclosed on the website of the Shanghai Stock Exchange on July 30, 2022 (Announcement No.: Lin.2022-070).
On August 2, 2022, the transfer of 90% equity of the underlying asset involved in this transaction, ENN Zhoushan, has been completed. According to the Registration Notice of "(Zhoushan Market Supervision) Registration foreign change [2022] No. 000082" and "Change Registration Situation" issued by Zhoushan Market Supervision Administration, The Company has indirectly held 90% equity of ENN Zhoushan through its wholly-owned subsidiary, ENN Tianjin.	For details, please refer to the Announcement of ENN on the Issuance of Shares and the Purchase of Assets by Cash and the Completion of the Transfer of the Underlying Assets of Related Transactions disclosed on the website of the Shanghai Stock Exchange on August 4, 2022 (Announcement No.: Lin.2022-075).
On August 16, 2022, the 252,808,988 new shares issued to ENN Technologies to purchase assets in this transaction were registered with the Shanghai Branch of China Securities Depository and Clearing Corporation.	For details, please refer to the Company's "Announcement on ENN's Issuance of Shares and Cash Payment for Assets and Related Transactions and Changes in Share Capital" disclosed on the website of the Shanghai Stock Exchange on August 18, 2022 (Announcement No.: Lin. 2022-078), "ENN Share Issue and Cash Purchase of Assets and Related Transactions Implementation and New Share Listing Bulletin" and other announcements.

(2) The 37th meeting of the ninth Board of Directors of the Company was held on November 17, 2021, and the "Bill on Shareholding Purchase and Related Party Transactions by Holding Subsidiaries" was deliberated and approved. ENN Energy Trading Co., LTD., the Company's holding subsidiary, intends to purchase 100% of the equity of Langfang ENN GAobo Technology Co., LTD., held by ENN GAOKE Industry Co., LTD. (hereinafter referred to as "GAOKE Industry"). Based on the appraised value, both parties determined that the transaction price was RMB61,768,400 through negotiation. The counterparty, GAOKE Industry, is an enterprise controlled by Mr. Wang Yusuo, chairman of the company, according to Article 10.1.3 of the SSE (Shanghai Stock Exchange) Stock Listing Rules, GAOKE Industry is a corporate affiliate, and this transaction constitutes a related party transaction and does not constitute a major asset reorganization. On April 26, 2022, Langfang ENN Gaobo Technology Co., Ltd. completed the change of industrial and commercial equity. ENN Energy Trading Co., Ltd. was registered as its shareholder, and has legally held 100% equity of Langfang ENN Gaobo Technology Co., Ltd.

**3. Matters not disclosed in the interim announcement**

☐ Applicable ☒ Not Applicable

**4. If the performance agreement is involved, the performance realization within the Reporting Period shall be disclosed**

☐ Applicable ☒ Not Applicable

**(III) Major related transactions of joint foreign investment**

**1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation**

☐ Applicable ☒ Not Applicable

**2. Matters that have been disclosed in the interim announcement and have subsequent implementation progress or changes**

☐ Applicable ☒ Not Applicable

**3. Matters not disclosed in the interim announcement**

☐ Applicable ☒ Not Applicable

**(IV) Related credit and debt transactions**

**1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation**

☐ Applicable ☒ Not Applicable

**2. Matters that have been disclosed in the interim announcement and have subsequent implementation progress or changes**

☐ Applicable ☒ Not Applicable

**3. Matters not disclosed in the interim announcement**

☐ Applicable ☒ Not Applicable

**(V) Financial business between financial company, holding financial company and related party**

☐ Applicable ☒ Not Applicable

**(VI) Other major related party transactions**

☐ Applicable ☒ Not Applicable

**(VII) Miscellaneous**

☐ Applicable ☒ Not Applicable

**XI. Major Contracts and Performance**

**1 Custody, contracting and leasing matters**

☐ Applicable ☒ Not Applicable



## 2 Significant guarantees performed and unfulfilled during the Reporting Period

✓ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

External guarantees of the Company (excluding guarantees for subsidiaries)																
Guarantor	Relationship between guarantor and listed companies	Guaranteed party	Guarantee amount	Date of occurrence of the guarantee (date of signing of the agreement)	Guarantee start date	Guarantee expiration date	Guarantee type	Principal debt	Collateral (if any)	Whether the guarantee has been fulfilled			Overdue amount of guarantee	Counter-guarantee	Whether it is guaranteed by a related party	Relating relationship
										Guarantee has been fulfilled	Whether the guarantee is overdue					
ENN Natural Gas Co., Ltd.	The Company headquarter	Chongqing Fuling Energy Industry Group Co., Ltd.	1,957	2020/10/8	2021/3/8	2025/12/31	Suretyship guarantee			No	No	0	With counter guarantee	No		
ENN (China) Gas Investment Co., Ltd	Holding subsidiary	ENN (Shijiazhuang Kunlun) Natural Gas Co., Ltd.	1,169	2019/9/15	2019/10/15	2031/10/15	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.	189	2019/9/15	2020/4/15	2031/10/15	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2012/12/24	2024/12/23	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/10/14	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/6	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/9	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/11	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/3/28	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/4/23	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/4/24	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/9/19	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/9/19	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2015/1/28	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2015/4/2	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2015/12/23	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2016/6/30	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		
ENN (Jinhua) Natural Gas Co., Ltd.	Holding subsidiary	Jinhua Gaoya Natural Gas Co., Ltd.		2012/12/24	2016/7/27	2025/6/29	Suretyship guarantee			No	No	0	No counter guarantee	No		

Total amount of guarantees incurred within the Reporting Period (excluding guarantee for subsidiaries)		0
Total balance of guarantees at the end of the Reporting Period (A)(excluding guarantees for subsidiaries)		3,315
	Guarantees for subsidiaries	
Total amount of guarantee incurred by subsidiaries during the Reporting Period		758,116
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)		1,234,291
Total guarantees of the Company (including guarantees for subsidiaries)		
Total guarantee (A + B)		1,237,606
Proportion of total guarantee to net assets of the Company (%)		83.43
Where:		
Amount of guarantee for shareholders, actual controller and their related parties (C)		0
Amount of debt security provided directly or indirectly for the asset-liability ratio of more than 70% (D)		1,023,313
Amount of total guarantee in excess of 50% portion of net assets (E)		57,606
Total amount of the above three guarantees (C + D + E)		1,080,918
Explanation of possible joint and several liabilities for settlement of unexpired guarantee		None

Description of guarantee	
	<p>1. The balance of guarantees provided to subsidiaries at the end of the Reporting Period is the total amount of guarantees provided by the subsidiary multiplied by the shareholding ratio of the subsidiary.</p> <p>2. The balance of guarantee provided by subsidiaries to subsidiaries at the end of the Reporting Period was RMB5,797.88 million.</p> <p>Specifically:</p> <p>(1) The ENN Energy Holdings Limited provided ENN Global Trading Pte. Ltd. with a guarantee of RMB49,19 million yuan.</p> <p>(2) ENN Changzhou Natural Gas Development Co., Ltd. provided ENN Changzhou Natural Gas Engineering Co., Ltd. with a guarantee of 30 million yuan.</p> <p>(3) ENN Changzhou Natural Gas Engineering Co., Ltd. provided ENN Changzhou Natural Gas Development Co., Ltd. with a guarantee of 510 million yuan.</p> <p>(4) ENN Dongguan Natural Gas Co., Ltd. provided Dongguan New Energy Management Co., Ltd. with a guarantee of 50 million yuan.</p> <p>(5) ENN Shijiazhuang Natural Gas Co., Ltd. provided ENN Shijiazhuang Energy Development Co., Ltd. with a guarantee of 150 million yuan.</p> <p>(6) ENN (Hainan) Energy Trading Co., Ltd. provided ENN Natural Gas Co., Ltd. with a guarantee of 600 million yuan.</p> <p>(7) ENN (China) Gas Investment Co., Ltd. provided a total of 7 subsidiaries including ENN Natural Gas Development Co., Ltd. with the guarantee amount of 1,547.27 million yuan.</p> <p>(8) ENN Natural Gas Development Co., Ltd. provided a guarantee of 54.92 million for ENN Zhejiang Petrochemical (Zhoushan) Natural Gas Co., Ltd.</p> <p>(9) Xinmeng (Hong Kong) Energy Investment Limited provided a guarantee of RMB2,106.92 million for ENN LNG (Singapore) Trading Co., Ltd.</p> <p>(10) ENN Changsha Natural Gas Development Co., Ltd. provided ENN Changsha Gas Co., Ltd. with a guarantee of RMB50 million.</p> <p>(11) ENN Changsha Natural Gas Co., Ltd. provided a guarantee of RMB620 million for ENN Changsha Natural Gas Development Co., Ltd.</p> <p>(12) ENN Changsha (Changran) Energy Development Co., Ltd. provided a guarantee amount of 29.58 million yuan for ENN Changsha (Xiangjiang) New Energy Development Co., Ltd.</p>

3. The balance of debt guarantee provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% as at the end of the Reporting Period was RMB10,233.13 million. Specifically:
- (1) Enn Clean Energy International Investment Limited, an overseas wholly-owned subsidiary of the Company, issued USD800 million senior unsecured fixed-rate bonds (equivalent to RMB5,369.12 million) on May 12, 2021; The company provides cross-border joint liability Suretyship guarantee. The guarantee was reviewed and approved at the sixteenth meeting of the ninth board of directors held on July 21, 2020 and the second 2020 extraordinary general meeting held on August 7, 2020.
- (2) The Company provided a guarantee for the Ximeng (Tianjin) Energy Co., Ltd. of 104.35 million yuan of bank acceptance bills by wholly-owned subsidiaries.
- (3) The company provided a guarantee amount of RMB1,036.11 million for ENN (Singapore) Trading Co., Ltd., a wholly-owned subsidiary.
- (4) The company provided a guarantee for the 402 million yuan tariff guarantee insurance of its wholly-owned subsidiary, ENN Xinneng (Zhejiang) Energy Trading Co., Ltd.
- (5) ENN Energy Holdings Limited provided ENN Global Trading Pte. Ltd. with a guarantee of RMB49.19 million.
- (6) ENN (China) Natural Gas Investment Co., Ltd provided a guarantee of RMB674.17 million for Daqing Hi-tech Boyuan Thermal Power Co., Ltd.
- (7) ENN (China) Natural Gas Investment Co., Ltd provided a guarantee amount of RMB50 million for ENN Rongcheng Natural Gas Co., Ltd..
- (8) ENN(China) Natural Gas Investment Co., Ltd provided a guarantee of 89.88 million yuan for ENN Xinxiang Natural Gas Co., Ltd..
- (9) ENN(China) Natural Gas Investment Co., Ltd provided a guarantee of RMB575 million for ENN Natural Gas Development Co., Ltd..
- (10) ENN(China) Natural Gas Investment Co., Ltd provided a guarantee of 66.62 million yuan for ENN Yangpu Energy Development Co., Ltd..
- (11) ENN Changsha Natural Gas Co., Ltd. provided a guarantee of RMB620 million for ENN Changsha Natural Gas Development Co., Ltd..
- (12) ENN Shijiazhuang Natural Gas Co., Ltd. provides a guarantee of 90 million yuan for ENN Zhengding Natural Gas Co., Ltd..

	<p>(13) ENN (Hainan) Energy Trading Co., Ltd. provided ENN Natural Gas Co., Ltd. with a guarantee amount of RMB600 million.</p> <p>(14) ENN Changzhou Natural Gas Engineering Co., Ltd. provided a guarantee of RMB510 million for ENN Changzhou Gas Development Co., Ltd..</p> <p>(15) ENN Changzhou Natural Gas Development Co., Ltd. provided a guarantee of RMB30 million for ENN Changzhou Gas Engineering Co., Ltd..</p> <p>(16) Xinneng (Hong Kong) Energy Investment Limited provided a guarantee of RMB2,106.92 million for ENN LNG (Singapore) Trading Co., Ltd.</p> <p>4. The subsidiary ENN (Jinhua) Natural Gas Co., Ltd. of the Reporting Period provided a guarantee of RMB5.8 million for Jinhua Gaoya Natural Gas Co., Ltd..</p> <p>5. The subsidiary Xiniao (China) Gas Investment Co., Ltd. of the Reporting Period provided a guarantee of RMB35.8 million for ENN Shijiazhuang Kunlun Natural Gas Co., Ltd..</p> <p>6. The Reporting Period provided the joint and several liability guarantee of RMB19.57 million to Chongqing Fuling Energy Industrial Co., Ltd. for the Chongqing Longran Energy Technology Co., Ltd. of the joint-stock company. This counter-guarantee has been reviewed and approved by the 17th meeting of the 9th Board of Directors held on August 28, 2020 and the third extraordinary General Meeting of shareholders held on September 29, 2020.</p>
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### 3 Other major contracts

☐ Applicable ☒ Not Applicable

## XII. Description of Other Significant Matters

☒ Applicable ☐ Not Applicable

The Company held the 42nd meeting of the ninth session of the Board of Directors on March 18, 2022, and reviewed and approved the "Plan on the Repurchase of the Company's Shares by Centralized Auction Transactions", and it will be listed on the Shanghai Stock Exchange on March 25, 2022. The website disclosed the "Repurchase Report of ENN Holdings on Repurchasing the Company's Shares by Centralized Bidding Transaction" (Announcement No.: Lin 2022-021), the Company intends to use its own funds to repurchase the Company's shares in a centralized bidding transaction. This time, it is planned to use its own funds of not less than RMB100 million (inclusive) and not more than RMB200 million (inclusive) to repurchase the Company's shares in a centralized bidding transaction, and the repurchase price does not exceed RMB25 per share (inclusive), for the implementation of equity incentives. The repurchase period will be within 12 months from March 18, 2022;

On April 29, 2022, the Company repurchased shares for the first time through centralized bidding transactions and disclosed on the website of the Shanghai Stock Exchange on April 30, 2022 "ENN Holdings' First Repurchase of Company Shares by Centralized Bidding Transactions. Announcement" (Announcement No.: P 2022-031);

Shanghai Stock Exchange requires that listed companies shall announce the progress of repurchase as at the end of last month within the first 3 trading days of each month.

On May 7, 2022, the Company disclosed the "Announcement on the Progress of ENN Holdings on the Repurchase of the Company's Shares by Centralized Bidding Transactions" (Announcement No.: Lin 2022-033) on the website of the Shanghai Stock Exchange, the company's repurchase progress of shares as of April 30, 2022 has been announced;

On June 2, 2022, the Company disclosed the "Announcement on the Progress of ENN Holdings on the Repurchase of the Company's Shares by Centralized Auction Trading" (Announcement No.: Lin 2022-035) on the website of the Shanghai Stock Exchange, the company's repurchase progress of shares as of May 31, 2022 has been announced;

On July 2, 2022, the Company disclosed the "Announcement on the Progress of ENN Holdings on the Repurchase of the Company's Shares by Centralized Bidding Transactions" (Announcement No.: Lin 2022-050) on the website of the Shanghai Stock Exchange, the company's repurchase progress of shares as of June 30, 2022 has been announced;

On August 3, 2022, the Company disclosed on the website of the Shanghai Stock Exchange the "Announcement of Progress of the Repurchase of ENN-NG's Shares by Centralized Competitive Trading" (Announcement No.: Lin 2022-071), the company's repurchase progress of shares as of July 31, 2022 was announced;; on the same day, the company disclosed the Announcement on Adjusting the Price Limit of Repurchased Shares after the Implementation of the 2021 Annual Equity Distribution (Announcement No.: Lin 2022-072). As the company has implemented the 2021 Annual Equity Distribution, the price limit of repurchased shares was adjusted from no more than RMB25.00/share (inclusive) to no more than RMB24.69/share (inclusive);

On August 10, 2022, as of the disclosure date of this report, the company disclosed the "Announcement on the Implementation Results of Share Repurchase and Share Change of ENN-NG" (Announcement No.: Lin 2022-077) on the website of the Shanghai Stock Exchange. In the share repurchase plan, the company has repurchased 5,808,614 shares through centralized bidding transactions, accounting for 0.20% of the company's total share capital of 2,845,853,619 shares, the highest price of the repurchase transaction is RMB17.99 per share: the lowest price is RMB16.06 per share. The total amount of funds paid is RMB100,647,165.96 (excluding transaction costs), and the implementation process of the repurchase is in line with the company's share repurchase plan.



## Changes in Shares and Shareholders

## I. Changes in shares

### (i) Statement of Changes in Shares

#### 1. Statement of Changes in Shares

During the Reporting Period, the total number of shares and capital structure of the Company have not changed.

#### 2. Notes on changes in shares

☐ Applicable ☒ Not Applicable

#### 3. Impact of share changes on earnings per share, net assets per share and other financial indicators from the end of the Reporting Period to the disclosure date of the semi-annual report (if any)

☒ Applicable ☐ Not Applicable

The Company issues share and pays cash to purchase 90% equity of ENN Zhoushan held by ENN Technology, ENN Group Co., Ltd. and ENN Holdings. Among them, it issues shares to ENN to buy 45% of the shares held by ENN Zhoushan. On July 29, 2022, the company received the "Approval of ENN Natural Gas Co., Ltd. to issue shares to ENN Technology Development Co., Ltd. to purchase assets" issued by China Securities Regulatory Commission (CSRC License [2022] No. 1660), the newly added shares 252,808,988 issued to ENN to purchase assets will be registered in the Shanghai Branch of China Securities Depository and Clearing Co., LTD on August 16, 2022. The total equity of the Company was changed to 3,098,662,607 shares.

The changes in the above shares did not affect the company's financial indicators such as earnings per share and net assets per share in the Reporting Period. In the subsequent calculation of the company's earnings per share and other relevant indicators, the Company will take the total equity after the completion of the above issued shares as the criterion.

#### 4. Other contents deemed necessary by the Company or required by the securities regulator

☐ Applicable ☒ Not Applicable

### (ii) Changes in restricted shares

☐ Applicable ☒ Not Applicable



## II. Information about shareholders

### (i) Total number of shareholders:

Total number of ordinary shareholders as at the end of the Reporting Period (households) 22,522

Total number of preferred stock shareholders whose voting rights were restored as at the end of the Reporting Period (households) 0

### (ii) Shareholding statement of top 10 shareholders and top 10 outstanding shareholders (or shareholders with unlimited sales conditions) as of the end of the Reporting Period

Unit: Share

Shareholding of the top ten shareholders							
Name of shareholder (Full name)	Increase or decrease in the Reporting Period	Quantity of shares held at the end of the period	Proportion (%)	Quantity of restricted shares held	Conditions of pledge, mark, or freeze		Nature of shareholders
					Share status	Quantity	
ENN Group International Investment Limited	0	1,370,626,680	48.16	1,370,626,680	None	0	Overseas legal person
ENN Investment Holdings Co., Ltd.	0	430,737,451	15.14	24,587,116	Pledge	217,840,000	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited	22,485,020	157,200,757	5.52	0	None	0	Other
Langfang Heyuan Investment Center (LLP)	0	98,360,656	3.46	0	Pledge	67,300,000	Other
Hongchuang (Shenzhen) Investment Center (LLP)	-12,569,533	94,331,287	3.31	0	None	0	Other
Hebei Weiyuan Group Co., Ltd.	0	89,004,283	3.13	0	Pledge	6,120,000	Domestic non-state-owned legal person
National Social Security Fund 106 Portfolio	1,862,400	35,771,200	1.26	0	None	0	Other
Basic Endowment Insurance Fund 15022 Portfolio	28,917,619	28,917,619	1.02	0	None	0	Other
Bank of China Limited – Cathay Pacific Jiangyuan Advantage Selected Flexible Allocation Hybrid Securities Investment Fund	-4,642,668	15,357,388	0.54	0	None	0	Other
Huaneng Guicheng Trust Corporation Limited	500,900	15,334,114	0.54	0	None	0	Domestic non-state-owned legal person

Shareholdings of the top ten shareholders with unlimited sales conditions			
Name of shareholder	Quantity of outstanding shares held with unlimited sales conditions	Type and number of shares	
		Type	Quantity
ENN Investment Holdings Co., Ltd.	406,150,335	RMB ordinary shares	406,150,335
Hong Kong Securities Clearing Company Limited	157,200,757	RMB ordinary shares	157,200,757
Langfang Heyuan Investment Center (LLP)	98,360,656	RMB ordinary shares	98,360,656
Hongchuang (Shenzhen) Investment Center (LLP)	94,331,287	RMB ordinary shares	94,331,287
Hebei Weiyuan Group Co., Ltd.	89,004,283	RMB ordinary shares	89,004,283
National Social Security Fund 106 Portfolio	35,771,200	RMB ordinary shares	35,771,200
Basic Endowment Insurance Fund 15022 Portfolio	28,917,619	RMB ordinary shares	28,917,619
Bank of China Limited – Cathay Pacific Jiangyuan Advantage Selected Flexible Allocation Hybrid Securities Investment Fund	15,357,388	RMB ordinary shares	15,357,388
Huaneng Guicheng Trust Corporation Limited	15,334,114	RMB ordinary shares	15,334,114
CITIC Securities Co., Ltd. - Social Security Fund 1106 Portfolio	15,285,857	RMB ordinary shares	15,285,857
Description of the special repurchase accounts among the top ten shareholders	None		
Description of the entrusting voting rights, the entrusted voting rights and waiver of voting rights of the aforesaid shareholders	None		
Description of the above shareholders' association or concerted action	<p>1. ENN Group International Investment Limited (hereinafter referred to as "ENN International"), ENN Investment Holdings Co., Ltd. (hereinafter referred to as "ENN Holdings"), Langfang Heyuan Investment Center (LLP) and Hebei Weiyuan Group Co., Ltd. are controlled by the Actual Controller of ENN International, Mr. Wang Yusuo.</p> <p>2. Wang Yusuo, Zhao Baoju and ENN Holdings signed the Escrow Agreement on ENN Group International Investment Limited on November 30, 2018, whereby Mr. Wang Yusuo and Ms. Zhao Baoju respectively entrusted ENN Holdings with all the equity they hold in the ENN International until December 31, 2040.</p> <p>3. The company does not know whether there is any relationship or concerted action between other shareholders.</p>		
Description of the preferred shareholders whose voting rights are restored and the number of shares they held	None		

Number of shares held by the top ten restricted shareholders and restricted conditions

√ Applicable    □ Not Applicable

Unit: Share

Listing and trading situations of shares with sales restrictions					
No.	Name of shareholders with sales restrictions conditions	Quantity of restricted shares held	Time for listing and trading	Number of newly listed shares for trading	Conditions of sales restrictions
1	ENN Group International Investment Limited	1,370,626,680	2023-9-18	0	Non-public offering of shares to purchase assets with a lock-up period of 36 months.
2	ENN Investment Holdings Co., Ltd.	24,587,116	2022-8-9 Note 1	0	The lock-up period for raising supporting funds through private placement shall be 18 months.
3	Yu Jianchao	1,400,000	Note 2	0	Equity incentive
4	Han Jishen	1,400,000	Note 2	0	Equity incentive
5	Zheng Hongtao	1,000,000	Note 2	0	Equity incentive
6	Jiang Chenghong	910,068	Note 2	0	Equity incentive
7	Wang Dongzhi	800,000	Note 2	0	Equity incentive
8	Zhang Jin	600,000	Note 2	0	Equity incentive
9	Zhang Xiaoyang	600,000	Note 2	0	Equity incentive
10	Zheng Wenping	600,000	Note 2	0	Equity incentive
Description of the above shareholders' association or concerted action		ENN Group International Investment Limited and ENN Investment Holdings Co., Ltd are enterprises controlled by Mr. Wang Yusuo, the actual controller of the Company.			

Note 1: On May 13, 2020, the Company received the Official Reply on Approving ENN Ecological Holdings Co., Ltd.'s Issuance of Shares to ENN Group International Investment Limited to Purchase Assets and Raise Supporting Funds (CSRC License No. [2020]806), which approved the Company to raise supporting funds through the non-public offering of not more than 20% of the total pre-issue share capital of 1,229,355,783 shares to no more than 35 eligible specific investors, including ENN Holdings, to raise supporting funds. Among them, the 24,587,116 shares subscribed by the ENN Holdings shall not be transferred within 18 months from the date of listing. After this Reporting Period to the semi-annual disclosure date, the ENN Holdings' subscription of the above-mentioned shares will expire, the ENN Holdings's application to the Shanghai Stock Exchange has been listed on August 9, 2022, see the Shanghai Stock Exchange website (<http://www.sse.com.cn/>) on August 4, 2022 listed on the ENN Holdings website (Announcement No.: Lin. 2022-074).

Note 2: The restricted shares granted under the Company's 2021 Restricted Stock Incentive Plan shall be unlocked in batches under the relevant provisions of the ENN Natural Gas Co., Ltd 2021 Restricted Stock Incentive Plan (Draft). On July 8, 2022, the conditions for lifting restrictions during the first vesting period granted under the Company's 2021 Restricted Stock Incentive Plan have been met. The number of restricted stock granted to 44 incentive recipients meeting the conditions was 4.1525 million, accounting for 0.15% of the Company's current total share capital. After the Company applied to Shanghai Stock Exchange, the above restricted shares have been vested and outstanding on July 8, 2022. See the Announcement of the ENN-NG on Unlocking and Listing of the First Release Period of 2021 Restricted Stock Incentive Plan for the First Time (Announcement No.: Lin.2022-051) of the Company disclosed on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>) on July 5, 2022 for the specific number and content of newly increased shares that can be listed and traded.

(iii) Strategic investors or general legal persons become top ten shareholders due to the placement of new shares

☐ Applicable ☒ Not Applicable

III. Information on directors, supervisors and senior management

(i) Changes in shareholding of current and resigned directors, supervisors and senior managers during the Reporting Period

☐ Applicable ☒ Not Applicable

Description of other cases

☐ Applicable ☒ Not Applicable

(ii) Equity incentives granted to directors, supervisors and senior managers within the Reporting Period

☐ Applicable ☒ Not Applicable

(iii) Others

☐ Applicable ☒ Not Applicable

IV. Change of controlling shareholder or actual controller

☐ Applicable ☒ Not Applicable



# Preferred Stocks

☐ Applicable   ☒ Not Applicable



# Bond-related Information

## I. Enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises

☐ Applicable    ☒ Not Applicable

## II. Convertible corporate bonds

☐ Applicable    ☒ Not Applicable





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# Financial Report

## I. Audit Report

☐ Applicable    ☒ Not Applicable

## II. Financial Statements

### CONSOLIDATED BALANCE SHEET

June 30, 2022

Prepared by: ENN Natural Gas Co., Ltd.

Unit: RMB'0000 Currency: RMB

Project	Notes	Ending balance	Opening Balance
Current assets:			
Monetary fund	VII-1	1,303,452	1,144,021
Deposit Reservation for Balance			
Lending funds	VII-2	370,524	222,099
Transaction financial assets	VII-3	44,660	15,510
Derivative financial assets	VII-4	370,660	281,628
Bills Receivable	VII-5	29,854	32,535
Accounts receivable	VII-6	581,486	669,802
Receivables financing	VII-7	83,238	86,389
Prepayments	VII-8	374,795	401,128
Insurance premiums receivable			
Reinsurance accounts receivable			
Provision of cession receivable			
Loans and Advances	VII-9	4,508	5,586
Other receivables	VII-10	176,950	238,273
Including: Interest receivable			
Dividend receivable		13,655	21,708
Buying back the sale of financial assets			
Inventory	VII-11	307,036	313,840
Contract assets	VII-12	271,095	270,466
Assets held for sale			
Non-current asset due within one year	VII-14	858	12,061
Other current assets	VII-15	232,787	290,030
Total current assets		4,151,903	3,983,368
Non-current assets:			
Loans and Advances	VII-16		1,097
Debt investment	VII-17		293
Other debt investment:			
Long-term receivables	VII-19	39,513	36,018
Long-term equity investment	VII-20	609,027	599,550
Investment in other equity instruments	VII-21	25,130	27,278

Project	Notes	Ending balance	Opening Balance
Other non-current financial assets	VII-22	477,925	552,800
Investment property	VII-23	28,991	28,807
Fixed assets	VII-24	5,809,093	5,683,330
Construction in progress	VII-25	461,651	447,743
Productive biological assets			
Oil-gas assets			
Right-of-use assets	VII-28	39,345	42,302
Intangible Assets	VII-29	1,062,963	1,066,584
Development expenditure	VII-30	32,559	1,437
Goodwill	VII-31	57,385	57,385
Deferred expenses	VII-32	62,463	59,695
Deferred tax assets	VII-33	221,664	197,112
Other non-current assets	VII-34	15,361	14,770
Total non-current assets		8,943,070	8,816,201
Total assets		13,094,973	12,799,569
Current liabilities:			
Short-term borrowings	VII-35	663,092	797,234
Borrowings from the Central Bank			
Borrowing funds			
Transaction financial liabilities			
Derivative financial liabilities	VII-37	486,786	209,051
Bills Payable	VII-38	104,691	126,108
Accounts payable	VII-39	998,516	1,190,150
Advance receipts			
Contract liabilities	VII-41	1,625,800	1,651,456
Financial assets sold for repurchase	VII-42	80,200	55,490
Deposits from customers and interbank	VII-43	20,811	19,308
Acting trading securities			
Acting underwriting securities			
Salary payable	VII-44	77,082	110,869
Tax payable	VII-45	269,385	266,271
Other payables	VII-46	409,065	237,047
Including: Interest payable			
Dividends payable		245,247	24,669
Handling charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liability due within one year	VII-48	509,664	727,155

Project	Notes	Ending balance	Opening Balance
Other current liabilities	VII-49	145,015	149,171
Total current liabilities		5,390,107	5,539,310
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans	VII-50	696,736	569,828
Bonds payable	VII-51	1,404,477	984,096
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities	VII-52	27,206	32,060
Long-term payables	VII-53	153,190	162,870
Long-term salary payable			
Anticipation liabilities			
Deferred income	VII-56	99,485	96,747
Deferred tax liabilities	VII-33	347,521	337,696
Other non-current liabilities	VII-57	315,695	454,231
Total non-current liabilities		3,044,310	2,637,528
Total Liabilities		8,434,417	8,176,838
Owners' equity (or stockholder's equity):			
Paid-up capital (or capital stock)	VII-58	284,585	284,585
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve	VII-60	289,869	287,555
Less: Treasury stock	VII-61	19,340	12,545
Other comprehensive income	VII-62	-74,165	27,459
Special reserves	VII-63	3,493	4,291
surplus reserves	VII-64	22,415	22,415
General risk preparation	VII-65	17,464	17,464
Undistributed profit	VII-66	920,334	854,115
Amount of Owner's Equity (or Shareholders' Equity) attributable to the parent company		1,444,655	1,485,339
Minority shareholders' interests		3,215,901	3,137,392
Total owner's equity (shareholders' equity)		4,660,556	4,622,731
Amount of liabilities and owner's equity (or shareholders equity)		13,094,973	12,799,569

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

## BALANCE SHEET OF THE PARENT COMPANY

June 30, 2022

Prepared by: ENN Natural Gas Co., Ltd.

Unit: RMB'0000 Currency: RMB

Project	Notes	Ending balance	Opening Balance
<b>Current assets:</b>			
Monetary fund		125,145	139,502
Transaction financial assets			
Derivative financial assets			
Bills Receivable			
Accounts receivable	XVII-1	16	
Receivables financing			
Prepayments		448	35
Other receivables	XVII-2	778,168	576,851
Including: Interest receivable			
Dividend receivable		91,500	131,500
Inventory			
Contract assets			
Assets held for sale			
Non-current asset due within one year			15,025
Other current assets		136	77
Total current assets		903,913	731,490
<b>Non-current assets:</b>			
Debt investment			
Other debt investment:			
Long-term receivables			123,883
Long-term equity investment	XVII-3	1,361,408	1,360,345
Investment in other equity instruments		26	26
Other non-current financial assets			
Investment property			
Fixed assets		371	398
Construction in progress			2,230
Productive biological assets			
Oil-gas assets			
Right-of-use assets		300	67
Intangible Assets		1,771	1,872

Project	Notes	Ending balance	Opening Balance
Development expenditure		2,439	191
Goodwill			
Deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets		1,366,315	1,489,012
Total assets		2,270,228	2,220,502
Current liabilities:			
Short-term borrowings		88,089	89,658
Transaction financial liabilities			
Derivative financial liabilities			
Bills Payable		35,000	15,000
Accounts payable		1,205	935
Advance receipts			
Contract liabilities		792	31
Salary payable		248	547
Tax payable		13	258
Other payables		1,158,688	1,064,679
Including: Interest payable			
Dividends payable		87,324	
Liabilities held for sale			
Non-current liability due within one year		10	20
Other current liabilities		48	
Total current liabilities		1,284,093	1,171,128
Non-current liabilities:			
Long-term loans		60,057	30,008
Bonds payable			
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities		209	68
Long-term payables		473,918	467,350
Long-term salary payable			
Anticipation liabilities			

Project	Notes	Ending balance	Opening Balance
Deferred income		670	670
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		534,854	498,096
Total liabilities		1,818,947	1,669,224
Owners' equity (or stockholder's equity):			
Paid-up capital (or capital stock)		284,585	284,585
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve		39,327	35,554
Less: Treasury stock		19,340	12,545
Other comprehensive income		-1,085	-1,085
Special reserves			
Surplus reserves		42,471	42,471
Undistributed profit		105,323	202,298
Total owner's equity (shareholders' equity)		451,281	551,278
Amount of liabilities and owner's equity (or shareholders equity)		2,270,228	2,220,502

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan



## CONSOLIDATED INCOME STATEMENT

January-June 2022

Unit: RMB'0000 Currency: RMB

Project	Notes	January-June of 2022	January-June of 2021
I. Gross revenue		7,308,616	5,182,709
Including: Operating income	VII-67	7,301,974	5,177,299
Interest revenue	VII-68	6,635	5,148
Earned premium			
Handling charges and commissions income	VII-69	7	262
II. Gross operating cost		6,789,625	4,579,462
Including: Operating cost	VII-67	6,304,724	4,263,206
Interest expense	VII-68	1,062	835
Handling charges and commissions expense	VII-69	46	270
Surrender value			
Net payments for insurance claims			
Net Deposit for Duty of Reinsurance			
Expenditures dividend policy			
Amortized Reinsurance expenses			
Taxes and surcharges	VII-70	35,802	23,526
Selling expenses	VII-71	69,603	71,116
Administrative expenses	VII-72	202,119	174,222
Research and development expenditure	VII-73	35,348	32,471
Financing Expense	VII-74	140,921	13,816
Including: Interest expense		55,719	52,592
Interest revenue		5,876	5,692
Plus: Other income	VII-75	15,965	18,060
Investment income (losses as in "-")	VII-76	72,053	62,087
Including: Investment incomes from associated ventures and joint ventures		14,390	27,458
Derecognized income of financial assets measured at amortized cost (losses as in "-")			
Exchange gains (losses as in "-")	VII-77	-18	1
Net exposure hedging gains (losses as in "-")			
Income from changes in fair values (losses as in "-")	VII-79	-10,486	24,251
Credit impairment loss (losses as in "-")	VII-80	-9,158	1,307
Asset impairment loss (losses as in "-")	VII-81	-1,233	-286
Assets disposal gains (losses as in "-")	VII-82	-1,288	-5,076

Project	Notes	January-June of 2022	January-June of 2021
III. Operating profit (losses as in "-")		584,826	703,591
Plus: Non-operating income	VII-83	4,370	5,311
Less: Non-operating expenditure	VII-84	3,251	5,776
IV. Total profit (Total losses as in "-")		585,945	703,126
Less: Income tax expenses	VII-85	166,892	155,236
V. Net profit (Net loss as in "-")		419,053	547,890
(I) Classification by operation continuity			
1. Net profit of going concern (net losses as in "-")		419,053	547,890
2. Net profit of discontinuing operation (net losses as in "-")			
(II) Classification by ownership			
1. Net profit attributable to shareholders of the parent company (net losses as in "-")		153,543	207,767
2. Minority shareholders' profits and losses (net losses as in "-")		265,510	340,123
VI. Net of tax from other comprehensive income		-122,523	1,138
(1) Net after-tax amount of other comprehensive income attributable to owners of the parent company		-101,624	-6,008
1. Other consolidated income that cannot be reclassified into profit and loss		-558	909
(1) Re-measurement of the amount of changes in the defined benefit plans			
(2) other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investment		-558	909
(4) Changes in fair value of enterprise's own credit risk			
2. Other consolidated income that will be reclassified into profit and loss		-101,066	-6,917
(1) Other consolidated income of convertible profit or loss under equity method			
(2) Changes in the fair value of other creditor's rights investments			
(3) Amount of financial assets reclassified into other consolidated income			
(4) Preparation for credit impairment of other creditor's rights investment			
(5) Cash flow hedging reserve		-104,834	17,372
(6) Conversion difference of foreign currency financial statements		3,768	-24,289
(7) Others			
(II) Net income of tax of other consolidated income attributable to minority shareholders		-20,899	7,146

Project	Notes	January-June of 2022	January-June of 2021
VII. Total comprehensive incomes		296,530	549,028
(I) Total consolidated income attributable to the owner of the parent company		51,919	201,759
(II) Total aggregate income attributable to minority shareholders		244,611	347,269
VIII. Earnings per share			
(I) Basic earnings per share (yuan/share)		0.54	0.74
(II) Diluted earnings per share (yuan/share)		0.54	0.75

In case of a business merger under the same control in the current period, the net profit realized by the merged party before the merger is RMB0, and the net profit realized by the merged party in the previous period is RMB0.

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

## PROFIT STATEMENT OF THE PARENT COMPANY

January-June 2022

Unit: RMB'0000 Currency: RMB

Project	Notes	January-June of 2022	January-June of 2021
I. Operation revenue	XVII-4	1,766	7,333
Less: Operating cost	XVII-4		2
Taxes and surcharges		61	142
Selling expenses			
Administrative expenses		4,989	4,498
Research and development expenditure			
Financing Expense		7,471	9,693
Including: Interest expense		7,468	9,091
Interest revenue		928	724
Plus: Other income		28	-12
Investment income (losses as in "-")	XVII-5	1,063	103,487
Including: Investment incomes from associated ventures and joint ventures		1,063	2,761
Derecognized income of financial assets measured at amortized cost (losses as in "-")			
Net exposure hedging gains (losses as in "-")			
Income from changes in fair values (losses as in "-")			
Credit impairment loss (losses as in "-")		-1	-2
Asset impairment loss (losses as in "-")			
Assets disposal gains (losses as in "-")			
II. Operation profits (losses as in "-")		-9,665	96,471
Plus: Non-operating income		11	
Less: Non-operating expenditure			3
III. Total profits (total losses as in "-")		-9,654	96,468
Less: Income tax expenses			
IV. Net profits (net losses as in "-")		-9,654	96,468
(I) net operating profit (net losses as in "-")		-9,654	96,468
(II) net discontinuing operation profit (net losses as in "-")			

Project	Notes	January-June of 2022	January-June of 2021
V. Net of tax from other comprehensive income			
(I) Other consolidated income that cannot be reclassified into gains or losses			
1. Re-measurement of the amount of changes in the defined benefit plans			
2. other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investment			
4. Changes in fair value of enterprise's own credit risk			
(II) Other consolidated income that can be reclassified into gains and losses			
1. Other consolidated income of convertible profit or loss under equity method			
2. Changes in the fair value of other creditor's rights investments			
3. Amount of financial assets reclassified into other consolidated income			
4. Preparation for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserve			
6. Conversion difference of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		-9,654	96,468
VII. Earnings per share			
(I) Basic earnings per share (yuan/share)			
(II) Diluted earnings per share (yuan/share)			

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

## CONSOLIDATED STATEMENT OF CASH FLOW

January-June 2022

Unit: RMB'0000 Currency: RMB

Project	Notes	January-June of 2022	January-June of 2021
I. Cash flows from operating activities:			
Cash received from selling goods and providing labor service		8,444,347	5,708,329
Net increase of customer's deposit and deposit from other banks		1,503	2,936
Net increase of borrowings from the central bank			
Net increase of funds borrowed from other financial institutions			
Cash gained from the received premium of original contract			
Net cash received from reinsurance operations			
Net increase of the deposit of the insured and the investment funds			
Cash of the received interest, handling charges and commissions		5,534	4,305
Net increase of borrowing funds			
Net increase of the repurchased business capital		24,710	47,090
Net decrease in customers' loans and advances		6,990	
Net cash of receivings from vicariously traded securities			
Refund of taxes received		155,682	2,116
Other cash received related to operating activities	VII-87	26,529	40,240
Subtotal cash inflow from operating activities		8,665,295	5,805,016
Cash paid for purchasing goods and accepting labor services		7,244,899	4,608,057
Net increase of customer lending and money advanced			9,140
Net increase deposited in central bank and other banks			
Cash paid for compensated funds of the original insurance contract			
Net increase of lending funds			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash payments to and on behalf of employees		335,221	307,501
Other taxes and dues		320,817	238,253
Other cash paid related to operating activities	VII-87	88,097	87,211
Subtotal cash outflow for operating activities		7,989,034	5,250,162
Net cash flow from operating activities		676,261	554,854
II. Cash flows from investing activities:			
Cash received from investment recovery		655,888	558,480
Cash received from investment return		55,017	40,969
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,603	3,036
Net cash received from disposal of subsidiaries and other business units			500

Project	Notes	January-June of 2022	January-June of 2021
Other cash received related to investment activities	VII-87	42,207	64,232
Subtotal cash inflow of investment activities		762,715	667,217
Cash paid to acquire and construct fixed assets, intangible assets&other long-term assets		334,175	296,740
Cash paid for investments		728,513	499,681
Net increase of pledged loans			
Net cash paid by subsidiaries and other business units		6,335	17,092
Other cash payments related to investment activities	VII-87	52,076	46,662
Subtotal cash outflow for investment activities		1,121,099	860,175
Net Cash Flows Generated by Investment Activities		-358,384	-192,958
III. Cash flows from financing activities:			
Cash received from investment absorption		5,323	322,898
Including: Cash received from subsidiaries for investment by minority interest		3,090	2,201
Cash received from loan		1,028,990	1,581,231
Other cash received related to financing activities	VII-87	64,413	14,488
Subtotal cash inflow from fund-raising activities		1,098,726	1,918,617
Cash paid for debt repayment		971,607	1,835,221
Cash paid for dividend distribution, profits distribution, or interests payment		89,851	104,616
Including: Dividends, profits paid to minority owners by the subsidiaries		31,743	41,444
Other cash payments related to financing activities	VII-87	50,963	252,603
Subtotal cash outflow for fund-raising activities		1,112,421	2,192,440
Net cash flow from financing activities		-13,695	-273,823
IV. Impact of exchange rate movement on cash and cash equivalents		13,784	579
V. Net increase of cash and cash equivalents		317,966	88,652
Plus: Beginning balance of cash and cash equivalents		1,234,758	1,163,099
VI. ending cash and cash equivalents balance		1,552,724	1,251,751

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

## STATEMENT OF CASH FLOW OF THE PARENT COMPANY

January-June 2022

Unit: RMB'0000 Currency: RMB

Project	Notes	January-June of 2022	January-June of 2021
I. Cash flows from operating activities:			
Cash received from selling goods and providing labor service		389	102
Refund of taxes received			
Other cash received related to operating activities		9,127	4,044
Subtotal cash inflow from operating activities		9,516	4,146
Cash paid for purchasing goods and accepting labor services			
Cash payments to and on behalf of employees		1,059	1,122
Other taxes and dues		407	493
Other cash paid related to operating activities		1,654	2,062
Subtotal cash outflow for operating activities		3,120	3,677
Net cash flow from operating activities		6,396	469
II. Cash flows from investing activities:			
Cash received from investment recovery			57,589
Cash received from investment return		40,000	108,355
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from the disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal cash inflow of investment activities		40,000	165,944
Cash paid to acquire and construct fixed assets, intangible assets&other long-term assets		19	139
Cash paid for investments			363,156
Net cash paid by subsidiaries and other business units			
Other cash payments related to investment activities		55	224
Subtotal cash outflow for investment activities		74	363,519
Net Cash Flows Generated by Investment Activities		39,926	-197,575
III. Cash flows from financing activities:			
Cash received from investment absorption			314,797
Cash received from loan		118,000	234,998
Other cash received related to financing activities		634,405	1,358,015
Subtotal cash inflow from fund-raising activities		752,405	1,907,810



Project	Notes	January-June of 2022	January-June of 2021
Cash paid for debt repayment		89,590	301,028
Cash paid for dividend distribution, profits distribution, or interests payment		2,913	5,073
Other cash payments related to financing activities		720,585	1,319,022
Subtotal cash outflow for fund-raising activities		813,088	1,625,123
Net cash flow from financing activities		-60,683	282,687
IV. Impact of exchange rate movement on cash and cash equivalents		4	-1
V. Net increase of cash and cash equivalents		-14,357	85,580
Plus: Beginning balance of cash and cash equivalents		139,502	27,323
VI. Ending cash and cash equivalents balance		125,145	112,903

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

[illegible]

January-June of 2022															
Attributable to the owner's equity of the parent company															
Project	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	General		Others	Subtotal	Minority shareholders' interests	Owner Total equity
	Paid-up capital (or capital stock)	Preferred stocks	Perpetual capital securities	Others						risk preparation	Undistributed profit				
(IV) Internal carry-over of ownership interests															
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Surplus reserve makes up for losses															
4. Carried forward retained earnings from changes in defined benefit plans															
5. Other consolidated earnings carried forward to retained earnings															
6. Others															
(V) Appropriate reserve								-798					-798	351	-447
1. Extraction of current period								10,446					10,446	1,045	11,491
2. Use of current period								11,244					11,244	694	11,938
(VI) Others															
IV. Ending balance of current period	284,585				289,869	19,340	-74,165	3,493	22,415	17,464	920,334		1,444,655	3,215,901	4,660,556



January-June of 2021															
Attributable to the owner's equity of the parent company															
Project	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	General risk preparation	Undistributed profit	Others	Subtotal	Minority shareholders' interests	Owner Total equity
	Paid-up capital (or capital stock)	Preferred stocks	Perpetual capital securities	Others											
3. Surplus reserve makes up for losses															
4. Carried forward retained earnings from changes in defined benefit plans															
5. Other consolidated earnings carried forward to retained earnings							-2,733				2,733				
6. Others															
(V) Appropriate reserve								-19					-19	738	719
1. Extraction of current period								6,875					6,875	1,271	8,146
2. Use of current period								6,894					6,894	533	7,427
(VI) Others															
IV. Ending balance of current period	284,585				272,210	13,001	20,853	8,430		15,024	676,572		1,264,673	2,870,407	4,135,080

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting  
organization: Cheng Zhiyan

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January-June of 2022											
Project	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	Undistributed profit	Owner Total equity
	Paid-up capital (or capital stock)	Preferred stocks	Perpetual capital securities	Others							
4. Carried forward retained earnings from changes in defined benefit plans											
5. Other consolidated earnings carried forward to retained earnings											
6. Others											
(V) Appropriate reserve											
1. Extraction of current period											
2. Use of current period											
(VI) Others											
IV. Ending balance of current period	284,585				39,327	19,340	-1,085		42,471	105,323	451,281

[illegible]



January-June of 2021											
Project	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	Undistributed profit	Owner Total equity
	Paid-up capital (or capital stock)	Preferred stocks	Perpetual capital securities	Others							
(V) Appropriate reserve											
1. Extraction of current period											
2. Use of current period											
(VI) Others											
IV. Ending balance of current period	284,585				31,315	13,001	-979		20,056	97,027	419,003

Person in charge: Yu Jianchao

Person in charge of accounting: Wang Dongzhi

Person in charge of accounting organization: Cheng Zhiyan

### III. Basic Conditions of the Company

#### 1. Company Profile

☒ Applicable    ☐ Not Applicable

ENN Natural Gas Co., Ltd.(hereinafter referred to as "Company", "the Company" or "ENN Shares" for short) was established in July, 1992 under the approval document of No. 1(1992) and No. 40 by Hebei Sports Reform Commission and Yiji Sports Reform Commission. The original name of ENN Natural Gas Co., Ltd. is Hebei Weiyuan Industrial Co., Ltd. In December 1993, the letter No. 52 [1993] of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC" for short) passed the re-approval of the CSRC, 20 million ordinary shares are issued in RMB to the public, which was listed and traded on the Shanghai Stock Exchange on January 3, 1994 with the share code of 600803. In March 1999, it was changed into Hebei Weiyuan Biochemical Co., Ltd. and the business license of the enterprise legal person was changed. The registration number is 1300001000524. On October 18 of the same year, with the approval of document [1999] No. 117 of the China Securities Regulatory Commission, the Company implemented a share allotment based on the total share capital at the end of 1998. The total share capital after the allotment was 118,221,700, among them: state-owned legal person shares of RMB52.13 million, and social public shares of RMB66.10 million. The state-owned legal person shares are held by Hebei Weiyuan Group Co., Ltd.

On May 12, 2004, the State-owned Assets Supervision and Administration Commission of the State Council approved the change plan of the property rights of the controlling shareholder of Hebei Wei Group Co., Ltd. and the change of the property rights of the state-owned shares of the company by the State-owned Assets Equity Document [2004] No.365, and ENN Group Co., Ltd. and ENN (Shijiazhuang) Investment Co., Ltd. realized the change of the actual controller of the company through the purchase of Hebei Wei Group Co., Ltd. as a whole. On December 28, 2004, the China Securities Regulatory Commission approved the exemption of obligation to tender offer of ENN Group Co., Ltd. and ENN (Shijiazhuang) Investment Co., Ltd. for controlling 52,125,700 shares in Hebei Wei Group Co., Ltd. Due to the acquisition of equity of Hebei Wei Group Co., Ltd. with the approval of the China Securities Regulatory Commission in document No. 116 of Securities Regulatory Company [2004]. ENN Group Co., Ltd. has become an indirect controlling shareholder of Hebei Weiyuan Biochemical Co., Ltd. because of the purchase of 80% equity of Hebei Weiyuan Group Co., Ltd.

On April 4, 2006, the reform of the company's non-tradable shares related Shareholders' meeting deliberated through "Hebei Weiyuan Biochemical Co., Ltd. reform of the stock split", the non-tradable Shareholders of Hebei Weiyuan Group Co., Ltd. to obtain the right of non-tradable shares circulation to the tradable Shareholders every 10 shares sent 2.5 shares, sent the total number of shares 16,524,000 shares. After the implementation of the plan, the company's total share capital remains unchanged.

On May 30, 2006, the Company's 2005 Annual General Meeting considered and approved the Profit Distribution and Capital Provident Fund Transfer Scheme for 2005. Based on the total share capital at the end of 2005, the Company increased 10 shares per 10 shares to all shareholders, a total of 118,221,713 shares. After the implementation of the plan, the company's total share capital was changed to 236,443,426 shares.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

On December 27, 2010, China Securities Regulatory Commission issued to the company license [2010] No. 1911 approval document, approving that Hebei Weiyuan Biochemical Co., Ltd. issued 75,388,977 shares in total to ENN Holdings Investment Limited (referred to as "ENN Holding for short") to buy the 75% equity of Xinneng (Zhangjiagang) Energy Co., Ltd. and 100% equity of Xinneng (Bengbu) Energy Co., Ltd. On January 6, 2011, the Company completed the procedures for the securities registration change of the new-added shareholders, and on January 28, the registration procedures for the industrial and commercial change of the new-added capital of ENN Holdings Investment Limited were completed. The total amount of the company's equity was changed to 311,832,403 shares.

According to the resolution of the Second Extraordinary General Meeting of Shareholders of 2012 and the approval of China Securities Regulatory Commission [2013] No. 211, of the *Approval of Hebei Weiyuan Biochemical Co., Ltd. to purchase assets from ENN Holdings Investment Limited and other issued shares*, the company non-publicly issued 229,872,495 shares to ENN Holdings Investment Limited; issued 98,360,656 shares to Beijing ENN-Jianyin Energy Development Equity Investment Fund (limited partnership)(short for ENN Fund); issued 78,688,525 shares, to Langfang Heyuan Investment Center (Limited Partnership)(short for Heyuan Investment); issued 100,182,149 shares, to Stone Capital Energy Equity Investment Fund (Shanghai)(Limited Partnership)(short for Taoshi Fund); issued 63,752,277 shares to Shenzhen Ping'an Innovation Capital Investment Co., Ltd.(short for "Ping'an Capital"); issued 19,672,131 shares to Legend Holdings (short for "Legend Holdings"), and issued 19,672,131 shares to Oceanwide Energy Investment Co., Ltd. (short for "Oceanwide Investment") to acquire Xinneng Mining Industry Co., Ltd. (short for Xinneng Mining) which is totally held by seven companies. The company acquired 100% equity of the Xinneng Mining Industry Co., Ltd. and 75% equity indirectly of Xinneng Energy Co., Ltd. through Xinneng Mining on July 4, 2013, the Company completed the registration and alteration procedures in the Shanghai Branch of China Securities Registration and Settlement Co., Ltd. On August 12, 2013, the Company completed the registration procedures for the industrial and commercial changes of a total capital increase of RMB610.20 million, to ENN Holdings, ENN Fund, He Investment, Taoshi Fund, Ping An Capital, Legend Holdings, and Fanhai Investment, and the Company's equity changed to 922,032,767 shares.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

After deliberation and approval of the 25th Meeting and the 26th Meeting of the sixth board of directors, on July 24, 2013, the Company invested RMB30 million to establish a wholly-owned subsidiary namely Hebei Wei Biochemical Pesticide Co., Ltd. (hereinafter referred to as "Pesticide Company" for short). After deliberation and approval of the First Extraordinary General Meeting of Shareholders, the company injected "pesticide production and sales, biochemical products, fine chemical products production and sales and other related business" and other agrochemical business (including subordinate No. 3 Bio-Pharmaceutical Plant, Luquan Preparations Branch and Branch of Chemical Park) and other related operational assets, liabilities and related qualifications into the pesticide company; increased capital to Hebei Weiyuan Biochemical Co., Ltd., with audited net assets face value of RMB227.23 million; and Hebei Weiyuan Biochemical Co., Ltd. shall be responsible for the R&D, production, operation and other related activities of the agrochemical business by undertaking a series of production qualifications such as production fixed-point and production license for the original agrochemical business. In December 2013, the pesticide company completed the registration of industrial and commercial changes, and the registered capital was changed to 257.23 million. The headquarters of the company is no longer engaged in agricultural business R&D, production, operation and other related activities.

According to the approval of the *Reply to Approval of the Acquisition of Issued Shares of ENN Holdings Investment Limited by Hebei Weiyuan Biochemical Co., Ltd.* by the resolution of the Second Extraordinary General Meeting of Shareholders of 2012 and the China Securities Regulatory Commission Regulatory License [2013] No. 211, the company non-publicly issued a total of 63,752,276 ordinary shares (A shares) on December 26, 2013 with a face value of RMB1 per share and an issue price of RMB10.98 per share. On December 31, 2013, the procedures for the registration and alteration of non-public shares and the registration procedures of industrial and commercial changes in registered capital were completed, and the equity was changed to 985,785,043 shares. The change has been confirmed by the capital verification report of ZXYZ [2013] No. 09017 of Zhongxi CPAs (Special General Partnership).

According to the *Resolution on the Related Transactions of the Acquisition of LNG Plants Equity by Xinneng Mining Industry Co., Ltd.*, which was considered and approved by the First Extraordinary General Meeting of Shareholders in September, 2014, the company's subsidiary company, namely, Xinneng Mining Industry Co., Ltd., was granted 100% equity of Shanxi Qinshui ENN Gas Co., Ltd. (hereinafter referred to as Qinshui ENN for short) held by ENN (China) Gas Investment Co., Ltd. for RMB161.38 million. In October, 2014, the equity transfer registration procedures was completed in Shanxi Province Qinshui County Administration Bureau for Industry and Commerce; Xinneng Mining Industry Co., Ltd. was granted 45% equity of Cnooc ENN (North Sea) Gas Co., Ltd. (CNOOC ENN for short) for 68.61 million held by ENN (China) Gas Investment Co., Ltd. As of June 30, 2016, CNOOC ENN (North Sea) Gas Co., Ltd. had completed the registration of the equity transfer in Beihai City Administration for Industry and Commerce and had changed its name to Beihai Gas Co., Ltd of CNOOC Gas and Power. Moreover, the new "Business License of Enterprise Legal Person" was used. On July 1, 2016, Beihai Gas Co., Ltd of CNOOC Gas and Power became the joint venture of the Company.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to “the Resolution on the Acquisition of a Partial Share of Xinneng Fenghuang (Tengzhou) Energy Co., Ltd. by Xinneng Mining Industry Co., Ltd.,” which was considered and approved by the First Extraordinary General Meeting of Shareholders in September 2014, Xinneng Mining Industry Co., Ltd., a subsidiary of the Company, was granted 17.5% equity of Xinneng Fenghuang (Tengzhou) Energy Co., Ltd. (hereinafter referred to as “Xinneng Fenghuang” for short) held by Legend Holdings Co., Ltd. for RMB160.0083 million. The acquisition of 12.5% equity of Xinneng Fenghuang held by Legend Holdings (Tianjin) Co., Ltd. for RMB114.2916 million. The acquisition of 10% equity of Xinneng Fenghuang was held by Shandong Tengzhou Chenlong Energy Group Co., Ltd. for RMB90 million. As of October 16, 2014, Xinneng Fenghuang had completed the registration of 40% equity transfer in Shandong Province Tengzhou Administration for Industry and Commerce.

After deliberation and approval by the Second Extraordinary General Meeting of Shareholders in 2014, the name of the Company was changed to “ENN Ecological Holdings Co., Ltd.” on December 24, 2014, and the Company obtained a new “Business License for Enterprise Legal Person” issued by Shijiazhuang Administration for Industry and Commerce. Approved by the Shanghai Stock Exchange, the Company securities abbreviation shall be changed from “Wei Biochemical” to “ENN Shares” since January 16, 2015, and the securities code shall remain unchanged.

According to the deliberation and approval of the twelfth meeting of the Seventh Board of Directors of the Company on December 3, 2014, the *Resolution on the Approval of the Preliminary Operation of Related LNG Project of the Management Layer* was passed, and the relevant preliminary operation of projects of coke oven gas to LNG and other unconventional natural gas to LNG was approved. On March 25, 2015, the 14th Meeting of the Seventh Board of Directors of the Company considered and approved the Resolution on the Establishment of Xuzhou Xinneng Longshan Clean Energy Co., Ltd., as a controlling subsidiary company, and approved the Company to jointly invest in the establishment of Xuzhou Xinneng Longshan Clean Energy Co., Ltd. with Xuzhou Longshan Coke-making Co., Ltd. Xinneng Longshan has a registered capital of RMB0.11 billion and the company has invested RMB56.1 million in currency, with the shareholding ratio of 51%. Due to changes in cooperation conditions, at the 19th meeting of the Seventh Board of Directors on August 18, 2015, the Company considered and approved the “Resolution on the Cancellation of the Controlling Subsidiary, namely Xuzhou ENN Longshan Clean Energy Co., Ltd.”, and approved to cancel and liquidate the controlling subsidiary, namely Xuzhou Xinneng Longshan Clean Energy Co., Ltd.

On June 8, 2015, at the 18th Meeting of the Seventh Board of Directors of the Company considered and approved the Resolution on the “Establishment of a Holding Subsidiary Qian’an ENN Clean Energy Co., Ltd.”, and approved that the Company would jointly invest in the establishment of Qian’an ENN Clean Energy Co., Ltd. with Tianjin Wuchan Qian’an Logistics Co., Ltd. and Qian’an Yiwang Investment Co., Ltd., and the registered capital is RMB110.00 million. In November 2018, the company signed an equity transfer agreement with Tiandao Warehouse Logistics (Qian’an) Co., Ltd. The company transferred all equity of Qianan ENN Clean Energy Co., Ltd. to Tiandao Warehouse Logistics Co., Ltd. for 22.00 million, and completed the registration of industrial and commercial changes in the month.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to the *Resolution on the Acquisition of 100% Equity of Xindi Energy Engineering Technology Co., Ltd.* (hereinafter referred to as *Xindi Engineering for short*) by *Xinneng Mining Industry Co., Ltd.* which was considered and approved by the company at the Seventh Meeting of Board of Directors in April 2015 and the First Extraordinary General Meeting of Shareholders of May 2015, the company's subsidiary company, namely Xinneng Mining Industry Co., Ltd. was granted 60% equity of Xindi Energy Engineering Technology Co., Ltd. (hereinafter referred to as Xindi Engineering for short) held by ENN Group Co., Ltd. for RMB1,060.80 million, and was granted 40% equity of Xindi Energy Engineering Technology Co., Ltd. held by ENN Photovoltaic Energy Co., Ltd. for RMB707.20 million. On May 14, 2015, the Xindi Project completed the registration procedures of 100% equity change in Langfang Development Zone Administration for Industry and Commerce and exchanged for the new "Business License of Enterprise Legal Person".

According to the Resolution on the Establishment of a Wholly-owned Subsidiary of Tianjin Free Trade Zone ENN Xinneng Trading Co., Ltd., considered and approved at the 19th Meeting of the Seventh Session of the Board in August 2015, the company decided to establish a wholly-owned subsidiary of Tianjin Free Trade Zone ENN Xinneng Trading Co., Ltd. with registered capital of RMB80.00 million. Due to changes in the operating environment and regulatory policies of dangerous chemicals in the registered place, the safety production and operation supervision department has suspended the issuance of hazardous chemicals operation and production license within its jurisdiction, thus making the operation purpose of Tianjin Free Trade Zone impossible to achieve. According to the approval by the twenty-first meeting of the Eighth Board of Directors on March 28, 2018, on the *Resolution on the Cancellation of the Subsidiary of ENN Xinneng Trading Co., Ltd. of Tianjin Free Trade Zone*, it is approved to cancel and liquidate the subsidiary company, namely ENN Xinneng Trading Co., Ltd. of Tianjin Free Trade Zone.

According to the "Resolution on the Establishment of a Wholly-owned Subsidiary, Xinneng (Tianjin) Energy Co., Ltd." which was considered and approved by the Company at its 23rd Meeting of the Seventh Section of the Board of Directors on March 22, 2016 and the First Extraordinary General Meeting of Shareholders held in April 2016, the Company decided to establish a wholly-owned subsidiary, Xinneng (Tianjin) Energy Co., Ltd., whose registered capital is RMB80.00 million and as of December 31, 2019, the actual investment of the company is RMB80.00 million.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to the *Proposal on the Company's Major Asset Purchase Scheme*, and the *Proposal on Signing the Conditional Effective Equity Transfer Agreement with Robust Nation Investments Limited*, and the *Proposal on the Company's Plan to Designate Xinneng (Hong Kong) Energy Investment Co., Ltd.*, a wholly-owned overseas subsidiary, as the implementation subject of major asset acquisition, which was deliberated and adopted at the 23rd Meeting of the 7th Board of Directors in March 2016, the 25th meeting of the 7th Board of Directors in April 2016, the first extraordinary general meeting of shareholders and the second extraordinary general meeting of shareholders in 2016, Xinneng (Hong Kong) Energy Investment Co., Ltd. (hereinafter referred to as "Xinneng Hong Kong"), a wholly-owned subsidiary of the company, purchased 100% of the equity of united faith Ventures Limited (hereinafter referred to as "Lianxin Venture Capital") held by Robot Nation Investments Limited in cash, thereby indirectly holding 11.82% equity (209,734,518 shares) of Santos Limited (hereinafter referred to as "Santos"), a listed company in Australia. 100% equity of the United Faith Ventures acquired by Xinneng Hong Kong is a business merger under the non-common control. The purchase price of the United Faith Ventures was USD754.81. The closing of the equity was completed on April 29, 2016, and the merger date was determined as April 30, 2016. As of December 31, 2016, the company has completed the capital increase of RMB1.6 billion to Xinneng Hong Kong. On May 11, 2018, the Board of Directors of Xinneng Hong Kong resolved to increase the capital by USD532.37 million to Xinneng Hong Kong. On May 16, Xinneng Hong Kong received a capital increase by USD532.37 million and completed the registration procedures of change. As of December 31, 2019, the company's cumulative investment in Xinneng Hong Kong amounted to RMB4,981.82 million.

According to the *Resolution on the Transfer of 100% equity of Xinneng (Bengbu) Energy Co., Ltd.*, which was considered and approved at the 17th Meeting of the Eighth Board of Directors on November 30, 2017, the Company transferred 100% equity of its wholly-owned subsidiary, namely, Xinneng (Bengbu) Energy Co., Ltd. to Anhui Hongrun Petrochemicals Sales Co., Ltd. at the price of RMB55.45 million. On December 11, 2017, the Company and Anhui Hongrun Petrochemicals Sales Co., Ltd., and Xinneng (Bengbu) Energy Co., Ltd. signed the *Equity Transfer Agreement*. In January 2018, the above-mentioned transfer of the industrial and commercial registration procedures was completed, and the transfer payment of equity has been fully accounted. After the transfer of equity was completed, the company no longer owned shares of Xinneng (Bengbu) Energy Co., Ltd.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to the *Resolution on the Allotment Security Issuance Plan of the Company for 2017* and the *Resolution on Adjusting the Allotment Security Issuance Plan of the Company for 2017*, were considered and approved by the Eighth Meeting of the Eighth Board of Directors held by the Company on April 17, 2017 and the Third Extraordinary General Meeting of Shareholders held by the Company on May 3, 2017 and the 13th Meeting of the Eighth Board of Directors held on August 2, 2017, on August 30, 2017, At its Fifteenth Meeting of the Eighth Board of Directors, the *Resolution on Determining the Proportion of Company Allotments* was considered and approved. On January 19, 2018, the Company received the approval document (Securities Regulatory [2018] No. 115) of the China Securities Regulatory Commission (CSRC) on *Approval of the Allotment of Shares of ENN Ecological Holdings Co., Ltd.* The shares allotment was based on a total of 985,785,043 shares after the closing of the Shanghai Stock Exchange on February 1, 2018, shares were allotted to all Shareholders at 2.5 shares per 10 shares and at a price of RMB9.33 per share. As of February 12, 2018, the Shareholders of all the tradable shares with unlimited conditions actually acquired 243,570,740 shares of RMB common shares, and the company actually received the acquisition amount of RMB2,272.52 million; the company deducted various issuance charges of RMB33.68 million (including tax); and recruited funds net amount of RMB2,238.83 million, among them: Included in the equity of RMB243.57 million and included in capital reserve of RMB1,997.17 million. Meanwhile, the registered capital of the Company has been changed to RMB1,229.36 million.

According to the *Resolution on the Agreement with relevant subjects of "Limin shares" etc. on the Transfer of Equity on the Sale of the Assets of Agricultural and Veterinary Drugs* which was discussed and approved by the 40th Meeting of the Eighth Board of Directors of the Company on March 12, 2019, the Company shall transfer the equity of the wholly-owned subsidiaries of 100% equity of Hebei Weiyuan Biochemical Co., Ltd., 100% equity of Hebei Weiyuan Animal Pharmaceutical Co., Ltd., and 100% equity of Inner Mongolia New Veyong Biochemical Co., Ltd. to 60% equity of Limin Chemical Co., Ltd., 25% equity of Xinjiang Xinrong Renhe Equity Investment Limited Partnership, and 15% equity of Jiaying Jinyu Xinwei Equity Investment Limited Partnership for the price of RMB758.56 million. On March 12, 2019, the Company and Limin Chemical Co., Ltd., Xinjiang Xinrong Renhe Equity Investment Limited Partnership, Jiaying Jinyu Xinwei Equity Investment Limited Partnership (Limited Partnership) signed the *Equity Transfer Agreement*. In June 2019, the above-mentioned transfer of the industrial and commercial registration procedures was completed, the transfer of shares had been all accounts, and after the transfer of shares was completed, the company no longer owned shares of Hebei Weiyuan Biochemical Co., Ltd., Hebei Weiyuan Animal Pharmaceutical Co., Ltd., Inner Mongolia New Veyong Biochemical Co., Ltd.(hereinafter referred to as "agriculture and veterinary and pharmaceutical of three companies")

According to the Second Meeting of the Ninth Session of the Board of Directors held on August 15, 2019, the *Resolution on the Establishment of a Wholly-owned Subsidiary Company* was considered and approved at the 2019 Fourth Extraordinary General Meeting of Shareholders held in September 2019. It is approved to establish a wholly-owned subsidiary of ENN (Tianjin) Energy Investment Co., Ltd. with a registered capital of RMB5 billion.



### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to the *Proposal on the Company's Significant Assets Replacement, Issuance of Shares and Cash Payment to Purchase Assets and Raising Funds* reviewed and approved at the 4th meeting of the 9th Board of Directors, and the *Revision on Amendments* reviewed and approved at the 8th meeting of the 9th Board of Directors, the *Company's Major Asset Replacement, Issuance of Shares and Payment of Cash To Purchase Assets and Raise Supporting Funds Plan*, on *Approval of ENN Ecological Holdings Co., Ltd. to ENN Group International Investment Limited* (ENN Group International Investment Limited issued by China Securities Regulatory Commission. Co., Ltd.) by issuing shares to purchase assets and raise supporting funds (Zheng Jian Xu Ke [2020] No. 806) and the company's *Announcement on Adjusting the Issue Price and Quantity of Assets Purchased by Issuing Shares after the Implementation of the 2019 Annual Equity Distribution*, the Company issued 1,370,626,680 RMB ordinary shares (A shares) to ENN International to purchase assets. The company applied for an increase of registered capital of RMB1,370.63 million, which was subscribed by ENN International with the corresponding equity of ENN Energy. The registered capital after the change is RMB2,599.98 million.

After deliberation and approval of the 4th Extraordinary General Meeting of Shareholders in 2020, the name of the company was changed to "ENN Natural Gas Co., Ltd." on December 2, 2020, and the new "Business License" issued by Shijiazhuang Market Supervision Bureau was obtained.

According to the resolutions of the fourth meeting of the ninth Board of Directors held on September 9, 2019, the resolutions of the eighth meeting of the ninth Board of Directors held on November 21, 2019, and resolution of the sixth Extraordinary General Meeting of Shareholders held on December 9, 2019, the resolution of the extraordinary general meeting, the resolution of the eleventh meeting of the ninth Board of Directors held on March 12, 2020, the resolution of the first Extraordinary General Meeting of Shareholders of 2020 held on March 30, 2020 and China Securities Regulatory Commission issued the *Regarding Approval of ENN Ecological Holdings Co., Ltd. to ENN Group International Investment Limited to Issue Shares to Purchase Assets and Raise Supporting Funds* (Zheng Jian Xu Ke [2020] No. 806), the company issued RMB ordinary shares to specific objects by non-public issuance (A shares) 245,871,156.00 shares, the face value of each share is RMB1.00, the issue price is RMB12.50 per share, and the total amount of funds raised is RMB3,073.39 million. After deducting the issuance cost of RMB45.03 million (excluding tax), the actual net amount of funds raised is RMB3,028.36 million. The company used RMB245.87 million out of the funds raised in this non-public issuance of shares to increase the registered capital, and the rest was deducted from the issuance expenses as the issuance premium to increase the company's capital reserve. The subsequent registered capital is RMB2,845.85 million.

### III. Basic Conditions of the Company (Continued)

#### 1. Company Profile (Continued)

According to the resolutions of the 23rd meeting of the 9th Board of Directors held on January 20, 2021, the resolutions of the first extraordinary general meeting of 2021, held on March 26, 2021, and the resolutions of the 27th meeting of the 9th Board of Directors held on March 26, 2021, the *Proposal on the Company's Restricted Stock Incentive Plan (Draft) and its Summary*, and the *Proposal on Adjusting Matters Related to the Restricted Stock Incentive Plan of 2021*, the Company intends to grant 17,210,000 restricted shares to 49 incentive recipients for the first time at a price of RMB7.03 per share. The stock source is the company's A-share common stock repurchased from the secondary market. Since the source of the issuance of shares is the company's repurchase of the company's A-share ordinary shares from the secondary market, the total share capital of the company remains unchanged, and the share capital of restricted shares for equity incentives is increased by RMB17.21 million, and the share capital of tradable shares without restrictions on sales is reduced by RMB17.21 million.

According to the Proposal on the Company's Restricted Stock Incentive Plan (Draft) and its Summary, the Proposal on Adjusting Matters Related to the Restricted Stock Incentive Plan in 2021, which were deliberated and approved in the resolutions of the 23rd Meeting of the Ninth Board of Directors held on January 20, 2021, the First Extraordinary General Meeting of 2021, held on March 26, 2021 and the 27th Meeting of the Ninth Board of Directors held on March 26, 2021, and the *Proposal on Adjusting the Reserved Grant Price of the Restricted Stock Incentive Plan in 2021* and the *Proposal on Granting Part of Reserved Restricted Stocks to Incentive Objects*, which were deliberated and approved in the resolutions of the 34th Meeting of the Ninth Board of Directors held on September 22, 2021, the company intends to grant 1,130,068 restricted shares to 10 incentive recipients at a price of RMB6.84 per share. The source of the shares is that the company repurchased the A-share common stock from the secondary market. As the source of the issuance of shares is the company's repurchase of the company's A-shares ordinary stock from the secondary market, the total capital stock of the company remains unchanged, and the equity incentive restricted shares are increased by RMB1.13 million and the outstanding stock is reduced by RMB1.13 million.

As of June 30, 2022, the registered capital of the Company was RMB2,845.85 million; Uniform Social Credit Code: 91130100107744755W; Legal representative: Wang Yusuo; Company domicile: No. 383, Heping East Road, Shijiazhuang City, China; The company's main business scope: Natural gas-based clean energy project construction, clean energy management services, natural gas clean energy technology research and development, technical advice, technical services, technology transfer, business management consulting, business advisory services (except securities, investment, futures, education, training). (For projects subject to the approval according to law, operational activities can be carried out only after the approval of relevant departments)

### III. Basic Conditions of the Company (Continued)

#### 2. Scope of Consolidated Financial Statements

√ Applicable    ☐ Not Applicable

	Registered capital	Ownership percentage (%)	
Full name of subsidiaries	(RMB '0000)	Direct	Indirect
Major subsidiary company			
Xinneng Mining Industry Co., Ltd.	79,000	100.00	
Xinneng Energy Co., Ltd.	USD 32,516		79.90
Shanxi Qinshui ENN Clean Energy Co., Ltd	9,000		100.00
Xindi Energy Engineering Technology Co., Ltd.	30,000		100.00
Xinneng (Hong Kong) Energy Investment Co., Ltd.	USD 77,818	100.00	
Xinneng (Tianjin) Energy Co., Ltd.	8,000		100.00
ENN (Tianjin) Energy Investment Co., Ltd.	500,000	100.00	
Chongqing ENN Longxin Clean Energy Co., Ltd.	1,000	51.00	
Shanghai International Engineering Construction Consulting Co., Ltd.	1,000	64.00	
ENN LNG (SINGAPORE) PTE. LTD	USD 5,000		100.00
Xinneng Capital Management Limited	USD 0.01		100.00
ENN Natural Gas Investment Inc	USD 0.01		100.00
ENN Clean Energy International Investment Limited	USD 0.01		100.00
ENN (Hainan) Energy Trade Co., Ltd.	USD 2,000		100.00
ENN Xinneng (Zhejiang) Energy Trading Co., Ltd.	5,000		100.00
ENN Xinneng (Guangdong) Energy Trade Co., Ltd.	5,000		100.00
ENN Energy Holdings Limited	HKD 30,000		32.65

The specific changes in the scope of the merger are detailed in "Note VIII, Changes in the scope of the merger", and "Note IX, Interests in other subjects".

## IV. Preparation basis of financial statements

### 1. Basis of compilation

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises-Basic Standards*, various specific accounting standards, application guidelines of accounting standards for business enterprises, interpretation of accounting standards for business enterprises and other relevant provisions (hereinafter collectively referred to as the *Accounting Standards for Business Enterprises*) issued by the Ministry of Finance, and the *Rules No. 15-General Provisions on Financial Reporting of Companies Issuing Securities to the Public* by the China Securities Regulatory Commission.

### 2. Going Concern

☒ Applicable   ☐ Not Applicable

The Company's financial statements are prepared on a going concern basis. The Company has evaluated its going-concern ability for 12 months from the end of the Reporting Period, and has not found any matters or circumstances that have significant doubts about the going-concern ability. Accordingly, the financial statements have been prepared on the basis of the going concern assumption.

## V. Important Accounting Policies and Accounting Estimates

Mention to specific accounting policies and accounting estimates:

☒ Applicable   ☐ Not Applicable

The following disclosures cover the specific accounting policies and accounting estimates formulated by the company based on the actual production and operation characteristics. For details, please refer to "V. 10 Financial Instruments", "V. 23 Fixed Assets", "V. 29 Intangible Assets", and "V. 38 Income" in this note.

### 1. Declaration of compliance with Accounting Standards for Enterprises

The financial statements prepared by the company are in line with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial status, operating results, changes in shareholders' equity and cash flow and other relevant information.

### 2. Accounting period

The fiscal year of the Company begins on January 1 and ends on December 31 of a calendar year.

### 3. Operating Cycle

☒ Applicable   ☐ Not Applicable

The company takes 12 months as a business operation period.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 4. Recording currency

The Company uses RMB as its recording currency.

### 5. Accounting treatment method of a business combination under the same control and different controls

☒ Applicable    ☐ Not Applicable

- (1) Business combination under the same control: The enterprises involved in the merger are ultimately controlled by the same one-party or the same multi-party before and after the merger, and the control is not temporary. It is a merger of the enterprises under the same control. The assets and liabilities acquired by the company in the merger under the same control shall, except for adjustments made by different accounting policies, be measured by the assets and liabilities of the merged party (including goodwill arising from the acquisition of the merged party by the final controller) in the consolidated financial statements of the final control party at the book value of the merged party. The assets and liabilities acquired by the company in the merger shall be measured at the book value of the merged party on the date of the merger. The balance between the book value of the net assets obtained by the merging party and the book value of the paid merger consideration (or the total book value of the issued shares), and the adjustment of the capital reserve; Where the capital reserve is insufficient for write-down, the retained earnings shall be adjusted. The intermediary fees of auditing, legal services, evaluation and consultation and other directly related expenses incurred for the business combination shall be recorded into the profits and losses of the current period at the time of occurrence; The transaction costs of issuing equity securities for the purpose of enterprise merger shall be deducted from the proceeds of the issuance of equity securities, and shall be deducted from the premium income when the equity instruments are issued at a premium, furthermore shall be deducted from the surplus reserve and undistributed profits when the equity securities are issued without a premium or the amount of the premium is insufficient to be deducted.
- (2) Business combinations of enterprises under different control: The company's assets paid as consideration for a business merger, and liabilities incurred or assumed on the purchase date are measured at fair value. The balance between the fair value and its book value shall be recorded in the profits and losses of the current period. The difference between the combination cost and the fair value shares of the identifiable net assets of the acquirees acquired in the combination shall be recognized as goodwill by the company; Where the combination cost is less than the fair value shares of the identifiable net assets of the acquirees acquired in the combination, the difference between them shall be included in the profits and losses of the current period after reexamination. The intermediary expenses, such as auditing, legal services, consultation on evaluation, and other management expenses incurred for the merger of an enterprise are used to be included in the current profit and loss when it occurs. The transaction costs of the purchaser for equity securities or debt securities issued as the consideration in the business combination shall be recorded as the initial confirmed amount of the equity securities or debt securities.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 5. Accounting treatment method of a business combination under the same control and different controls (Continued)

The fair value of the identifiable net assets of the purchased party refers to the balance after the fair value of the identifiable assets obtained in the merger of the acquiree is deducted from the fair value of the liabilities and contingent liabilities; at the end of the current period of the enterprise merger, if the fair value of the identifiable assets, liabilities and contingent liabilities obtained during the enterprise merger or the cost of the enterprise merger can only be determined temporarily, the purchaser shall confirm and measure the enterprise merger on the basis of the temporarily determined value. If the temporarily determined value is adjusted within 12 months after the purchase date, it shall be deemed to be confirmed and measured on the purchase date.

### 6. Preparation Methods of Consolidated Financial Statements

☒ Applicable    ☐ Not Applicable

#### (1) *Determination of the scope of merger*

The scope of the consolidated financial statements is determined on the basis of control, not only includes subsidiaries determined based on voting rights (or similar voting rights) themselves or in conjunction with other arrangements, but also includes the structured entities as determined by one or more contract arrangements.

Control means that the investor has power over the investee, enjoying a variable return by participating in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of the return. The term "relevant activities" refers to activities that have a significant impact on the returns of the investee. The relevant activities of the investee shall be judged according to the specific circumstances, usually including the sale and purchase of commodities or services, the management of financial assets, the purchase and disposal of assets, research and development activities and financing activities. Subsidiary refers to a subject controlled by the company (including the divisible part of the enterprise and the invested unit, and the structured subject controlled by the enterprise, etc.). The structured subject refers to the structured subject designed without voting rights or similar rights as a decisive factor when determining its controlling party (Note: Sometimes is also known as the subject with a special purpose).

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 6. Preparation Methods of Consolidated Financial Statements (Continued)

#### (2) *Preparation Methods of Consolidated Financial Statements*

Based on its own financial statements and those financial statements of its subsidiaries, the Company shall prepare consolidated financial statements on the basis of other relevant information. The company prepares consolidated financial statements, regarding the whole enterprise group as an accounting subject, and reflecting the overall financial situation, operating results and cash flow of the enterprise group according to the confirmation, measurement and reporting requirements of relevant enterprise accounting standards and according to unified accounting policies.

- ① Merge the items of assets, liabilities, owners' equity, income, expenses and cash flows of the parent company and the subsidiary company.
- ② To offset the long-term equity investment of the parent company in the subsidiary company and the share of the parent company in the owner's equity of the subsidiary company.
- ③ To offset the impact of internal transactions between the parent company and subsidiary company and between subsidiary companies. If the internal transaction indicates that the relevant assets have suffered impairment losses, the partial loss shall be fully confirmed.
- ④ To adjust the special transaction from the point of view of the enterprise group.

#### (3) *Special considerations in the merger offset*

If there is a temporary difference between the book value of the assets and liabilities in the consolidated balance sheet and the tax base of the taxpayers due to the offset of the unrealized internal sales gains and losses, the deferred tax assets or deferred tax liabilities shall be determined in the consolidated balance sheet and the income tax expenses in the consolidated profit statement shall be adjusted simultaneously, except for the deferred income tax related to the merger of enterprises and the transactions or matters directly recorded into the owners' equity.

The profit or loss on unrealized internal transactions incurred by the Company in selling assets to a subsidiary shall be fully offset by the "net profit attributable to the owner of the parent company". The profit or loss on unrealized internal transactions incurred by the sale of assets from the subsidiary company to the company shall be offset based on the company's distribution ratio to the subsidiary between the "net profit attributable to the owner of the parent company" and the "minority shareholders' profit and loss". Any unrealized internal transaction profit or loss incurred by the sale of assets between the subsidiaries shall be set off based on the company's distribution ratio to the seller subsidiary between "net profit attributable to the owner of the parent company" and the "minority shareholder's profit or loss".

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 6. Preparation Methods of Consolidated Financial Statements (Continued)

#### (3) *Special considerations in the merger offset (Continued)*

If the current loss shared by the minority shareholder of a subsidiary exceeds the equity enjoyed by the minority shareholder in the minority shareholder's initial equity of the subsidiary, the balance shall still be used to reduce the shareholders' equity.

For the purchase of subsidiary minority equity or the disposal of a partial equity investment without losing control over the subsidiary, as an equity transaction accounting, adjust the book value of the owner's equity and minority shareholders' equity attributable to the parent company to reflect the change of the parent company's relevant interest in the subsidiary. The capital reserve is adjusted according to the balance between the adjustment of minority stockholders' equity and the fair value of the payment/receipt of the consideration. If the capital reserve is insufficient to be reduced, the retained earnings shall be adjusted.

If, through multiple transactions, the purchased party's equity is acquired step by step, and an enterprise merger that is not under the same control is finally formed, it shall be processed separately according to the fact whether or not it belongs to the "package transaction": In the case of "package transactions", the transactions shall be treated as a transaction in which control is obtained. If it does not belong to the "package transaction", it shall be treated as an accounting transaction obtained control on the date of purchase, and the equity held by the purchased party before the date of purchase shall be re-measured according to the fair value of the equity on the date of purchase, and the balance between the fair value and the book value shall be recorded in the profits and losses of the current period; The equity of the purchased party held by the purchaser before the date of purchase relates to other comprehensive income of equity method accounting, and other owner's equity changes of equity method accounting. It shall be transferred to the current income on the date of purchase.

If the control over the original subsidiary is lost due to the disposal of part of the equity investment or in other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the balance between the share of the original subsidiary's net assets calculated continuously from the date of purchase based on the original shareholding ratio, which shall be included in the investment income of the current period of loss of control while shall reduce goodwill at the same time. Other original comprehensive returns related to the equity investment of subsidiaries will be converted into current investment returns when control is lost.



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 7. The Classification of The joint venture arrangement and Accounting Treatment Methods for pooling of interests

☒ Applicable   ☐ Not Applicable

The joint venture arrangements are divided into joint operations and joint enterprises. The joint operation means the joint venture arrangement in which the joint venture party enjoys the relevant assets and assumes the relevant liabilities of the arrangement. A joint enterprise refers to a joint venture arrangement in which the joint venture party has the right only to the net assets of the arrangement.

The parties to the joint venture shall recognize the following items relating to their share of profits in joint operations: Confirmation of the assets held separately and of the assets held jointly at their share; Recognize the liabilities to be assumed separately and the liabilities to be assumed jointly according to their respective shares; Recognize the revenue generated from the sale of the share of common operating output it enjoys; Recognize revenue generated from the sale of outputs of joint venture according to their shares; Recognize the costs incurred separately and the costs incurred in joint venture according to their shares.

### 8. Criteria for the determination of cash and cash equivalents

Cash equivalents are investments that are held by companies with short maturities (generally due within three months from the date of purchase), are highly liquid, easily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

### 9. Conversion of foreign currency business and foreign currency statements

☒ Applicable   ☐ Not Applicable

#### *(1) Method for determining the exchange rate in foreign currency transaction*

The approximate exchange rate of the spot exchange rate or spot exchange rate at the date of the transaction shall be converted into the book currency when the initial confirmation of the foreign currency transaction of the Company is made.

#### *(2) Method of conversion of foreign currency monetary items on balance sheet date*

In the balance sheet date, the spot exchange rate of the balance sheet date shall be used for foreign currency monetary items. The difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the initial confirmation date or at the previous balance sheet date should be recorded in the profits and losses of the current period.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 9. Conversion of foreign currency business and foreign currency statements (Continued)

#### (3) Method of conversion of foreign currency statements

Before the conversion of the financial statements of an enterprise's overseas operations, the accounting period and the accounting policy of the overseas operation shall be adjusted so as to be consistent with the accounting period and the accounting policy of the enterprise, and the financial statements of the corresponding currency (currencies other than bookkeeping base currency) shall be prepared according to the adjusted accounting policy and the accounting period, and then the financial statements of the overseas operation shall be converted according to the following methods:

- ① The items of assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date and the items of owners' equity shall be converted at the spot exchange rate at the time of occurrence in addition to the item of "undistributed profits".
- ② The income and expense items in the profit statement shall be converted by the spot exchange rate on the date of the transaction or by the approximate exchange rate of the spot exchange rate.
- ③ When preparing the consolidated financial statements, the resulted foreign currency financial statements translation difference shall be included in "other consolidated income" separately under the items of owners' equity in the consolidated balance sheet.
- ④ Foreign currency cash flow and cash flow of overseas subsidiaries shall be converted by the spot exchange rate on the date of cash flow or by the approximate exchange rate of the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash shall be regarded as an adjustment item and shall be reported separately in the cash flow statement.

### 10. Financial instrument

☒ Applicable   ☐ Not Applicable

Financial instruments refer to contracts that form financial assets of one party and financial liability or equity instruments of the other party. The Company recognizes a financial asset or financial liability when it becomes one party to a financial instrument contract.

Financial assets and financial liabilities are measured at fair value when they are initially recognized. For financial assets and financial liabilities measured at fair value and whose changes are recorded in the profits and losses of the current period, the related transaction costs are directly recorded into the profits and losses of the current period; for other types of financial assets and financial liabilities, the transaction costs are included in the initial determination amount. Accounts receivable or bills receivable arising from the sale of goods or the provision of services that do not contain or do not consider significant financing components shall be initially measured according to the amount of consideration expected to be entitled to receive.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

The amortization cost of a financial asset or financial liability is the initially determined amount of the financial asset or financial liability deducted by the principal that has been repaid, plus or minus the accumulated amortization amount formed by amortizing the difference between the initial determined amount and the amount on maturity by the actual interest rate method and then deducting the accumulated loss reserve (applicable only to financial assets).

The real interest rate method refers to the method of calculating the amortization cost of financial assets or financial liabilities and apportioning interest income or interest expenses into each accounting period.

The real interest rate refers to the interest rate used to convert the estimated future cash flow of a financial asset or financial liability into the book balance of the financial asset or the amortization cost of the financial liability. In determining the actual interest rate, the expected cash flow is estimated on the basis of consideration of all contract terms (such as advanced repayment, rollover, call options or other similar options) of financial assets or financial liabilities, without considering the expected credit loss.

#### *(1) Classification and measurement of financial assets*

The financial assets shall be measured at fair value at the time of initial recognition. After initial confirmation, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides the financial assets into: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value and with changes included in other consolidated income; (3) Financial assets that are measured at fair value and whose variations are included in the current profits and losses.

#### *Debt instrument*

Financial assets measured at amortized cost

The contract terms of a financial asset stipulate that the cash flow generated at a specified date is only the payment of principal and interest based on the unpaid principal amount, and the business model of the financial asset management by the company is to collect contract cash flow as the goal. The company classifies the financial asset as a financial asset measured at amortization cost.

Such financial assets are subsequently measured at amortized cost by using the effective interest method. Gains or losses arising from impairment or derecognition are included in the current profit and loss.

Such amount of assets of the Company include monetary funds, lending funds, loans and advances, bills receivable, accounts receivables, other receivables, debt investment and long-term receivables. Company debt investment and long-term receivables due within one year (including one year) from the balance sheet date are listed as Non-current asset due within one year; Debt investment due within one year (including one year) at the time of acquisition are listed as other current assets.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (1) *Classification and measurement of financial assets (Continued)*

##### *Debt instrument (Continued)*

Financial assets measured at amortized cost (Continued)

The Company recognizes interest income for financial assets classified as amortization costs according to the real interest rate method. The Company shall calculate and determine interest income by multiplying the book balance of the financial assets by the actual interest rate, except as follows: a) the financial asset becomes a credit impairment financial asset during the follow-up period, and the interest income of the company shall be calculated and determined according to the amortization cost and the actual interest rate of the financial asset during the follow-up period; b) If, during the follow-up period, the financial instrument ceases to have credit impairment due to an improvement in credit risk, and this improvement may be associated with an event following the application of the above-mentioned provision, the Company shall calculate and determine interest income at the actual interest rate multiplied by the book balance of the financial asset.

Financial assets measured at fair value and with changes included in other consolidated income

The contract term of a financial asset stipulates that the cash flow generated at a specific date is only for the payment of principal and interest based on the amount of unpaid principal, and that the business mode of the company in charge of the financial asset is both to collect the contract cash flow and to sell the financial asset, the financial asset is classified as a financial asset measured at fair value and its changes are included in other comprehensive income.

The relevant profits and impairment losses, the interest income and exchange profits and losses calculated by the real interest rate method of the financial asset measured at fair value and whose changes are included in other comprehensive income. Are recorded in the current profit and loss. In addition, the fair value changes of the financial assets are recorded in other comprehensive income. When the financial asset terminates its determination, the accumulated profits or losses previously recorded in the other comprehensive income shall be transferred out from the other comprehensive income and shall be recorded in the current profit or loss. The company's financial assets mainly include receivables financing, other creditor's rights investment and so on.

The Company presents its debt investments and long-term receivables due within one year (including one year) from the balance sheet date as non-current assets due within one year; Debt investments with a maturity of one year or less at the time of acquisition are listed as other current assets.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (1) *Classification and measurement of financial assets (Continued)*

##### *Debt instrument (Continued)*

Financial assets measured at fair value and whose changes are included in current profit or loss

Financial assets measured at fair value and whose changes are included in current profit or loss include financial assets classified as being measured at fair value and whose changes are included into current profit or loss and financial assets designated as being measured at fair value and whose changes are included into current profit or loss.

The company classifies the debt instruments held by the company that are not classified as measured at amortization cost and measured at fair value with changes included in other comprehensive income, as financial assets measured at fair value with changes included in current profit and loss, and lists them as transactional financial assets. Those which will mature in more than one year from the balance sheet date and are expected to be held more than one year are listed as other non-current financial assets.

The Company shall carry out follow-up measurements of such financial assets at fair value and shall include the profits or losses resulting from changes in fair value and the dividends and interest income related to such financial assets into the current profit or loss.

##### Equity tool investment

The investment in equity instruments that are not controlled, jointly controlled and significantly affected by the Company shall be measured at fair value and its changes shall be recorded in the profits and losses of the current period, and shall be listed as transactional financial assets; Those which will mature in more than one year from the balance sheet date and are expected to be held more than one year are listed as other non-current financial assets.

In addition, on initial recognition, the company may irrevocably designate non-trading equity instruments as financial assets measured at fair value, the changes are included in the other comprehensive income based on individual financial assets as investments in other equity instruments. After designation, the changes in the fair value of the financial asset are recognized in the other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in the other comprehensive income are transferred from the other comprehensive income and included in the retained earnings. During the period when the Company holds the equity instrument investment when the right of the Company to receive dividends has been established, the economic benefits related to the dividends are likely to flow into the Company, and the amount of the dividends can be reliably measured, the dividend income is recognized and included in the current profit and loss.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (2) *Depreciation of financial instruments*

The company determines loss provision on the basis of expected credit losses for debt instrument investments and financial guarantee contracts that are classified as measured by the amortization cost, measured by fair value and included changes in other comprehensive income.

The company measures its reserve for loss of accounts receivable formed by transactions regulated by income standards that do not contain significant financing components at an amount equivalent to thought credit losses during the entire duration.

For other financial instruments, the Company evaluates the changes of the credit risk of the relevant financial instruments from the initial confirmation on each balance sheet date. If the credit risk of the financial instrument has increased significantly from the initial confirmation, the Company shall measure its reserve for loss at the amount equivalent to the thought credit loss of the financial instrument during the entire duration. If the credit risk of the financial instrument has not increased significantly from the initial confirmation, the Company shall measure its reserve for loss at the amount equivalent to the thought credit loss of the financial instrument over the next 12 months. The increase or return amount of the reserve for credit loss shall be recorded as impairment loss or gain in the current profit or loss, and the Company shall offset the credit loss provision against the book balance of related financial assets except for financial assets which are classified as being measured at fair value and whose changes are included in other comprehensive income; for a financial asset which is classified as being measured at fair value and whose changes are included in other comprehensive income, the Company confirms its reserve for credit loss in other comprehensive income and the book value of the financial asset listed in the balance sheet is not reduced.

The Company has measured its reserve for losses during the previous accounting period at the amount of the expected credit loss of the financial instrument in the entire duration. However, on the current balance sheet day, the financial instrument is no longer subject to a significant increase in credit risk since the initial confirmation. On the current balance sheet day, the Company measured its reserve for losses at the amount of the expected credit loss of the financial instrument over the next 12 months, and the reversion of the resulting loss reserve is credited to the current profit and loss as impairment gains.

#### *Credit risk increased significantly*

The Company uses reasonable and sound forward-looking information available to determine whether the credit risk of financial instruments has increased significantly since the initial determination by comparing the risk of default on the balance sheet date with the risk of default on the initial confirmation date. For a financial guarantee contract, the Company shall, when applying the financial instrument impairment provision, make the date on which the Company becomes the party making the irrevocable undertaking as the initial confirmation date.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (2) Depreciation of financial instruments (Continued)

##### *Credit risk increased significantly (Continued)*

The Company will take into account the following factors when assessing whether there is a significant increase in credit risk:

- Whether the external market indicators of credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly;
- Whether the external credit rating of financial instruments changes significantly in real or expected terms;
- The expected adverse changes in business, financial or economic conditions that will result in significant changes in the debtor's ability to perform its debt service obligations;
- Whether the actual or expected performance of the debtor's business has changed significantly;
- Whether there are significant adverse changes in the supervision, economic or technical environment of the debtor;
- Whether or not contract payment is overdue more than (including) 30 days, unless the Company does not have to pay too much cost or effort to obtain reasonable and evidenced information to prove that although the payment period stipulated in the contract has exceeded 30 days or more, the credit risk has not increased significantly since the initial confirmation.

On balance sheet day, if the Company determines that a financial instrument has only lower credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial confirmation. If the default risk of a financial instrument is low, and the borrower's ability to fulfill his contractual cash flow obligation is very strong, and even if there are unfavorable changes in the economic situation and operating environment over a long period of time, it may not necessarily reduce the borrower's performance of its contractual cash obligations, the financial instrument is considered to have lower credit risk.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (2) Depreciation of financial instruments (Continued)

##### *Financial assets that have suffered credit impairment*

When one or more events that are expected to adversely affect the future cash flow of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence of credit impairment in financial assets includes the following observable information:

- Major financial difficulties occurred to the issuer or debtor;
- The debtor has broken the contract, such as paying interest or defaulting on the principal or being overdue;
- The creditor gives the debtor no concessions under any other circumstances due to the economic or contractual considerations relating to the debtor's financial difficulties;
- The debtor is likely to go bankrupt or undertake other financial restructuring;
- The issuer or debtor's financial difficulties cause the disappearance of active market of the financial assets.

The Company believes that if a financial instrument is overdue for more than 90 days, it has breached the contract; unless the Company has reasonable and reliable information indicating that it is more appropriate to take longer overdue time as the default standard.

##### *Determination of expected credit loss*

The company considers the expected credit loss according to a single item of accounts receivable that have been credit-impaired, and the company uses an impairment matrix to determine the relevant credit losses on a combined basis for other accounts receivable. Based on the common risk characteristics, the Company divides the accounts receivable considered by the combination into different groups. The common credit risk characteristics adopted include the business type and business channel corresponding to the accounts receivable, debtor's geographical location, etc.

The company considers the expected credit losses on an individual basis for other receivables (including loans and advances, bills receivable, receivables financing, other receivables, Non-current asset due within one year, other current assets, long-term receivables, etc.) and other debt investment.



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (2) Depreciation of financial instruments (Continued)

##### *Determination of expected credit loss (Continued)*

The Company determines the expected credit loss of the relevant financial instruments according to the following methods:

- For financial assets, credit loss is the present value of the difference between the contract cash flow and the expected cash flow.
- In the case of a financial security contract, the credit loss shall be the amount of the expected payment made by the company to the holder of the contract in respect of the loss of credit incurred, minus the present value of the difference between the amount that the company expects to receive from the contract holder, debtor, or any other party.
- For a financial asset whose credit impairment has occurred on the balance sheet day, but which has not been acquired or which has occurred at the source, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

Factors reflected in the company's method for measuring expected credit losses of financial instruments include: The weighted average amount of unbiased probability determined by evaluating a series of possible results; Time value of money; Reasonable and reliable information about past events, current conditions and future economic conditions can be obtained on the balance sheet date without paying unnecessary additional costs or efforts.

##### *Write-down of financial assets*

When the Company no longer reasonably expects the cash flow of the financial asset contract to be recovered in whole or in part, directly write down the book balance of the financial asset. Such write-downs constitute the termination determination of the relevant financial assets.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (3) *Transfer of financial assets*

Financial assets meeting one of the following conditions shall be terminated and confirmed. ① The contractual right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred and almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the company has neither transferred nor retained almost all the risks and rewards in the ownership of the financial asset, the company has not retained its control over the financial asset.

If the Company has neither transferred nor retained almost all of the risks and rewards of the ownership of the financial asset, but the company has retained control over the financial asset, the company shall continue to determine the transferred financial asset according to its continuing involvement in the transferred financial asset and shall determine the relevant liabilities accordingly.

The Company shall measure the relevant liabilities in the following manner:

Where a transferred financial asset is measured at amortization cost, the book value of the relevant liability shall be equal to the book value of the transferred financial asset, minus the rights reserved by the Company (if the Company retains the relevant rights' fair value due to the transfer of the financial asset) and the amortization cost plus the Company's obligations' fair value (if the Company assumes the relevant obligations due to the transfer of the financial asset). The relevant liabilities are not designated as financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period.

When a transferred financial asset is measured at fair value, the book value of the relevant liabilities shall be equal to the book value of the continued to be transferred financial asset, minus the rights' fair value reserved by the Company (if the Company reserves the relevant rights due to the transfer of the financial asset) and the fair value of the Company's obligations (if the Company assumes the relevant obligations due to the transfer of the financial asset). The fair value of the rights and obligations is the fair value measured on an independent basis.

When the overall transfer of a financial asset meets the conditions for termination of determination, the book value of the transferred financial asset and the difference between the corresponding value received as a result of the transfer and the accumulated amount of changes in the fair value originally included in other comprehensive income shall be included in the profits and losses of the current period. For non-transactional equity instruments designated to be measured at fair value and whose changes are included in other comprehensive incomes, the accumulated gains or losses previously included in other comprehensive earnings are transferred out of other comprehensive earnings and included in retained earnings.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### *(3) Transfer of financial assets (Continued)*

If a partial transfer of a financial asset satisfies the conditions for derecognition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognized portion and the continuing recognized portion based on their respective relative fair values at the date of transfer, and the difference between the consideration received for the transfer and the sum of the cumulative amount of changes in fair value previously recognized in other comprehensive income to be apportioned to the derecognized portion and the previously apportioned carrying amount is recognized in profit or loss for the current period. If the financial assets transferred by the Company are non-transmission equity instruments investment designated to be measured at fair value and whose changes are included in other comprehensive income, the accumulated gains or losses previously included in other comprehensive income shall terminate. The determined portion shall be transferred from other comprehensive income and be included in retained earnings.

If the overall transfer of financial assets fails to meet the conditions for termination of determination, the Company shall continue to determine the transferred financial assets as a whole, and the consideration received by the transfer of assets shall be determined as liabilities upon receipt.

#### *(4) Classification, determination and measurement of financial liabilities*

The Company classifies the financial instruments or their components as financial liabilities or equity instruments at the time of initial determination, according to the terms of the contract of the financial instrument issued and the economic substance reflected therein, rather than in the form of law alone, combining the definitions of financial liabilities and equity instruments.

Financial liabilities are measured at fair value when initial recognition is confirmed and the changes are recorded in the items of financial liabilities and other financial liabilities of the current profit and loss account.

##### *① Financial liabilities which are measured at fair value and whose variations are included in the current profits and losses*

Financial liabilities measured at fair value and included in profits and losses of the current period, including transactional financial liabilities (including derivatives of financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in profits and losses of the current period.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (4) *Classification, determination and measurement of financial liabilities (Continued)*

- ① *Financial liabilities which are measured at fair value and whose variations are included in the current profits and losses (Continued)*

At the time of initial determination, financial liabilities which meet any of the following conditions may be irrevocably designated as financial liabilities to be measured at fair value and whose changes are included in the profits and losses of the current period: (a) the designation may eliminate or significantly reduce the inconsistency in the determination and measurement of relevant gains or losses due to the difference in the measurement basis of the financial liability; (b) according to such risk management or investment strategies as are set out in the formal written document, manage and evaluate financial liabilities or financial assets on a fair value basis and to report to key managers; (c) Eligible hybrid instruments containing embedded derivatives.

Transactional financial liabilities are subsequently measured at fair value, and profits or losses resulting from changes in fair value as well as dividends or interest expenses related to such financial liabilities are included in the profits and losses of the current period.

Financial liability which is designated to be measured at fair value and whose changes are included in the profits and losses of the current period, the changes in the fair value arising from changes in the company's own credit risk shall be included in other comprehensive income, and when the financial liability is terminated to be determined, the accumulated changes at fair value caused by changes in the own credit risk included in other comprehensive income shall be transferred to retained earnings.

Profits or losses resulting from other changes in fair value and dividends or interest expenses related to such financial liabilities are included in profits and losses of the current period. If dealing with the impact of the changes in the credit risk of such financial liabilities in the aforementioned manner will result in or enlarge the accounting mismatch in the profits and losses, the Company shall include all the gains and losses (including the amount affected by the changes in the enterprise's own credit risk) of such financial liabilities into the current profits and losses.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (4) *Classification, determination and measurement of financial liabilities (Continued)*

##### *Other financial liabilities*

Except for the financial liabilities formed by continuing to be involved in the transferred financial assets, other financial liabilities outside the financial guarantee contract are classified as financial liabilities measured at amortization cost. The effective interest method is adopted and subsequent measurement is performed at amortization cost. The profits or losses from the termination of confirmation or amortization are included in profits and losses of the current period.

A financial guarantee contract is a contract in which the following contents are provided that when a specific debtor is unable to pay off the debt in accordance with the original or revised debt instrument terms during the expired period, the issuer of the financial guarantee shall pay the contract holder who suffered the loss a specific amount. The financial guarantee contract which does not belong to financial liability which is designated to be measured at fair value and whose changes are included in the profits and losses of the current period shall be measured according to the higher balance after deducting the accumulated amortization amount during the period of guarantee and according to the loss reserve amount and initial determination amount after initial determination.

#### (5) *Confirmation of termination of financial liabilities*

The current obligations of a financial liability have been discharged in whole or in part, the determination of the financial liability or part thereof shall be terminated. An agreement is signed between the Company (the Borrower) and the Lender to replace the original financial liability with a new financial liability, and the contract terms of the new financial liability and the original financial liability are substantially different. The Company shall terminate the determination of the original financial liability and at the same time determine the new financial liability.

Where financial liabilities are confirmed in whole or in part, the difference between the book value of the confirmed part and the price paid (including the transferred non-cash assets or new financial liabilities) should be recorded in the profit and loss of the current period.

#### (6) *Equity instruments*

An equity instrument is a proven residual equity contract that the company deducts all the liabilities from assets. The Company's issue (including refinancing), repurchase, sale or cancellation of equity instruments are treated as equity changes. The company does not recognize changes in the fair value of equity instruments. Transaction costs associated with equity transactions are deducted from equity

The distribution to the holders of equity instruments by the Company shall be treated as profit distribution. The share dividend issued by the Company shall not affect the total shareholder equity.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (7) *Derivatives and hedging instruments*

The company's related derivative financial instruments are options contracts, swaps, forward and so on. Derivatives are initially measured at fair value on the date of signing the relevant contract and are measured subsequently at fair value. Changes in the fair value of derivatives are included in the profits and losses of the current period.

For a hybrid contract composed of embedded derivatives and a principle contract, if the principal contract belongs to financial assets, the Company does not separate the embedded derivatives from the hybrid contract, and the hybrid contract as a whole applies to the accounting standards on the classification of financial assets.

If the principal contract contained in the hybrid contract does not belong to financial assets and meets the following conditions, the Company shall separate the embedded derivatives from the hybrid instruments and treats them as separate derivative financial instruments: ① Embedded derivatives are not closely related to the principle contract in terms of economic characteristics and risks. A separate instrument with the same terms as the embedded derivatives meets the definition of the derivatives. The hybrid contract is not measured at fair value and its changes are included in the profits and losses of the current period.

The embedded derivative is separated from the hybrid contract, and the Company shall perform accounting treatment to the principle contract of the hybrid contract according to the applicable accounting standards. If the Company cannot reliably measure the fair value of the embedded derivative according to the terms and conditions of the embedded derivative, the fair value of the embedded derivative shall be determined based on the difference between the fair value of the hybrid contract and the fair value of the principle contract. If, after using the above method, the fair value of the embedded derivative on the acquisition date or the subsequent balance sheet date still cannot be measured separately, the Company shall designate the hybrid contract as a financial instrument as a whole measured at fair value and whose changes shall be included in the profits and losses of the current period.

The hedging accounting method refers to the method by which the Company includes the profits or losses generated by the hedging instrument and the hedged item into profits and losses of the current period (or other comprehensive income) in the same accounting period to reflect the impact of risk management activities. The Company uses cash-flow hedging, specifying certain derivatives to hedge specific risks associated with the cash flows of expected transactions with determined assets or liabilities which are very likely to occur.

The term "hedged item" refers to the item which can be measured reliably; can make the company face the risk of cash flow change and is designated as the hedged object. The Company is designated as the hedged item. There is the expectation that the company will face the risk of changes in cash flow and the purchases or sales, etc. may be conducted at a future market price that has not yet been determined.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (7) *Derivatives and hedging instruments (Continued)*

A hedging instrument is a financial instrument designated by the Company for hedging or a financial instrument whose cash flow changes are expected to offset the cash flow changes of the hedged item.

If the hedging meets the following conditions at the same time, the Company determines that the hedging relationship meets the requirements for the hedging validity:

There is an economic relationship between hedged items and hedging instruments. This economic relationship causes the value of the hedging instrument and the hedged item to change in the opposite direction due to the facing of the same risk of being hedged.

The credit risk does not play a dominant role in the change of value caused by the economic relationship between hedged items and hedging instruments.

The hedging ratio of the hedging relationship is equal to the ratio of the number of hedged items actually hedged by the Company to the actual number of hedging instruments used to hedge the hedged items. But it does not reflect the imbalance of the relative weights of the hedged items and the hedging instruments.

#### *Cash flow hedging*

Cash flow hedging refers to the hedging of risk exposure to changes in cash flow. The cash flow changes arise from transactions very likely to occur with determined assets or liabilities, or specific risks associated with the above-mentioned components of the project, and will affect the profits and losses of the Company. The Company shall, as a cash flow hedging reserve, include in other comprehensive income the part of the gain or loss generated by the hedging instrument that is the effective part of the hedging. The amount of the cash flow hedging reserve is the lower amount of the absolute amount of the following two items:

- Accumulated gains or losses from the start of the hedging instruments;
- The cumulative change in the present value of the expected future cash flow of the hedged item since the beginning of the hedging

The amount of cash flow hedging reserves included in each period is considered as the change of current cash flow hedging reserves.

The part of the gains or losses generated by hedging instruments that is ineffective in hedging is included in the profits and losses of the current period.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (7) *Derivatives and hedging instruments (Continued)*

##### *Cash flow hedging (Continued)*

The hedged item is an expected transaction, and the expected transaction causes the company to subsequently recognize a non-financial asset or non-financial liability, or when the expected transaction of non-financial assets or non-financial liabilities forms a definite commitment applicable to fair value hedge accounting, the Company shall transfer the amount of the cash flow hedging reserves previously determined in other comprehensive income into the initial determination amount of the asset or liability.

For cash flow hedging which does not belong to the above-mentioned situation, the Company shall transfer the cash flow hedging amount originally determined in other comprehensive income to the profits and losses of the current period during the same period in which the expected cash flow to be hedged affects profit and loss.

When the hedging relationship no longer meets the risk management objectives due to changes in risk management objectives (i. e., the subject no longer seeks to achieve the risk management objectives); when the hedging instrument is expired, sold; when the contract is terminated or has been exercised; when the economic relationship between the hedged item and the hedging instruments ceases to exist; when the impact of the credit risk begins to dominate the value change caused by the economic relationship between the hedged item and the hedging instrument; or if the hedging no longer meets the requirements of the hedging accounting method, the Company shall terminate the hedging accounting. If the hedged future cash flow is still expected to occur, the amount of accumulated cash flow hedging reserves determined in other comprehensive income shall be retained and be dealt with according to the above-mentioned accounting policy for cash flow hedging. If the hedged future cash flow is expected to no longer occur, the amount of the accumulated cash flow hedging reserves shall be transferred from other comprehensive income to the profits and losses of the current period. If the hedged future cash flow is no longer highly likely to occur but may still be expected to occur, in the expectation of still occurring, the amount of accumulated cash flow hedging reserves shall be retained and be dealt with according to the above-mentioned accounting policy for cash flow hedging.



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 10. Financial instrument (Continued)

#### (8) Fair value of financial instruments

The fair value of a financial asset or a financial liability with an active market shall be determined by the quoted price in the active market. Where there is no active market, the Company uses valuation techniques to determine its fair value. When evaluating the fair value of a financial asset or a financial liability, the Company uses valuation techniques that are applicable under current circumstances and are supported by sufficient data and other information to select input values consistent with the features of the asset or liability considered by market participants in the transactions of related asset or liability and uses relevant observable input values as possible. Use non-observable input values if relevant observable input values cannot be obtained or are impracticable.

The valuation techniques the Company adopts include reference prices used in recent orderly transactions by market participants, reference current fair value of other financial instruments that are substantially the same, discounted cash flow and option pricing models. When using DCF analysis, the estimated future cash flows are based on the management's best estimate, and the discount rate used is the market discount rate for similar tools. Certain financial instruments (including derivative financial instruments) are valued using pricing models that take into account contract and market prices, correlation coefficient, the time value of money, credit risk, yield curve factors, and/or prepayment ratios. The use of different pricing models and assumptions can lead to significant differences in fair value estimates.

For financial instruments that significant unobservable input values are used in their valuation methods, their fair values are classified as level 3 fair value.

#### (9) Offset of Financial Assets and Financial Liabilities

When the Company has the legal rights to offset recognized financial assets and financial liabilities and such legal rights are currently executable, and the Company plans to settle on a net basis or to cash the financial assets and pay off the financial liabilities at the same time, the financial assets and financial liabilities shall be listed in the balance sheet at the amount offset by each other. In addition, financial assets and financial liabilities should be separately shown on the balance sheet and should not be offset each other.

### 11. Bills receivable

The method to determine and the accounting treatment of the expected credit loss of bills receivable

☒ Applicable    ☐ Not Applicable

For details, please refer to "Note V-10. Financial instruments (2) Financial Instruments Impairment of Financial Assets and Other Items" for the determination method and accounting treatment method of the expected credit loss of bills receivable.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 12. Accounts receivable

The method to determine and the accounting treatment of the expected credit loss of accounts receivable

☒ Applicable ☐ Not Applicable

Please refer to "Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items" for the determination method and accounting treatment method of the expected credit loss of accounts receivable.

### 13. Receivables financing

☒ Applicable ☐ Not Applicable

The characteristics of contractual cash flow are consistent with the basic borrowing and lending arrangement, and the business model of the company for managing such financial assets is the bills receivable and accounts receivable which are aimed at both collecting the contractual cash flow and selling, so the company classifies them as receivables financing, which are measured at fair value and their changes are included in other comprehensive income. At the time of derecognition, the accumulated gains or losses previously recorded as other comprehensive income shall be transferred out and reckon in current profit or loss.

### 14. Other receivables

The method to determine and the accounting treatment of the expected credit loss of other receivables

☒ Applicable ☐ Not Applicable

Please see "Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items" for details of determination methods and accounting treatment methods of expected credit loss of other receivables.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 15. Inventory

☒ Applicable    ☐ Not Applicable

- (1) The Company's inventories refer to the finished goods or commodities held for sale in its daily activities, work in process and materials consumed during the course of production or in the course of providing services, etc. Inventories are classified into raw materials, goods in stock, finished products, goods in transit and low-cost consumables, etc.
- (2) Valuation of inventories: Inventories are measured at their initial costs according to their compositions and the way to obtain them. Weighted average method is adopted for the valuation of raw materials and goods in stock.
- (3) The perpetual inventory system is adopted for inventories.
- (4) The basis to determine the net realizable value of inventories: As at balance sheet date, inventories are stated at the lower of the cost or net realizable value. When its net realizable value is lower than the cost, the provision for inventory depreciation should be accounted. Net realizable value refers to the amount of the estimated selling price of the inventory in the day-to-day activities minus the estimated cost to be incurred at completion, the estimated selling cost, and related taxes. In determining the net realizable value of the inventory, the purpose of holding the inventory and the impact of the future balance sheet matters shall be taken into account on the basis of conclusive evidence obtained. The difference between the cost and the net realizable value of a single inventory item is recorded as the provision for the inventory. In the event that the impact of the previous write-down on the value of the inventory has disappeared, and the net realizable value of the stock is higher than its book value, the amount to be returned shall be recorded into the profit or loss of the current period.

### 16. Contract assets

#### *(1) Methods to determine and standards for the recognition of contract assets*

☒ Applicable    ☐ Not Applicable

The Company lists the contract assets in the balance sheet in accordance with the relationship between the performance of the contract obligations and the payment by the customer. The consideration which the Company is entitled to charge from customers for the transfer of goods or services provided to them (and such right is subject to factors other than the passage of time) is listed as contract assets.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 16. Contract assets (Continued)

#### (2) Method to determine and accounting treatment of the expected credit losses of contract assets

☒ Applicable ☐ Not Applicable

The methods of determining expected credit losses and accounting treatment of contract assets of the company are described in "Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items".

Contract assets and contract liabilities are listed separately in the balance sheet. The contract assets and contract liabilities under the same contract is presented on a net basis. If the net amount is a debit balance, it is presented under the item "Contract Assets" or "Other Non-current Assets" according to its liquidity. If the net amount is a credit balance, it is presented under the "Contract Liabilities" or "Other Non-Current Liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot be set off against each other.

### 17. Held-for-sale assets

☒ Applicable ☐ Not Applicable

The determining conditions to classify non-current held-for-sale assets and disposal portfolios: ① In line with the conventional practice of selling such assets or disposal portfolios in similar transactions, an immediate sale would be reached under current conditions; ② Where the sales plan needed to be approved by relevant authorities or supervision department before selling, approved; ③ A sale is most likely to occur, that is, the Company has decided on the sale plan and purchase commitment has been reached, the sale is to be completed within one year.

The Company reports the non-current assets or disposal portfolios which meet the conditions of held-for-sale as "Held-for-Sale Assets" in current assets on balance sheet date, and the liabilities directly related to the assets are reported as "Held-for-Sale Liabilities" in current liabilities.

### 18. Debt investment

The method to determine and the accounting treatment of the expected credit loss of debt investments

☒ Applicable ☐ Not Applicable

Please refer to "Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items" for the determination method and accounting treatment method of expected credit loss of debt investment.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 19. Other debt investment

The method to determine and the accounting treatment of the expected credit loss of other debt investments

☐ Applicable ☒ Not Applicable

### 20. Long-term receivables

The method to determine and the accounting treatment of the expected credit loss of long-term accounts receivable

☒ Applicable ☐ Not Applicable

For the determination method and accounting treatment method of expected credit loss of long-term receivables, see "Note V-10. Financial instruments (2) impairment of financial assets and other items".

### 21. Long-term equity investment

☒ Applicable ☐ Not Applicable

Long-term equity investment refers to the equity investment in which the investor controls and has significant influence over the invested entity, as well as the equity investment in the Company's joint venture.

#### *(1) Determination of the investment cost*

For long-term equity investments formed from mergers, the cost of the investments is determined in accordance with the following standards:

- A. Where the merger is under the same control and the Company pays the consideration with cash, by transferring non-cash assets or by assuming debts, the cost of long-term equity investments is the share of the book value of the owner's equity of the merged party in the consolidated financial statement of the ultimate controller on the merger date. Capital reserve is adjusted according to the difference between the cost of long-term equity investment and the book value of the cash paid, the non-cash assets transferred and the liabilities assumed. Where the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

Where the Company issues equity securities as the consideration, the cost of long-term equity investment is the share of the book value of the owner's equity of the merged party in the consolidated financial statement of the ultimate controller on the merger date. The total par value of the issued shares is recorded as capital stock, and capital reserve is adjusted according to the difference between the cost of long-term equity investment and the total par value of the issued shares. Where the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 21. Long-term equity investment (Continued)

#### (1) *Determination of the investment cost (Continued)*

- B. Where the merge occurs under different controls, the cost of investment is the assets paid, the liabilities occurred or assumed and the fair value of the issued equity securities on acquisition date. If the fair value of the acquisition cost is greater than the share of the fair value of the identifiable net assets of the merged party, the difference is recorded into goodwill; If the fair value of the acquisition cost is lower than the share of the fair value of the identifiable net assets of the merged party, the difference is recorded into the current profit or loss.

Where a long-term equity investment is not formed with a merger but paid by cash, the cost of the investment is the actual price paid by the acquirer; Where the merger is acquired with issuing equity securities of the acquirer, the cost of investment is the fair value of the issued equity securities. Where the long-term equity investment is formed from investors' investment, the cost of investment is the agreed price in the investment contract or agreement, unless the value agreed upon in the investment contract or agreement is unfair; The cost of long-term equity investment obtained from the exchange of non-monetary assets with commercial substance is measured at the fair value of the assets traded out and related tax and surcharges, and the difference between the book value of the assets traded out and its fair value is recorded into current profit or loss; The cost of long-term equity investment obtained from debt restructuring is measured at fair value, and the difference between the fair value and the book value of the debt is recorded into current profit and loss.

#### (2) *Subsequent measurement and confirmation method of the profit and loss*

Where the Company can exercise control over the invested entity, the long-term equity investment is accounted using cost method. A long-term equity investment with common control or significant impact on the invested entity should be accounted by the method of rights and interests; Where the equity investment in a joint venture is indirectly held through venture capital institutions, mutual funds, trust companies or similar entities including equity-linked insurance funds, it is measured at fair value and its change is recorded in current profit or loss.

The long-term equity investment calculated by cost method is priced at the initial investment cost. Additional or withdrawn investment adjusts the cost of long-term equity investment. Cash dividends or profits distributed by investee announced as a confirmed current investment income.

If the initial investment cost of a long-term equity investment calculated by the method of rights and interests is greater than the fair value of the identifiable net assets of the invested entity, the initial investment cost of the long-term equity investment should not be adjusted; Where the initial investment cost of a long-term equity investment is less than that the share of the fair value of the identifiable net assets of the invested entity, the difference between the initial cost and the share of fair value is recorded into "Non-Operating Income" and the cost of the long-term equity investment is adjusted accordingly.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 21. Long-term equity investment (Continued)

#### (2) *Subsequent measurement and confirmation method of the profit and loss (Continued)*

After obtaining the long-term equity investment, the investment income and other comprehensive income should be recognized separately according to the share of the net profit and loss and other comprehensive income realized by the invested unit, and the book value of the long-term equity investment should be adjusted at the same time. The book value of long-term equity investment should be reduced according to the portion of the profit or cash dividend declared by the invested unit; The book value of the long-term equity investment is adjusted according to the changes in the owner's equity of the invested equity other than net profit or loss, other comprehensive income and profit distribution and is included in "Capital Reserve – Other Capital Reserve". When confirming the share of the investee's net profit or loss, based on the fair value of the identifiable net assets of the investee when the investment was obtained, the net profit of the investee is adjusted and confirmed.

Where the accounting policy and accounting period adopted by the invested entity are inconsistent with that of the parent company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policy and accounting period of the parent company, and the investment income and other comprehensive income are recognized in the same manner. The Company shall recognize the net loss incurred by the invested entity until the book value of the long-term equity investment and other long-term interests which substantially constitute the net investment in the invested entity are reduced to zero, unless the parent company is obliged to bear additional loss. losses. If the invested entity realizes any net profit afterward, the parent company shall, after the amount of its attributable share of profits offsets its attributable share of the unrecognized losses, resume recognizing its attributable share of profits.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit and loss on investments on such basis. Where the losses from internal transactions between the Company and the invested entities fall into assets impairment loss, the full amount of such losses should be recognized.

#### (3) *Disposal of long-term equity investments*

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included into the current profit or loss. The long-term equity investment accounted for by the equity method should be treated by accounting on the same basis as the assets or liabilities directly disposed of by the invested entity when the investment is disposed, and the portion originally included in the other comprehensive income should be treated according to the corresponding proportion.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 21. Long-term equity investment (Continued)

#### *(4) The basis for determining the common control and significant impact on the invested units*

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed by the participants who share control to make the decision. Where the Company exercises joint control over the invested entity together with other parties and enjoys the right on the net assets of the invested entity, such investment constitutes an investment in a joint venture.

Significant impact means that the investor has the right to participate in the decision-making of the financial and operational policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties. In determining whether or not the Company can exert significant influence over the invested entity, the potential voting factors such as convertible corporate bonds and current exercisable warrants, held by the Company and other parties shall be taken into account. Where the investor is able to exert significant influence on the invested entity, the invested entity shall be the Company's associate.

### 22. Investment property

Investment properties are properties to earn rentals or for capital appreciation or both. The Company's investment properties include leased land use rights and buildings.

#### *(1) The recognition of investment properties*

Investment properties can be recognized only if the following conditions are satisfied: The economic benefits associated with investment properties are likely to flow into the Company; The cost of the investment properties can be measured reliably.

#### *(2) Initial measurement of investment properties*

The cost of purchased investment property includes the purchase price, related taxes and surcharges and other expenses directly attributable to the asset.

The cost of self-built investment property consists of the expenditure necessary to build the asset until it reaches its intended usable state.

The cost of investment property acquired by other means shall be determined in accordance with the relevant accounting standards.

Subsequent expenditures related to investment property which meet the recognition standards of investment property shall be included in the cost of the investment property; Those do not satisfy the recognition standards are included into current profit or loss.



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 22. Investment property (Continued)

#### (3) *Subsequent measurement of investment properties*

If the fair value measurement mode is adopted, the fair value measurement basis is selected

If the Company has conclusive evidence that the fair value of the investment properties can be obtained continuously and reliably, the fair value model shall be adopted for subsequent measurement of the investment properties.

To make a measurement through the fair value model, the following conditions shall be met simultaneously:

There is an active property market where the investment property locates;

The Company has access to the market price and other related information of the same or similar property from the property market, so as to make a reasonable estimate of the fair value of investment property.

When using the fair value model, depreciation or amortization of the investment property is not accounted, the book value of the investment property shall be adjusted on the basis of the fair value of the investment property on the balance sheet date, and the difference between the fair value and the original book value shall be recorded into current profit or loss.

#### (4) *Conversion of investment property*

The Company has conclusive evidence that the use of property changes, the investment property converts into other assets, investment property that is measured at fair value converts into self-use property, the book value of then self-use property shall be the fair value of the property on the date of conversion, and the difference between the fair value and the original book value is included into current profit or loss.

When self-use property or inventory is converted to investment property measured at fair value, the investment property shall be priced at its fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference shall be recorded into the current profit and loss. If the fair value on the conversion date is greater than the original book value, the difference shall be recorded in the owner's equity.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 23. Fixed assets

#### (1) Recognition standards

☒ Applicable ☐ Not Applicable

Fixed assets refer to the tangible assets which are held for the sake of producing commodities, rendering labor service, renting or business management and whose useful life is in excess of one fiscal year. Fixed assets are recognized when the economic benefits associated with them are likely to flow into the Company and their costs can be measured reliably.

Initial measurement of fixed assets: the fixed assets are initially measured at the actual cost at the time of purchase and construction.

#### (2) Depreciation method

☒ Applicable ☐ Not Applicable

Category	Depreciation method	Years of depreciation (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation (Except for mine buildings)	30~40 years	5%-10%	2.38%~3.17%
Machinery & equipment	Straight-line depreciation	6~30 years	5%-10%	3.17%~15.83%
Office & electronic communication equipment	Straight-line depreciation	6~8 years	5%-10%	11.88%~15.83%
Means of transportation	Straight-line depreciation	6~8 years	5%-10%	11.88%~15.83%
Gas pipeline	Straight-line depreciation	20~30 years	10%	3.00%~4.50%

Depreciation method: The depreciation of fixed assets starts from the next month after it reaches intended usable conditions on the straight-line method (except for mine buildings), depreciation rate shall be determined according to the expected usable life of the fixed assets category and the estimated net residual value rate.

According to provisions of Ministry of Finance (89) Cai Gong Zi No. 302, the depreciation of mine buildings is accrued according to the production, and the accrual ratio is RMB2.5/ton.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 23. Fixed assets (Continued)

*(3) The basis to determine, the pricing and depreciating methods of fixed assets under financial leasing*

☒ Applicable   ☐ Not Applicable

The company recognizes the lease of the fixed assets as a finance lease when the leased fixed assets substantially transfer all the risks and rewards related to the assets.

The cost of the fixed assets obtained by the company under finance lease shall be determined according to the lower of the fair value of the leased assets and the present value of the minimum lease payment on the lease.

The depreciation policy for the fixed assets acquired under finance lease is consistent with that of the accrued depreciation of its own fixed assets. If it can be reasonably determined that the ownership of the leased assets is obtained upon the expiration of the lease term, the depreciation shall be accrued within the remaining useful life of the leased assets; If it is impossible to reasonably determine that the ownership of the leased assets can be obtained upon the expiration of the lease term, the depreciation shall be accrued within the shorter of the lease term and the useful life of the leased assets.

### 24. Construction in progress

☒ Applicable   ☐ Not Applicable

- (1) Construction in progress refers to capital assets under construction and is recorded at actual cost. Costs include construction works, installation works, purchase price of machinery and equipment, construction expenses and other indirect expenses, as well as capitalized interest and exchange profit or loss.
- (2) Time limit on transferring construction in progress to fixed assets: The fixed assets purchased and constructed shall be transferred to fixed assets on the date of reaching the working condition for their intended use, and depreciation of the asset shall start from the following month. If the final accounting procedures for the completion of the project have not been completed, it shall be transferred into fixed assets at an estimated value and depreciation is accounted according to such value. After the final accounting procedures for the completion of the project completed, the original estimated value shall be adjusted according to the actual cost, but the originally accounted depreciation shall not be adjusted.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 25. Borrowing expenses

☒ Applicable    ☐ Not Applicable

- (1) Borrowing costs refer to interest and other related costs incurred as a result of borrowing. Including interest on borrowing, the amortization of discount or premium, surcharges (including service charges) and exchange differences arising from foreign currency borrowings.
- (2) Borrowing costs incurred that can be directly attributed to the acquisition and construction or production of assets eligible for capitalization should be capitalized and included in the costs of related assets. Other borrowing costs are recognized as expenses according to the amount incurred when incurred and recorded into current profit or loss. Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.
- (3) When the following conditions are met at the same time, the capitalization of borrowing costs begins:
 

Asset expenditure has occurred, including the payment of cash, the transfer of non-cash assets, or the payment of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization; The borrowing expenses have already occurred; The purchase, construction or production activities necessary to make the assets usable or available status have begun.
- (4) Borrowing expenses incurred during the capitalization period for the purchase, construction or production of assets eligible for capitalization that meet the above capitalization conditions and incurred before the assets reach the intended use or saleable state shall be included in the cost of the assets. Borrowing expenses incurred afterward shall be directly included into the current financial expenses.
- (5) If asset eligible for capitalization is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs is suspended. The loan expenses incurred during the interruption are recognized as expenses and are recorded in the profit and loss of the current period until the purchase and construction of the assets or the resumption of production activities. The capitalization of the borrowing expenses continues if the interruption is necessary for the acquisition or production of a capitalized asset to reach the intended usable or saleable state. Borrowing costs cease to be capitalized when the assets purchased or constructed or produced that meet the capitalization conditions reach the intended use or sale. Subsequent borrowing costs are recognized as expenses in the period in which they are incurred.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 25. Borrowing expenses (Continued)

- (6) The capitalized amount of the borrowing costs shall be determined in accordance with the following methods: Where a special loan is borrowed for the purpose of purchasing or producing an asset which meets the capitalization conditions, the amount of interest actually incurred for the current period of the special loan should be determined by deducting the amount of interest income derived from the deposit of the outstanding loan funds into the bank or from the investment income derived from the temporary investment; If a general borrowing is occupied for the purpose of purchasing or producing an asset that meets the capitalization requirements, the amount of interest to be capitalized for the general borrowing should be calculated on the basis of the weighted average of the expenses of the assets that have been spent over the part of the particular loan multiplied by the capitalization rate of the general borrowing. The capitalization rate is calculated on the basis of the weighted average interest rate of general borrowings.

### 26. Biological Assets

☐ Applicable    ☒ Not Applicable

### 27. Oil-gas assets

☐ Applicable    ☒ Not Applicable

### 28. Right-of-use assets

☒ Applicable    ☐ Not Applicable

Right-of-use assets are the right of the corporation, as a lessee, to use the leased assets during the term of the lease. Except for short-term lease and low value assets lease, the company recognizes the Right-of-use assets on the beginning date of the lease. Right-of-use assets are recognized when it is probable that economic benefits will flow in and the cost can be measured reliably.

The Company's Right-of-use assets categories mainly include buildings and facilities, machinery and equipment, land and transportation equipment.

Right-of-use assets are initially measured at cost. This cost includes:

- (1) The initial measurement amount of the lease liabilities;
- (2) For the lease payment made on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of the lease incentive already enjoyed shall be deducted;
- (3) Initial direct costs incurred by the Company;
- (4) The Company is expected to incur to dismantle and remove the leased assets, reinstate the leased assets, or restore the leased assets to the condition agreed upon in the terms of the lease.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 28. Right-of-use assets (Continued)

The company subsequently adopts cost model to depreciate the right-of-use assets. If it can be reasonably determined to obtain the ownership of the leased asset when the lease term expires, the company shall accrue depreciation for the remaining useful life of the leased asset. If it cannot be reasonably determined to obtain the ownership of the leased asset when the lease term expires, the company shall set aside depreciation during the shorter period between the lease term and the remaining life of the leased asset.

The Company determines whether the Right-of-use assets has been impaired and carried out accounting treatment in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No.8 – Asset Impairment*.

When the company re-measures the lease liability according to the present value of the lease payment after the change, and adjusts the book value of the right-of-use asset accordingly, if the book value of the Right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be recorded in the profits and losses of the current period.

### 29. Intangible Assets

#### (1) Valuation method, service life, impairment test

☒ Applicable    ☐ Not Applicable

The Company's intangible assets refer to the identifiable non-monetary assets owned or controlled by the Company that have no physical form. Including patent right, non-patent technology, trademark right, copyright, concession, land use right, production capacity index, franchise right, technology, customer base, etc.

The Company's intangible assets are initially measured at costs. Intangible assets with definite service lives shall be reasonably amortized within their useful life in accordance with the expected realization of economic benefits; Intangible assets with uncertain service lives shall not be amortized.

Accounting for land use right and amortization:

The land use right purchased by the company or acquired by paying the land transfer fee shall be initially measured according to the cost. For self-development and construction of buildings such as plant, the relevant land use right shall not be included in the cost of the building, but shall be separately accounted for as intangible assets and amortized according to the transfer period of the land use right.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 29. Intangible Assets (Continued)

#### (1) *Valuation method, service life, impairment test (Continued)*

The accounting and amortization of mining rights:

The initial measurement of the mining right purchased by the company shall be based on the acquisition cost. If the payment for the purchase of the mining right exceeds the normal credit conditions, the company shall initially measure the mining right at the present value of the purchase price. The difference between the actual price paid and the present value of the purchase price shall be amortized and included in the current profit and loss within the credit period. The company's mining rights are amortized by using the production method based on the recoverable reserves acquired.

Replacement capacity index and amortization:

For the purpose of expanding the capacity quota of production capacity replacement, the Company will initially measure the cost and amortize it within the valid period approved by the competent authority.

Intangible assets acquired by merger under different control

The intangible assets and goodwill acquired from merger under different controls shall be recognized separately. Intangible assets such as franchise right, technology and customer base shall be initially recognized at their fair value on the acquisition date. Intangible assets with fixed useful lives shall be accounted for at the value of cost less accumulated amortization and impairment, and shall be amortized with straight line method according to the expected useful lives.

#### (2) *Accounting policy for internal research and development expenditures*

☒ Applicable    ☐ Not Applicable

Expenses incurred during the research stage of the Company's internal research and development projects shall be included in the current profit or loss. Expenses incurred in the development state and meet the conditions of capitalization shall be included in intangible assets. The conditions for capitalization are as follows: ① Technically speaking, it is feasible to complete the intangible asset so that it can be used or sold; ② The intention to complete the intangible asset and use or sell it. ③ The intangible asset can generate possible future economic benefits. ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; ⑤ Expenses attributable to the development stage of the intangible asset can be measured reliably.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 29. Intangible Assets (Continued)

#### *(3) Review of service life of intangible assets*

The company reviews the service life of the intangible assets at the end of each year. If there is evidence that the service life of the intangible assets is different from the previous estimates, the amortization period of the intangible assets with limited service life shall be changed; For intangible assets with uncertain service life, if there is an evidence that their service life is limited, they shall be treated by the principle of intangible assets with limited service life.

#### *(4) Recognition standard and accrual method of impairment provision for intangible assets*

At the end of the year, the company inspects the ability of various intangible assets to be expected to bring future economic benefits to the enterprise. If the estimated recoverable amount is lower than its book value, an impairment provision shall be made based on the difference between the individual's estimated recoverable amount and the book value. Once an intangible assets impairment loss is confirmed, it cannot be reversed in subsequent accounting periods.

### 30. Impairment of long-term assets

☒ Applicable   ☐ Not Applicable

On each balance sheet date, the Company inspects long-term equity investment, fixed assets, construction in progress, intangible assets with limited useful lives and other items, and conducts impairment tests when there are signs of impairment. Impairment tests shall be conducted to goodwill and intangible assets with uncertain service lives at the end of each year, regardless whether there are signs of impairment or not.

There may be an impairment of assets when one of the following signs occurs: (1) The current market price of asset falls, and its decrease is obviously higher than the expected drop over time or due to the normal use; (2) The economic, technological or legal environment in which the enterprise operates, or the market where the assets are situated will have any significant change in the current period or in the near future, which will cause adverse impact on the enterprise; (3) The market interest rate or any other investment market return rate has increased in the current period, and thus the discount rate of the enterprises for calculating the expected future cash flow of the assets will be affected, which will result in great decline of the recoverable amount of the assets; (4) Any evidence shows that the assets have become obsolete or have been damaged substantially; (5) The assets have been or will be left unused, or terminated for use, or disposed ahead of schedule. (6) Evidence from the internal report of the Company indicates that the economic performance of the assets has been or will be lower than expected, for example, the net cash flow or operating profit (or loss) generated from the assets falls far below the expected amount; (7) Other evidence indicates that the impairment of assets has been occurred.



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 30. Impairment of long-term assets (Continued)

The Company tests the recoverable amount of a single asset, and the recoverable amount is the higher of the net value of the asset's fair value less the disposal costs and the present value of the asset's expected future cash flow. If it is difficult to conduct impairment test of recoverable amount of a single asset, then the test shall be conducted to the asset group or portfolio to which the asset belongs.

After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference shall be recognized as impairment loss. Once the impairment loss of the asset is recognized, it shall not be reversed during the subsequent accounting period.

### 31. Deferred expenses

☒ Applicable   ☐ Not Applicable

Deferred expenses refer to all the expenses that have been incurred by the Company and are supposed to be amortized in current period and future period of more than one year. The long-term deferred expenses are measured at actual cost and shall be amortized evenly during the benefit period of the project.

### 32. Contract liabilities

The method to recognize contract liabilities

☒ Applicable   ☐ Not Applicable

The Company shall list contract liabilities according to the relationship between performance obligations and customer payments. The obligations of the Company to transfer goods or provide services to customers for which consideration has been received or receivable are presented as contractual liabilities.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 33. Payroll

Employee compensation refers to all forms of remuneration or compensation that the Company pays to in exchange for service rendered by employees or for severance of labor relation, including short-term remuneration, after-service benefits, severance compensation and other long-term employee benefits.

#### (1) *Accounting measurement method of short-term compensation*

☒ Applicable    ☐ Not Applicable

Basic remuneration (wages, bonuses, allowances, subsidies) for employees: During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit and loss, except other accounting standards required or permitted to be included in the cost of assets.

Employee benefits: The employee benefits incurred by the Company shall be recorded into the current profit or loss or the cost of relevant assets according to the actual amount when incurred. Where the employee benefits are non-monetary benefits, it shall be measured at fair value.

Social insurance premiums such as medical insurance premiums, work injury insurance premiums, birth insurance premiums and housing provident funds, labour union funds and employee education funds: The Company pays medical insurance premiums, work injury insurance premiums, birth insurance premiums and other social insurance premiums and housing provident funds, as well as labour union funds and employee education funds for our employees. During the accounting period in which the employee provides services, the employee compensation shall be calculated and determined according to the stipulated basis and proportion, and the corresponding liabilities shall be recognized and recorded into the current profit and loss or the cost of relevant assets.

Short-term paid absence: When the employees provide services and increase compensated absence in the future, the Company recognizes employee compensation related to cumulative paid absence which is measured at the increased expected payment amount of accumulated non-exercise of rights. The Company recognizes employee compensation related to non-cumulative paid absences during the accounting period in which the employee's absence actually occurs.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 33. Payroll (Continued)

#### (2) *Accounting treatment method for post-employment benefits*

☒ Applicable   ☐ Not Applicable

The post-employment benefit plans include defined contribution plans and defined benefit plans. Among them, defined contribution plan refers to the after-service benefit plan which the Company assumes no more payment obligations after paying fix amount to an independent fund. A defined benefit plan refers to after-service benefit plans other than a defined contribution plan.

Defined Contribution Plans: The Company shall, in accordance with the relevant regulations of the local government, pay the basic endowment insurance and unemployment insurance for its employees. During the accounting period for which the employees provide services, the amount payable calculated according to the payment base and ratio stipulated by the local government shall be recognized as liabilities and be recorded into current profit and loss or the cost of related assets.

Defined benefit plans: Welfare obligations arising from defined benefit plans will be attributed to the periods when employees provide services in accordance with a formula established by the method of expected cumulative welfare units, and recorded into current profit and loss or the cost of relevant assets.

#### (3) *Accounting treatment of dismissal benefits*

☒ Applicable   ☐ Not Applicable

Dismissal benefits refer to the compensation paid to employees by the Company for the early termination of labor relations before the expiration of the labor contract, or to encourage employees to accept layoff voluntarily. If the Company provides dismissal benefits to employees, the employee compensation liabilities arising from the dismissal benefits shall be recognized earlier in either of the following categories and shall be recorded into the profit and loss of the current period: When an enterprise cannot unilaterally withdraw the dismissal benefits provided by the plan for the labor relationship termination or a layoff proposal; When the Company recognizes the costs or expenses related to the payment of the dismissal benefits.

#### (4) *Accounting treatment for other long-term employee benefits*

☐ Applicable   ☒ Not Applicable

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 34. Lease liabilities

√ Applicable    ☐ Not Applicable

At the start date of the lease, the company recognizes the present value of the unpaid lease payments as lease liabilities, except for short-term leases, and low-value asset leases. When calculating the present value of lease payment, the interest rate implicit in the lease is used as the discount rate. If it is impossible to determine the inherent interest rate of leasehold, the company's incremental borrowing interest rate is used as the discount rate. The difference between the amount of lease payments and the present value of leases shall be taken as unconfirmed financing expenses, and the interest expenses shall be recognized in accordance with the discount rate of the present value of the confirmed lease payments during each period of the lease term, and shall be included in the profits and losses of the current period. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss at the time of actual occurrence.

Lease payments are payments made by the company to the lessor in relation to the right to use the leased assets during the lease term, including:

- (1) Fixed payment amount and substantial fixed payment amount, if there is lease incentive, the relevant amount of lease incentive shall be deducted;
- (2) The company reasonably determines the exercise price of the purchase option to be exercised;
- (3) The lease term reflects the amount to be paid when the company exercises the option to terminate the lease.

After the commencement date of the lease term, the company calculates the interest expense of the lease liability in each period of the lease term at the fixed periodic interest rate, and records it into the current profit and loss or relevant asset cost.

After the commencement of the lease term, when there is a change in the actual fixed payment amount, the expected amount payable for the guarantee residual value, the index or ratio used to determine the lease payment amount, the evaluation result of the purchase option, the renewal option or the termination option or the actual exercise situation, the Company shall re-measure the lease liabilities according to the present value of the lease payment after the change, and adjust the corresponding Right-of-use assets. If the book value of the Right-of-use assets has been reduced to zero; however, if the lease liabilities still need to be further reduced, the Company shall include the difference in current profits and losses.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 35. Anticipation liabilities

☒ Applicable   ☐ Not Applicable

The Company's obligations related to the contingent events are recognized as estimated liabilities when the following conditions are met: The obligation is the current obligation of the company; The performance of this obligation is likely to result in the outflow of economic benefits from the company; The amount of the obligation can be measured reliably.

The Company initially measures the liability at the best estimate of the payment for performing related current obligations, reviews estimated liabilities on balance sheet date and adjusts the book value according to the current best estimate.

### 36. Share-based payments

☒ Applicable   ☐ Not Applicable

In order to obtain the services provided by employees, the Company offers its employees (including directors) with an equity-settled share-based stock option plan. For equity-settled share-based payments in exchange for services rendered by employees, the Company measures the equity instruments invested to employees at fair value on the date of awarding. The amount of the fair value shall, during the waiting period, be accounted into the relevant costs or expenses according to the straight-line method on the basis the best estimate of the number of the number of viable equity instruments, and the capital reserve shall be increased accordingly.

On each balance sheet day during the waiting period, the Company shall, according to the assessment on relevant non-market conditions, correct the number of equity instruments that are ultimately expected to be vested. The impact of the above estimates shall be recorded in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

When the share option is exercised, the previously recognized share option reserve shall be transferred to capital stock and capital stock premium; If the option is forfeited after the vesting date or is not exercised on the expiration date, the originally recognized option reserve is transferred to retained earnings.

### 37. Other financial instruments such as preferred stock and perpetual bond

☐ Applicable   ☒ Not Applicable

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 38. Revenue

#### (1) *Accounting policies for revenue recognition and measurement*

☒ Applicable    ☐ Not Applicable

The Company's revenue mainly comes from businesses such as natural gas retail, natural gas wholesale, natural gas direct sale, project construction and installation, integrated energy sales and services, value-added businesses, coal, energy chemicals, chemical trade. When the Company has fulfilled its obligations under the contract, that is, upon the transfer of control of promised products or services to customers, the Company recognizes revenue according to the transaction price apportioned to the performance obligations. Performance obligations refer to the contractual commitment of which the Company shall transfer goods or provide services that can be clearly distinguished to the customer.

The Company assesses the contract on the contract commencement date to identify the separate performance obligations contained in the contract and to determine whether the separate performance obligations are performed within a certain period of time or at a certain point of time. If one of the following conditions is met and the performance obligation belongs to the category that shall be performed within a certain period of time, the Company shall recognize revenue according to the performance progress during a certain period of time: (1) The customer acquires and consumes the economic benefits while the Company deliver its performance; (2) The customer is able to control the goods in process when the Company is performing its obligation; (3) The goods produced by the Company during its performance of contract are irreplaceable use and the Company has the right to receive payments for the accumulated performance it has delivered during the contract period. Otherwise, the Company shall recognize revenue at the point when the customer gains control over relevant goods or services.

The performance obligations and timing of revenue recognition for different business contracts of the Company:

#### (1) *Natural gas retail business*

The Company sells natural gas to customers through pipelines, including residential, commercial and industrial customers. Revenue is recognized when the pipeline natural gas is delivered to customers and is consumed by customers, that is, when customers take control of the products. The volume of gas sold is calculated according to the gas meter installed at the customers' premises.

The Company also operates a gas filling station for vehicles to fuel them with LNG and CNG. Revenue is recognized after gas filled in vehicles (i.e., LNG or CNG is transferred to the customer).

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 38. Revenue (Continued)

#### (1) *Accounting policies for revenue recognition and measurement (Continued)*

##### (2) *Integrated energy sales and services*

The Company supplies a variety of energy products, such as gas, electricity, cold energy, heat energy and steam, etc. When the energy is delivered to customers and is consumed by the customers, i.e., the customer acquires control of the products, the Company recognizes revenue. Revenue from energy services is recognized according to the progress of services delivered during contract period.

##### (3) *Production and sales of coal, methanol, dimethyl ether, and the sale of trading products*

The Company supplies wholesale customers with the production and sale of bulk LNG, coal, methanol, dimethyl ether, as well as the sale of trading products. The Company shall, in accordance with the specific nature of the business and the terms of contracts, recognize revenue when transferring the control of the goods to the other party.

##### (4) *Project construction and installation*

Project construction and installation services include project design, equipment manufacturing and integration, project construction and installation services related to natural gas, new chemical industry and energy conservation and environment protection. The project construction and installation businesses of the Company are mainly performance obligations performed within a certain period of time, and the revenue is recognized according to the performance progress during the contract period.

##### (5) *Value-added businesses*

The Company sells gas appliances to residential customers, such as stove, water heater, smoke exhaust ventilator and heating furnace. In addition, the Company sells building materials and other energy products to commercial and industrial customers. Revenue is recognized when customers take control of the goods.

The transaction price refers to the amount of consideration the Company is expected to be entitled to receive as a result of the transfer of goods or services to the customers, but the payments received on behalf of a third party and the payments expected to be refunded to the customers by the Company are not included. Where a contract contains two or more performance obligations, the Company, on the commencement date of the contract, assigns the transaction price to each individual performance obligation according to the relative ratio of the individual selling price of the committed products or services under each individual performance obligation.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 38. Revenue (Continued)

#### (1) Accounting policies for revenue recognition and measurement (Continued)

##### (5) Value-added businesses (Continued)

Where there is a significant financing component in the contract, the Company shall determine the transaction price based on the assumption that the customer pays in cash at the time of acquiring control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized using the real interest rate method during the contract period. If, on the date of commencement of the contract, the Company expected the customer would pay the consideration within one year after acquiring control over the goods or services, significant financing elements are not taken into account.

For a sale with a quality assurance clause, if the quality assurance provides a separate service in addition to assuring the customer that the goods or services sold meet established standards, the quality assurance constitutes a separate performance obligation. Otherwise, the Company shall conduct accounting treatment for the quality assurance liability According to *Accounting Standards for Business Enterprises No. 13 – Contingency*.

The Company determines whether it is the principal responsible person or the agent at the time of the transaction based on whether it has control over the goods or services prior to the transfer of such goods or services to customers. Where the Company is able to control the goods or services before transferring them to customers, the Company shall be the principal responsible person, and revenue shall be recognized according to price received or receivable. Otherwise, the Company acts as an agent and shall recognize revenue according to the amount of commission or service charges it expected to be entitled to charge. The amount is recognized at the net of the total consideration received or receivable less the amount payable to other relevant parties or the agreed commission amount or rate.

#### (2) Description to the situation where different revenue recognition accounting policies is adopted for the same business due to different business patterns

☐ Applicable    ☒ Not Applicable



## V. Important Accounting Policies and Accounting Estimates (Continued)

### 39. Contract cost

☒ Applicable    ☐ Not Applicable

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company for the performance of contract shall be recognized as an asset when the following conditions are met:

① The cost is directly related to a current contract or a contract expected to be awarded, including direct labor, direct materials, manufacturing expenses (or similar costs), costs clearly assumed by the customer and other costs incurred solely in connection with this contract; ② The cost increases the Company's future resources to perform its performance obligations; ③ The cost is expected to be recovered.

The incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition cost. Assets related to contract costs are amortized on the same basis as revenue recognition of goods or services related to the asset; However, if the amortization period for contract acquisition cost is shorter than one year (including one year), the Company shall include it in the current profit or loss at the time incurrence.

When the book value of the assets related to the contract cost is greater than the difference between the following two items, the Company shall make Impairment provision of the excess part, and shall recognize the impairment loss of the assets, as well as further considers whether estimated liabilities related to onerous contract should be accounted: ① The remaining consideration expected to be received as a result of transferring goods or services related to the asset; ② Estimated cost to be incurred for the transfer of goods or services related to the asset.

If the aforementioned asset impairment provision is subsequently reversed, the book value of the asset after reversion shall not exceed the book value of the asset on the reversion date assuming no impairment provision is made.

Contract performance costs recognized as assets shall be included in "Inventories" if they are amortized within one year or within one normal operating cycle at initial recognition; those are amortized beyond one year or one normal operating cycle at initial recognition shall be included in "Other Non-current Assets".

Contract acquisition costs recognized as assets shall be included in "Other Current Assets" if they are amortized within one year or within one normal operating cycle at initial recognition; those are amortized beyond one year or one normal operating cycle at initial recognition shall be included in "Other Non-current Assets".

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 40. Government subsidies

☒ Applicable   ☐ Not Applicable

Government subsidies are monetary and non-monetary assets obtained free of charge by the Company from the government. Which are divided into assets-related government subsidies and revenue-related government subsidies.

Assets-related government subsidies refer to government subsidies obtained by the Company to purchase, construct or acquire long-term assets with other means. Assets-related government subsidies received by the Company shall be recognized as Deferred Income upon receiving, and shall be included in "Other Income" in a reasonable and systematic manner during the service life of the relevant assets. Where the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of the relevant deferred income which has not been distributed shall be transferred to the profit or loss of the current period of asset disposal.

Government subsidies related to the Company's daily activities shall be treated according to the following circumstances: (1) If it is used to compensate relevant expenses or losses of the Company in subsequent periods, it shall be recognized as deferred income and shall be included into "Other Income" during the period of recognition of relevant expenses; (2) Those used to compensate related expenses or losses incurred by the Company shall be directly recorded into "Other Income" of the current period; (3) The government subsidies for comprehensive projects shall be decomposed into assets-related parts and revenue-related parts, which should be accounted separately; If it is difficult to distinguish between assets-related and revenue-related subsidies, the government subsidies as a whole shall be classified as revenue-related government subsidies, or included into "Other Income" during the project period.

Government subsidies unrelated to the daily activities of the Company shall be recorded in non-operating income.

### 41. Deferred tax assets/deferred tax liabilities

☒ Applicable   ☐ Not Applicable

- (1) The company adopts the balance sheet liability approach for the accounting treatment of income tax.
- (2) The basis to recognize deferred tax assets and liabilities:

On balance sheet date, where there is a deductible temporary difference or taxable temporary difference between the book value of an asset or liability and its tax base, the temporary difference shall be calculated in accordance with the applicable tax rate during the period of expected recovery of the asset or repayment of the liability, and the deferred tax asset or deferred tax liability shall be recognized accordingly.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 41. Deferred tax assets/deferred tax liabilities (Continued)

- (3) At the end of each financial year, the Company reviews the book value of deferred tax assets and liabilities. If the applicable tax rate changes during the period of expected recovery of the asset or repayment of the liability, the Company shall re-measure the recognized deferred tax asset and deferred tax liability. Except for the deferred tax assets and deferred tax liabilities arising from transactions or events directly recognized in the equity, the impact thereof shall be included in the income tax expense of the current period of change. If it is probable that sufficient taxable profit will not be available against which the deductible benefits of deferred tax assets, the Company shall write down the book value of the deferred tax assets. In the event that sufficient taxable income is likely to be obtained, the write-down amount shall be reversed.

### 42. Lease

#### (1) Accounting treatment for operating leases

☐ Applicable    ☒ Not Applicable

#### (2) Accounting treatment of financial leasing

☐ Applicable    ☒ Not Applicable

#### (3) The method to determine and the accounting treatment of lease under the new accounting standards for lease

☒ Applicable    ☐ Not Applicable

The term "lease" refers to a contract in which the lessor assigns the right to use the asset to the lessee for a certain period of time to obtain a consideration.

##### ① The Company shall be the lessee

On the commencement date of the lease term, the Company shall recognize Right-of-use assets and lease liabilities for the lease. For details, please refer to "Note V-28. Right-of-use Assets" and "34. Lease Liabilities".

##### ② The company as the lessor

The company divides the lease into financing lease and operating lease on the lease commencement date. The lease that substantially transfers almost all the risks and rewards related to the ownership of the leased assets are finance leases, and leases other than finance leases are operating leases.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 42. Lease (Continued)

#### (3) *The method to determine and the accounting treatment of lease under the new accounting standards for lease (Continued)*

##### Finance lease

On the commencement date of the lease term, the company recognizes the finance lease receivables and derecognizes the finance lease assets. The company conducts initial measurement based on the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the lease commencement date, discounted at the interest rate implicit in the lease. The subsequent measurement is calculated at the fixed periodic interest rate and the interest income of each period within the lease term is confirmed.

##### Operating lease

During each period of the lease term, the company recognizes lease receipts from operating leases as rental income by using the straight-line method. The initial direct expenses related to operating leases incurred by the company shall be capitalized when incurred, and shall be amortized on the same basis as the recognition of rental income during the lease term and included in the current profit and loss by stages.

The variable lease receipts obtained by the company related to operating leases that are not included in the lease receipts are included in the current profit and loss when they actually occur.

### 43. Other important accounting policies and accounting estimates

√ Applicable    ☐ Not Applicable

#### (1) *Work safety funds collection and utilization*

The Company shall, in accordance with the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (Cai Qi [2012] No. 16) jointly promulgated by the Ministry of Finance and the State Administration of Work Safety, collect work safety funds. The collection and utilization of work safety funds for relevant businesses are as follows:

##### A. *Engineering Construction*

In accordance with the regulations of Article 7 of Cai Qi [2012] No. 16, the construction projects subsidiaries of the Company shall, on the basis of the construction project price, collect work safety funds as per "1.5% for municipal public works, metallurgical, M&E installation, chemical and petroleum, port and watercourse, road and telecommunications projects".

The work safety funds collected by the construction projects subsidiaries of the Company shall be used to pay the expenses directly related to safety production and protection during construction.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 43. Other important accounting policies and accounting estimates (Continued)

#### (1) *Work safety funds collection and utilization (Continued)*

##### B. *Coal mining*

Pursuant to the *Notice on Issuing and Distributing the Administrative Measures on the Deposit and Use of the Expenses for Safety Production of Coal Mine* and the *Several Provisions on the Issues concerning Regulating the Management of Coal Mine Maintenance Fee* (Cai Jian [2004] No. 119) issued by the Ministry of Finance, the State Development and Reform Commission and the State Administration of Coal Mine Safety and the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (Cai Qi [2012] No. 16) promulgated by the Ministry of Finance and the State Administration of Work Safety, and upon examination by the Work Safety Administration, the Coal Administration and the Finance Administration of the Ejin Horo Banner, the Company complies with the provisions of Article 14 of Cai Qi [2012] No. 16 and will collect work safety funds as from 2018 as per RMB15.00 per ton. The Company collects work safety funds monthly in accordance with the output of raw coal and use such funds to cover ten expenditure items, including coal safety facilities, and “two 4-in-1” outburst prevention measures for coal and gas outburst and gassy mines; The Company collects mine maintenance fee from the costs as per RMB9.50 of raw coal output (including RMB2.50 for mine working) to be primarily used for ordinary continued expansion and extension as well as technical retrofitting for coal mine production.

##### C. *Production of hazardous goods*

In accordance with the regulations of Article 8 of Cai Qi [2012] No. 16, the hazardous goods production subsidiaries of the Company shall collect work safety funds on a monthly average on the basis of the actual operating revenue from the previous year and in an excess regressive manner according to the following standards:

- (1) If the actual sales revenue of the whole year is RMB10 million or less, it shall be withdrawn in accordance with 4%;
- (2) The part of actual sales revenue of the whole year is from RMB10 million to RMB100 million (including), it shall be withdrawn in accordance with 2%;
- (3) The part of the actual sales revenue of whole year ranging from RMB100 million to RMB10,00 million (including), it shall be withdrawn in accordance with 0.5%;
- (4) The part of the actual sales revenue of the whole year is above RMB10,00 million, it shall be withdrawn in accordance with 0.2%.

The work safety funds that the hazardous goods production subsidiaries of the Company draw shall be used to pay the expenses directly related to safety production and protection during the production process of hazardous goods.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 43. Other important accounting policies and accounting estimates (Continued)

#### (1) *Work safety funds collection and utilization (Continued)*

##### *D. Dangerous goods transport*

According to the regulations of Article 7 of Cai Qi [2012] No. 16, the hazardous goods transport subsidiaries of the Company, shall, on the basis of the actual operating revenue of the previous year, "collect work safety funds as per 1.5% for pipeline transportation", hazardous goods and other special freight businesses.

The work safety funds that the hazardous goods transport subsidiaries of the Company draw shall be used to pay the expenses directly related to the safety and protection of the dangerous goods transportation.

The work safety funds collected according the above regulations shall be included in current profit and loss and special reserves. When the use of work safety funds belongs to expense expenditure, special reserve shall be directly written off. If a fixed asset is formed by the use of work safety funds, the expenditures of such use shall be included in "Construction in Progress" and shall be transferred to Fixed-Assets when the safety project reaches its working conditions for intended use. At the same time, special reserve shall be deducted by the amount of the cost of the fixed asset constructed and accumulated depreciation of the same amount shall be recognized. The fixed assets are no longer subject to depreciation during subsequent periods. The "Special Reserve" account under the Owner's Equity in the balance sheet is set to reflect the ending balance of work safety funds separately.

#### (2) *Information on Divisions*

The Company determines the operating division based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting division based on the operating division and discloses the information of the division.

An operating division is a segment that simultaneously meets the following conditions: 1) The segment is capable of generating revenue and incurring expenses in its daily activities; 2) Management is able to periodically evaluate the operating results of the segment in order to determine the allocation of resources to it and to evaluate its performance; 3) The accounting information such as the financial position, operating results and cash flow of such segment is available. Where two or more operating divisions have the similar economic characteristics and meet certain conditions, they may be merged into one operating division.

## V. Important Accounting Policies and Accounting Estimates (Continued)

### 43. Other important accounting policies and accounting estimates (Continued)

#### (3) Profit distribution

For a subsidiary with foreign shareholders, after-tax profit shall be distributed in accordance with the resolution of its Board of Directors. The profits of other subsidiaries shall be distributed in the following order after making up the losses of the previous years:

Item	Provision ratio
Extraction of legal reserved fund	10%
Withdrawal of arbitrary surplus reserve fund	Decided by the General Meeting of Shareholders
Dividends payments on common shares	Decided by the General Meeting of Shareholders

#### (4) Discontinued Operations

Discontinued operations refer to the segments that satisfy the following conditions that have been disposed or have been classified into held-for-sale by the Company and can be distinguished separately when operating or preparing financial statements: The segment represents an independent major business or a major business area; The segment is part of a proposed disposal plan for an independent major business or a major business area.

### 44. Changes to principal accounting policies and accounting estimates

#### (1) Changes in accounting policies

☒ Applicable   ☐ Not Applicable

The changes to accounting policies and the reasons of changes	Approval procedure	Remarks (name and amount of report items that have been affected)
In accordance with the "Interpretation of Accounting Standards for Enterprises No. 15" issued by the Ministry of Finance on December 31, 2021, from January 1, 2022, revenue and costs related to external sales of fixed assets or by-products produced before the fixed assets reaches its intended use or during R&D are accounted into current profit and loss and retroactively adjust the initial number.	The 42nd meeting of the 9th Board of Directors The 23rd meeting of the 9th Supervisory Committee	

Other description:

None

#### (2) Changes in accounting estimates

☐ Applicable   ☒ Not Applicable

### 45. Others

☐ Applicable   ☒ Not Applicable

## VI. Taxes

### 1. Major tax types and tax rates applicable to the Company

√ Applicable    ☐ Not Applicable

Tax types	Basis for tax assessment	Tax rate
<b>The company and domestic subsidiaries</b>		
Value added tax (VAT)	Taxable income of VAT	13%, 9%, 6%, 3%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	25%, 15%, 20%
Individual income tax	The applicable tax rate is determined by the nature and amount of personal income	Extra progressive tax rate
Education surtax	Turnover tax payable	5%
Property tax	Rental income of rental property and 70% of the original value of self-use property	12%, 1.2%
Resources tax	Self-produced coal sales revenue and 90% of the self-produced coal sales revenue	10%
Farming land occupation tax	Tax base is the land occupied by the subsidence area of coal mining occupied	RMB 27 per square meter
<b>Overseas subsidiaries</b>		
Profits tax in Hong Kong	Profits and gains generated in Hong Kong	16.50%
British Virgin Islands	Tax has not been placed on profits, capital gains, wages of offshore companies incorporated in the British Virgin Islands	0%
Cayman Islands	At present, there is currently no tax on profits, capital gains, wages, etc. of offshore companies established in the Cayman Islands	0%
Income tax for Singapore corporate companies	Income from Singapore	17%
Income tax for America corporate companies	Income from the United States	21%

Disclosure of situations where there are different tax payers with different corporate income tax rates

√ Applicable    ☐ Not Applicable



## VI. Taxes (Continued)

### 1. Major tax types and tax rates applicable to the Company (Continued)

Name of taxpayer	Income tax rate (%)
Xinneng Mining Industry Co., Ltd.	15
Xindi Energy Engineering Technology Co., Ltd.	15
Xinneng Energy Co., Ltd.	15
ENN Clean Energy International Investment Limited	0
ENN LNG (SINGAPORE) PTE LTD	17
Xinneng (Langfang) Technology Services Co., Ltd.	15
Shanxi Qinshui ENN Clean Energy Co., Ltd.	15
Chongqing ENN Longxin Clean Energy Co., Ltd.	15
Xinxiang ENN Lihua Energy Development Co., Ltd.	15
Zhaoqing Xin'ao Clean Energy Co., Ltd.	15
Dongguan ENN Gas Co., Ltd.	15
Qingdao Xin'ao Energy Co., Ltd.	15
Langfang ENN Intelligent Technology Co., Ltd.	15
Huludao ENN Gas Development Co., Ltd.	15
Hunan Yintong Science and Technology Co., Ltd.	15
Xiangtan ENN Gas Co., Ltd.	15
Changsha ENN Gas Co., Ltd.	15
ENN New Energy Engineering Technology Co., Ltd.	15
Zhuzhou ENN Gas Co., Ltd.	15
Xinxiang ENN Gas Engineering Co., Ltd.	15
Kaifeng ENN Gas Co., Ltd.	15
Shangqiu ENN Gas Engineering Co., Ltd.	15
Guilin ENN Gas Co., Ltd.	15
Zhanjiang ENN Gas Co., Ltd.	15
Guigang ENN Gas Co., Ltd.	15
Guigang ENN Gas Engineering Co., Ltd.	15
Guilin ENN Gas Development Co., Ltd.	15
Changsha Xingsha ENN Gas Co., Ltd.	15
Tongliao ENN Gas Development Co., Ltd.	15
Kaifeng ENN Gas Engineering Co., Ltd.	15
Huaihua ENN Gas Co., Ltd.	15
Guangzhou ENN Gas Co., Ltd.	15
Huaiji ENN Gas Co., Ltd.	15
Yongzhou ENN Gas Co., Ltd.	15
Guangzhou Panyu ENN Gas Co., Ltd.	15
Qingdao ENN Clean Energy Co., Ltd.	15
Shanghai ENN New Energy Technology Co., Ltd.	15

## VI. Taxes (Continued)

### 1. Major tax types and tax rates applicable to the Company (Continued)

Name of taxpayer	Income tax rate (%)
Luoyang ENN Energy Development Co., Ltd.	15
ENN Fanneng Network Technology Co., Ltd.	15
Langfang ENN Fanneng Network Technology Services Co., Ltd.	15
Longchang Zhong'ou Oil and Gas Energy Co., Ltd.	15
Inner Mongolia Huayi Energy Co., Ltd.	15
Luoyang Xin'aohua Oil & Gas Co., Ltd.	15
Ningxiang ENN Gas Co., Ltd.	15
Shijiazhuang Xin'ao Energy Development Co., Ltd.	15
Beihai Xin'ao Huaheng Logistics Co., Ltd.	15
Liaocheng Dongchangfu District ENN Energy Co., Ltd.	15
Fujian Xinyuan Energy Development Co., Ltd.	15
ENN (Guangxi) Energy Sales Co., Ltd.	15
Luoyang Langfang Xin'ao Fuel Gas Development Co., Ltd.	15
ENN LNG Trading Company Limited	16.5
ENN Gas North America Investment Co.	16.5
ENN Global Trading Pte. Ltd.	17

The preferential tax policy that the Company enjoys according to the Preferential Income Tax for Small-scale Low-profit Enterprises issued by the State Taxation Administration:

Some subsidiaries of the Company: Bozhou Wanhua Gas Co., Ltd., Bozhou ENN Energy Development Co., Ltd., and other companies are applicable to the Announcement of the State Administration of Taxation of the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement of the State Administration of Taxation of the Ministry of Finance [2021] No. 12), the Announcement of the State Administration of Taxation on Matters Related to the Implementation of Preferential Income Tax Policies for Supporting Small Enterprises with Small Profits and Individual Industrial and Commercial Households (Announcement of the State Administration of Taxation [2021] No. 8), the Announcement of the State Administration of Taxation on the Collection and Administration of Preferential Income Tax Policies for Small Enterprises with Small Profits (Announcement of the State Administration of Taxation of the Ministry of Finance [2021] No. 13): From January 1, 2021 to December 31, 2022, the portion of annual taxable income of small low-profit enterprises not exceeding RMB1.00 million shall be included in the taxable income at 12.5% and subject to a reduced corporate income tax rate of 20%; From January 1, 2022 to December 31, 2024, the portion of annual taxable income of small low-profit enterprises that exceeds RMB1.00 million but does not exceed RMB3.00 million shall be included in the taxable income at 25% and subject to a reduced corporate income tax rate of 20%.

## VI. Taxes (Continued)

### 2. Tax incentives

☒ Applicable   ☐ Not Applicable

- (1) According to the Announcement on the Extension of Enterprise Income Tax Policies for Western Development (Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission [2020] No. 23), the Catalogue for Guidance of Industrial Structure Adjustment (2019 Edition) and the Catalogue of Encouraged Industries in Western Regions (2020 Edition), from January 1, 2021 to December 31, 2030, the enterprises in encouraged industries located in western regions shall be subject to a reduced corporate income tax rate of 15%. Xinneng Mining Industry Co., Ltd., Xinneng Energy Co., Ltd., Chongqing ENN Longxin Clean Energy Co., Ltd. and other subsidiaries of the company shall be subject to a reduced corporate income tax rate of 15%.
- (2) Some subsidiaries of the company: Huludao Langfang Xin'ao Fuel Gas Development Co., Ltd., ENN Universal Energy Network Technology Co., Ltd., Xindi Energy Engineering Technology Co., Ltd., Shanxi Qinshui ENN Clean Energy Co., Ltd and other subsidiaries have been awarded the high-tech enterprise certificates, and the high-tech enterprise certificates, and are subject to a preferential corporate income tax rate of 15% for high-tech enterprises within three years.
- (3) Some subsidiaries of the Company: Bozhou Wanhua Gas Co., Ltd., Bozhou ENN Energy Development Co., Ltd., and other companies are applicable to the Announcement of the State Administration of Taxation of the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement of the State Administration of Taxation of the Ministry of Finance [2021] No. 12), the Announcement of the State Administration of Taxation on the Collection and Administration of Preferential Income Tax Policies for Small Low-Profit Enterprises (Announcement of the State Administration of Taxation [2022] No. 5), the Announcement of the State Administration of Taxation of the Ministry of Finance on Further Implementing Preferential Corporate Income Tax Policies for Small and Micro Enterprises (Announcement of the State Administration of Taxation of the Ministry of Finance [2021] No. 13): From January 1, 2021 to December 31, 2022, the portion of annual taxable income of small low-profit enterprises not exceeding RMB1.00 million shall be included in the taxable income at 12.5% and subject to a reduced corporate income tax rate of 20%; From January 1, 2022 to December 31, 2024, the portion of annual taxable income of small low-profit enterprises that exceeds RMB1.00 million but does not exceed RMB3.00 million shall be included in the taxable income at 25% and subject to a reduced corporate income tax rate of 20%.

### 3. Others

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements

### 1. Monetary fund

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	1,552	1,130
Bank deposits	1,186,790	1,022,848
Other monetary funds	62,688	75,753
Deposited in the statutory reserves of the Central Bank	52,422	44,290
Total	1,303,452	1,144,021
Including: Total amount of fund deposited overseas	199,246	188,828

Other description:

The details of use of restricted monetary funds as a result of mortgage, pledge or freeze are as follows:

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Deposit investment funds	3	39
Bank acceptance bill margin	23,433	33,612
Futures margin	516	1,437
Guarantee margin	151	212
Other margin	10,768	11,122
Deposited in the statutory reserves of the Central Bank	52,422	44,290
Franchise margin	3,745	3,734
Electricity sales agent margin	3,388	4,459
Wage deposit for migrant workers	1,412	2,418
Margin deposit for borrowing	1,107	1,562
Pledge of certificates of deposit	1,000	5,232
Mine Geological Environment Restoration and Governance Fund	5,781	6,597
Deposit for import payment	17,524	16,647
Total	121,250	131,361

## VII. Notes on the Consolidated Financial Statements (Continued)

### 2. Lending funds

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Deposit of interbank funds	370,524	222,099
Including: domestic banks	370,524	222,099
Total	370,524	222,099

Other description:

The increase of 66.83% at the end of the lending funds compared with the beginning of the reporting period was mainly due to the increase in deposits taken by the financial lending funds affiliated to the Company.

### 3. Held-for-trading financial assets

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	44,660	15,510
Including:		
Structured deposits	44,310	15,160
Financial products	350	350
Financial assets at fair value through profit or loss		
Including:		
Total	44,660	15,510

Other description:

☒ Applicable ☐ Not Applicable

The 187.94% increase in held-for-trading financial assets at the end of the period compared with the beginning of the period was mainly caused by the increase in structured deposits of the Company's subsidiaries during the reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 4. Derivative financial assets

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Non-hedging derivatives	328,467	218,144
Including: Commodity derivative contracts	327,470	218,139
Foreign exchange derivative contracts	997	5
Hedging derivatives	42,193	63,484
Including: Commodity derivative contracts	42,170	63,484
Foreign exchange derivative contracts	23	
Total	370,660	281,628

Other description:

1. The commodity price risk faced by the Company mainly comes from the purchase and sale contracts of LNG linked to the index of crude oil and natural gas. In order to manage and reduce the commodity price risk, the Company has entered into a number of commodity derivative contracts with several financial institutions, and some commodity derivative contracts are designated as hedging instruments.
2. The company's exposure to foreign exchange is mainly from various USD-denominated bonds and bank loans. To manage and reduce foreign exchange exposure, the company enters into a number of foreign currency derivative contracts with a number of financial institutions.
3. The increase of the derivative financial assets by 31.61% at the end of the period compared with the beginning of the reporting period was mainly due to the reclassification of derivative financial instruments contracts held by subsidiaries of the Company from long-term to within one year during the reporting period, and the reclassification of derivative financial instruments reported as other non-current financial assets to derivative financial assets.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 5. Bills receivable

(1) *List of bills receivable by category*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	26,956	30,775
Trade acceptance bill	2,898	1,760
Total	29,854	32,535

(2) *Bills receivable pledged by the company at the end of the period*

☐ Applicable ☒ Not Applicable

(3) *At the end of the term, the company has endorsed or discounted bills receivable that are not yet due on the balance sheet date*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing amount derecognized	Closing amount not derecognized
Bank acceptance bill		10,724
Trade acceptance bill		1,268
Total		11,992

(4) *At the end of the period, the Company transferred bills receivable to accounts receivable due to the non-performance of notes maker*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing amount transferred to accounts receivable
Trade acceptance bill	1,014
Total	1,014

## VII. Notes on the Consolidated Financial Statements (Continued)

### 5. Bills receivable (Continued)

#### (5) Classified disclosure by bad debt provision method

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value
Bad debt provision made on an individual basis										
Bad debt provision made on a combined basis	29,883	100	29	0.10	29,854	32,553	100	18	0.05	32,535
Including:										
Commercial acceptance bills	2,927	9.79	29	1.00	2,898	1,778	5.46	18	1.00	1,760
Bank acceptance bill	26,956	90.21			26,956	30,775	94.54			30,775
Total	29,883	/	29	/	29,854	32,553	/	18	/	32,535

Bad debt provision made on an individual basis:

☐ Applicable ☒ Not Applicable

Bad debt provision made on a combined basis:

☒ Applicable ☐ Not Applicable

Combination accrual items: Trade acceptance bill

Unit: RMB'0000 Currency: RMB

Name	Closing balance		
	Bills receivable	Provision for bad debt	Provision ratio (%)
Commercial acceptance bills	2,927	29	1
Total	2,927	29	1

Recognition standards on and description to bad debt provision that is made on a combined basis

☐ Applicable ☒ Not Applicable

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ Not Applicable



## VII. Notes on the Consolidated Financial Statements (Continued)

### 5. Bills receivable (Continued)

#### (6) Information on provision for bad debts

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Category	Opening balance	Amount changed in current period			Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	
Provision for bad debts of bills receivable	18	11			29
<b>Total</b>	<b>18</b>	<b>11</b>			<b>29</b>

Major bad debts that tend to be recovered or reversed in the current period thereof

☐ Applicable   ☒ Not Applicable

Other description:

No

#### (7) Bills receivable cancelled during the period

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 6. Accounts receivable

#### (1) Disclosure according to the maturity of accounts receivable

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Aging	Book balance at the end of the period
Within 1 year	
Including: Subentry of accounts receivable due within one year	
Subtotal accounts receivable due within one year	523,921
1-2 years	66,363
2-3 years	29,453
More than 3 years	22,666
3-4 years	
4-5 years	
More than 5 years	11,016
Total	653,419

#### (2) Disclosed by classification of provision methods on bad debt

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	Book value	Amount	Proportion (%)	Amount	Accrual proportion (%)	Book value
Bad debt provision made on an individual basis	13,633	2.09	13,633	100.00		7,862	1.07	7,862	100.00	
Bad debt provision made on a combined basis	639,786	97.91	58,300	9.11	581,486	726,341	98.93	56,539	7.78	669,802
Total	653,419	/	71,933	/	581,486	734,203	/	64,401	/	669,802

Bad debt provision made on an individual basis:

☒ Applicable ☐ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 6. Accounts receivable (Continued)

#### (2) Disclosed by classification of provision methods on bad debt (Continued)

Unit: RMB'0000 Currency: RMB

Name	Closing balance			Reasons for making provision
	Book balance	Provision for bad debt	Accrual proportion (%)	
Provision made separately for bad debts which are not significant in an individual amount	13,633	13,633	100	Receivables that are difficult to recover and are likely to become bad debts
Total	13,633	13,633	100	/

Description on provision for bad debts on individual items:

☐ Applicable ☒ Not Applicable

Bad debt provision made on a combined basis:

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debt	Accrual proportion (%)
Within 1 year	520,541	13,113	2.52
1-2 years	62,212	12,713	20.43
2-3 years	24,787	7,652	30.87
3-5 years	21,545	14,121	65.54
More than 5 years	10,701	10,701	100.00
Total	639,786	58,300	9.11

Recognition standards on and description to bad debt provision that is made on a combined basis:

☐ Applicable ☒ Not Applicable

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 6. Accounts receivable (Continued)

#### (3) Information on provision for bad debts

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	Others changes	
Bad debt provision made on an individual basis	7,862	8,786	3,015			13,633
Bad debt provision made on a combined basis	56,539	2,484		723		58,300
Total	64,401	11,270	3,015	723		71,933

Major bad debts that tend to be recovered or reversed in the current period thereof

☐ Applicable ☒ Not Applicable

#### (4) Actual cancellation of accounts receivable in current period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount of write-off
Accounts receivable actually cancelled	723

The cancellation of important accounts receivable

☐ Applicable ☒ Not Applicable

Description on the cancellation of accounts receivable:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 6. Accounts receivable (Continued)

#### (5) Accounts receivable in the top five ending balances collected by the debtor

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of entity	Closing balance	Closing balance of provision for bad debts	The proportion (%) accounted for in the total balance of accounts receivable at the end of the year
First place	48,008	26	7.35
Second place	25,809	141	3.95
Third place	22,345	34	3.42
Fourth place	16,323	323	2.50
Fifth place	15,710	314	2.40
Total	128,195	838	19.62

#### (6) Derecognized accounts receivable as a result of transfer of financial assets

☐ Applicable ☒ Not Applicable

#### (7) The amount of assets and liabilities resulted from the transfer of accounts receivable with continuous involvement.

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 7. Receivables financing

☒ Applicable ☐ Not Applicable

#### (1) Receivables financing

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Bills receivable measured at fair value and whose changes are included in other comprehensive income	83,238	86,389
Total	83,238	86,389

The changes in accounts receivable financing and the change of its fair value during this period:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 7. Receivables financing (Continued)

#### (1) Receivables financing (Continued)

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

#### (2) Bills receivable endorsed or discounted and undue at the balance sheet date

Unit: RMB'0000 Currency: RMB

Item	Closing amount derecognized	Closing amount not derecognized
Bank acceptance bill	90,011	
Total	90,011	

### 8. Prepayments

#### (1) Advance payment shall be shown by account receivable age

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	358,151	95.56	392,182	97.77
1-2 years	11,720	3.13	6,197	1.54
2-3 years	2,587	0.69	1,196	0.30
More than 3 years	2,337	0.62	1,553	0.39
Total	374,795	100.00	401,128	100.00

## VII. Notes on the Consolidated Financial Statements (Continued)

### 8. Prepayments (Continued)

#### (1) Advance payment shall be shown by account receivable age (Continued)

Reasons for the overdue settlement of prepayments with significant amount and matured beyond one year:

Unit: RMB'0000 Currency: RMB

Name of entity	Amount	Reasons for outstanding settlement
First place	1,318	Settlement undue
Second place	678	Settlement undue
Third place	569	Settlement undue
Fourth place	555	Settlement undue
Fifth place	400	Settlement undue
Total	3,520	

#### (2) The specification of the top 5 ending condition prepayment collected by prepayment object

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Company name	Closing balance	Proportion in total prepayments of closing balance (%)
First place	72,846	19.44
Second place	26,460	7.06
Third place	15,401	4.11
Fourth place	13,078	3.49
Fifth place	11,091	2.96
Total	138,876	37.06

Other description

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 9. Loans and advances

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Corporate loans	4,600	5,700
Total Loans and Advances	4,600	5,700
Minus: Allowance for loan losses	92	114
Book value of loans and advances	4,508	5,586

### 10. Other receivables

#### Item presentation

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

project	Closing balance	Opening balance
Interest receivable		
Dividend receivable	13,655	21,708
Other receivables	163,295	216,565
Total	176,950	238,273

#### Other description:

☒ Applicable ☐ Not Applicable

The decrease of 37.10% at the end of the dividend receivable compared with the beginning of the reporting period was mainly due to the increase in dividends paid by subsidiaries of the dividend receivable.

#### Interest receivable

##### (1) Classification of interest receivable

☐ Applicable ☒ Not Applicable

##### (2) Significant overdue interest

☐ Applicable ☒ Not Applicable

##### (3) Provision for bad debts

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable



## VII. Notes on the Consolidated Financial Statements (Continued)

### 10. Other receivables (Continued)

#### *Dividend receivable*

##### *(1) Dividend receivable*

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Project (or invested unit)	Closing balance	Opening balance
Yantai Xin'ao Fuel Gas Development Co., Ltd.		6,900
Sinopec ENN (Tianjin) Energy Co., Ltd.	541	541
Guangxi Beibu Gulf Langfang Xin'ao Fuel Gas Development Co., Ltd.	5,171	5,171
Shantou Huarun ENN Gas Co., Ltd.	240	240
Luquan Fuxin Gas Co., Ltd.	2,007	2,007
Ningbo ENN Gas Co., Ltd.	1,960	1,960
Shanghai Petroleum and Gas Exchange Co., Ltd.		131
Huzhou Nanxun ENN Gas Co., Ltd.	2,282	3,249
Huzhou Nanxun Xin'ao Fuel Gas Development Co., Ltd.	1,308	1,266
Chenzhou Sanxiang Xin'ao Clean Energy Co., Ltd.	135	243
Changsha Xinneng Automobile Gas Co., Ltd.	11	
<b>Total</b>	<b>13,655</b>	<b>21,708</b>

##### *(2) Significant dividends receivable due beyond one year*

☐ Applicable   ☒ Not Applicable

##### *(3) Provision for bad debts*

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 10. Other receivables (Continued)

#### *Other receivables*

##### *(4) Disclosure according to the maturity of accounts receivable*

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Aging	Book balance at the end of the period
Within 1 year	
Including: Subentry of accounts receivable due within one year	
Subtotal accounts receivable due within one year	84,540
1-2 years	25,329
2-3 years	12,936
More than 3 years	23,035
3-4 years	
4-5 years	
More than 5 years	20,729
Total	166,569

##### *(5) Classification by the nature of payments*

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Performance deposit or cash pledge	61,653	67,848
Current account	60,550	58,046
Settled but uncollected derivative contracts	16,789	71,919
Employees' borrowings and reserves	4,875	1,777
Asset disposal proceeds	4,115	5,497
Others	18,587	15,275
Total	166,569	220,362

## VII. Notes on the Consolidated Financial Statements (Continued)

### 10. Other receivables (Continued)

#### *Other receivables (Continued)*

##### (6) Provision for bad debts

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Provision for bad debt	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance on January 1, 2022	2,159	–	1,638	3,797
The balance on January 1, 2022 is in the current period				
– Transfer to the second stage				
– Transfer to the third stage	-1,576		1,576	
– Return to the second stage				
– Return to the first stage				
Provision in current period	961		59	1,020
Reversal in current period				
Write-over in current period				
Write-off in current period			1,543	1,543
Other changes				
Balance at 30 June 2022	1,544		1,730	3,274

Description on other receivables with significant changes in book value in the current period resulted from changes in impairment provisions:

☐ Applicable   ☒ Not Applicable

The amount of provision made for bad debts and the basis adopted to evaluate whether the credit risk of financial instruments have increased significantly in current period:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 10. Other receivables (Continued)

#### *Other receivables (Continued)*

##### (7) Information on provision for bad debts

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	Others changes	
Other receivables	3,797	1,020		1,543		3,274
Total	3,797	1,020		1,543		3,274

in which, significant amount reversed from bad debt provision or recovered bad debt:

☐ Applicable ☒ Not Applicable

##### (8) Other receivables actually written off in the current period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Write-off amount
Actual write-off other receivables	1,543

Other important receivables write-offs:

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Unit name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment arises from related party transactions
First place	Current payment	1,502	Estimated uncollectable amount	Management approval	No
Total	/	1,502	/	/	/

Verification description of other receivables:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 10. Other receivables (Continued)

#### *Other receivables (Continued)*

(9) *Other receivables of the top five closing balances collected by the debtor*

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Unit name	Nature of payment	Closing balance	Aging	Proportion in total closing balance of other receivables (%)	Provision for bad debts Closing balance
First place	Settled but uncollected derivative contracts	16,789	Within 1 year	10.08	168
Second place	Current payment	11,245	Within 1 year, 1-2 years, 3-5 years, more than 5 years	6.75	5
Third place	Current payment, performance bond or deposit	10,373	Within 1 year, 1-2 years, 2-3 years, 3-5 years	6.23	354
Fourth place	Current payment	6,856	Within 1 year	4.12	
Fifth place	Performance bond or deposit	6,835	Within 1 year	4.10	
Total	/	52,098	/	31.28	527

(10) *Receivables related to government subsidies*

☐ Applicable   ☒ Not Applicable

(11) *Derecognized other receivables as a result of transfer of financial assets*

☐ Applicable   ☒ Not Applicable

(12) *The amount of assets and liabilities formed from the transfer of other receivables with continuous involvement*

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 11. Inventory

#### (1) Classification of Inventory

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory depreciation/impairment provision for contract performance cost	Book value	Book balance	Provision for inventory depreciation/impairment provision for contract performance cost	Book value
Raw materials	156,802		156,802	130,809		130,809
Products under fabrication	4,942		4,942	7,271		7,271
Merchandise inventory	151,061	8,698	142,363	212,580	39,110	173,470
Materials in transit	384		384			
Goods in transit	821		821	1,663		1,663
Consigned processing materials	1,705		1,705	610		610
Others	19		19	17		17
Total	315,734	8,698	307,036	352,950	39,110	313,840

## VII. Notes on the Consolidated Financial Statements (Continued)

### 11. Inventory (Continued)

(2) *Provision for inventory depreciation and contract performance cost impairment*

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Opening balance	Increase amount in current period		Decrease amount in current period		Closing balance
		Accrual	Others	Reversal or resale	Others	
Raw materials						
Unfinished products						
Goods in stock	39,110	203		30,615		8,698
In-transit supplies						
Goods in transit						
Consigned processing materials						
Others						
Total	39,110	203		30,615		8,698

(3) *Description of inventory closing balance including capitalized amount of borrowing costs*

☐ Applicable   ☒ Not Applicable

(4) *Description of amortization amount of contract performance cost in the current period*

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 12. Contract assets

#### (1) Disclosure of contract assets

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract assets	275,068	3,973	271,095	275,271	4,805	270,466
Total	275,068	3,973	271,095	275,271	4,805	270,466

#### (2) The amount of and the reasons for the significant changes in book value during the reporting period

☐ Applicable ☒ Not Applicable

#### (3) Impairment provision of contract assets in this period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Withdrawal for the current period	Reversal of current period	Amount written off/cancelled in this period	Reasons
Provision for bad debts of contract assets		832		Reversal
Total		832		/

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 13. Assets held for sale

☐ Applicable ☒ Not Applicable



## VII. Notes on the Consolidated Financial Statements (Continued)

### 14. Non-current assets due within one year

☒ Applicable   ☐ Not Applicable

#### (1) Non-current assets due within one year

Unit: RMB'0000   Currency: RMB

Item	Closing balance	Opening balance
Debt investment due within one year	291	9,398
Loans and advances issued due within one year	567	
Long-term receivables due within one year		2,663
Total	858	12,061

#### (2) Impairment provision of non-current assets due within one year in the current period

Unit: RMB'0000   Currency: RMB

	The first stage Expected credit losses in the next 12 months	The second stage Expected credit loss for the entire duration (no credit impairment)	The third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Impairment provision				
Balance as of December 31, 2021	1,067			1,067
Balance of December 31, 2021 in the current period				
– Transfer to the second stage				
– Transfer to the third stage				
– Return to the second stage				
– Return to the first stage				
Provision in current period	2			2
Reversal in current period	112			112
Write-over in current period				
Write-off in current period				
Other changes	-936			-936
Balance as of December 31, 2021	21			21

Important debt investment and other debt investments at the end of the period:

☐ Applicable   ☒ Not Applicable

Other description:

The 92.89% decrease at the end of the non-current assets due within one year at the end of the period compared with the beginning of the reporting period was mainly due to the factoring accounts receivable recovered by subsidiaries of the Non-current asset due within one year.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 15. Other current assets

√ Applicable    □ Not Applicable

#### (1) Other current assets

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
VAT to be deducted, certified or prepaid	139,143	199,768
Advance payment of corporate income tax	83,340	82,103
Prepaid business tax	4,245	4,516
Advance payment of social security and provident fund	335	323
Entrusted loans	3,232	1,692
Factoring receivable	2,169	601
Others	323	1,027
Total	232,787	290,030

#### (2) Impairment provision of other current assets

Unit: RMB'0000    Currency: RMB

	The first stage Expected credit loss in the next 12 months	The second stage Expected credit loss for the whole duration (no credit impairment occurred)	The third Stage Expected credit loss for the whole duration (credit impairment has occurred)	Total
Impairment provision				
Balance as of January 1, 2022	64		107	171
The balance on January 1, 2022 is in the current period				
– Transfer to the second stage				
– Transfer to the third stage				
– Return to the second stage				
– Return to the first stage				
Provision in current period	86			86
Reversal in current period	4		107	111
Write-over in current period				
Write-off in current period				
Other changes				
Balance as at June 30, 2022	146			146

## VII. Notes on the Consolidated Financial Statements (Continued)

### 16. Loans and Advances

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Corporate loans		1,119
Total Loans and Advances		1,119
Minus: Allowance for loan losses		22
Book value of loans and advances		1,097

Other description:

Loans and advances issued at the end of the period decreased by RMB11 million, compared with the beginning of the period, mainly due to the repayment of loans by customers of the financial company to which the company belongs to during the reporting period.

### 17. Debt investment

#### (1) Disclosure of debt investments

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Entrusted loans and factoring borrowings				305	12	293
Total				305	12	293

#### (2) Important debt investments at the end of the period

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 17. Debt investment (Continued)

#### (3) Information about provisions

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Impairment provision	The first stage	The second stage	The third Stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at January 1, 2022	12			12
Balance as at January 1, 2022 in the current period				
– Transfer to the second stage				
– Transfer to the third stage				
– Return to the second stage				
– Return to the first stage				
Provision in current period				
Reversal in current period	5			5
Write-over in current period				
Write-off in current period				
Other changes	-7			-7
Balance at 30 June 2022	0			0

Description of the significant changes in the book value of debt investments of which the provision has changed in the current period:

☐ Applicable   ☒ Not Applicable

The amount of provision and the basis adopted to evaluate whether the credit risk of financial instruments has increased significantly:

☐ Applicable   ☒ Not Applicable

Other description:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 18. Other debt investment

#### (1) Other debt investments

☐ Applicable    ☒ Not Applicable

#### (2) Important other debt investments at the end of the period

☐ Applicable    ☒ Not Applicable

#### (3) Information about provisions:

☐ Applicable    ☒ Not Applicable

Other description:

☐ Applicable    ☒ Not Applicable

### 19. Long-term receivables

#### (1) Long-term receivables

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance			Opening balance			
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value	Discount rate interval
Finance lease receivables	39,912	399	39,513	36,382	364	36,018	5.00%-9.2%
Including: Unrealized financing income	1,439		1,439	2,742		2,742	
Total	39,912	399	39,513	36,382	364	36,018	/

## VII. Notes on the Consolidated Financial Statements (Continued)

### 19. Long-term receivables (Continued)

#### (2) Provision for bad debts

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Provision for bad debt	The first stage	The second stage	The third Stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as of January 1, 2022	364			364
The balance on January 1, 2022 is in the current period				
– Transfer to the second stage				
– Transfer to the third stage				
– Return to the second stage				
– Return to the first stage				
Provision in current period	35			35
Reversal in current period				
Write-over in current period				
Write-off in current period				
Other changes				
Balance at 30 June 2022	399			399

Description of the significant changes in the book value of long-term receivables of which the provision has changed in the current period:

☐ Applicable   ☒ Not Applicable

The amount of provision made for bad debts and the basis adopted to evaluate whether the credit risk of financial instruments have increased significantly in current period:

☐ Applicable   ☒ Not Applicable

#### (3) Long-term receivables derecognized due to the transfer of financial assets

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 19. Long-term receivables (Continued)

(4) The amount of assets and liabilities formed from transferring long-term receivables with continuous involvement

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 20. Long-term equity investment

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Unit Invested	Current increase or decrease changes										Closing balance	Ending balance of depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment	Adjustment to other comprehensive income	Changes in other equity	Declare	Depreciation provision withdrawal	Others			
				profit or loss			to issue					
				recognized under the equity method			cash dividends or profit					
I. Joint Venture												
Dongguan Xinde Gas Engineering Project Management Co., Ltd.	196			59							255	1,307
Yancheng ENN Compressed Natural Gas Co., Ltd.	1,778			527							2,305	
Luquan Fuxin Gas Co., Ltd.	12,800			1,432							14,232	
Ningbo ENN Gas Co., Ltd.	10,095			-1,888							8,207	
Yantai ENN Gas Development Co., Ltd.	52,388			3,306							55,694	
Kaifeng ENN Yinhai Automobile Gas Co., Ltd.	225			-38							187	
Yunnan Yuntou Xin'ao Gas Co., Ltd.	13,665			44							13,709	
Haining Xinxin Natural Gas Co., Ltd.	2,983			-786							2,197	
Tangshan ENN Yongshun Clean Energy Co., Ltd.	5,232		1,160	-489							3,583	
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	27,849			2,027							29,876	
Henan Jingbao ENN New Energy Co., Ltd.	5,484			283							5,767	

## VII. Notes on the Consolidated Financial Statements (Continued)

### 20. Long-term equity investment (Continued)

Unit Invested	Current increase or decrease changes										Closing balance	Ending balance of depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare to issue cash dividends or profit	Depreciation provision withdrawal	Others			
Hangzhou Xiaoshan Huanneng Industrial Co., Ltd.	669			-122							547	
Quzhou ENN Sinopec Automobile Gas Co., Ltd.	1,004			29							1,033	
Jiaxing Sinopec ENN Gas Co., Ltd.	467			-18							449	
Langfang Huagang ENN Gas Investment Co., Ltd.	2,041			2							2,043	
Baoding ENN Gas Co., Ltd.	23,648			-6,062							17,586	
Langfang ENN Longyu Clean Energy Co., Ltd.	856			-37							819	
Jinhua Sinopec ENN Automobile Natural Gas Co., Ltd.	511			-22							489	
Liaocheng Shihua Natural Gas Co., Ltd.	8,998			1,703							10,701	
Guangxi Xijiang ENN Clean Energy Co., Ltd.	1,573			-51							1,522	
Anhui Wanneng ENN Natural Gas Co., Ltd.	4,677			582							5,259	
Luoyang Hongxin Gas Co., Ltd.	880			-2							878	
Xuzhou Guotou ENN Energy Co., Ltd.	2,383			-55							2,328	
Qingdao International Airport New Energy Development Co., Ltd.	6,489			76							6,565	
Jiangxi Poyang Lake LNG Co., Ltd.	3,432			266							3,698	
Dongguan Haofeng ENN Energy Co., Ltd.	3,196			-247							2,949	
Yunnan Gas Xuanwei ENN Gas Co., Ltd.	3,920			248							4,168	
Chenzhou Sanxiang Xin'ao Clean Energy Co., Ltd.	1,458			-210							1,248	
Wulian Runao Energy Development Co., Ltd.	1,468			-31							1,437	
Xuancheng Hezhong Natural Gas Pipeline Network Co., Ltd.	3,372			358			660				3,070	



## VII. Notes on the Consolidated Financial Statements (Continued)

### 20. Long-term equity investment (Continued)

Unit Invested	Opening balance	Additional investment	Reduced investment	Current increase or decrease changes							Closing balance	Ending balance of depreciation provision
				Investment profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare to issue cash dividends or profit	Depreciation provision withdrawal	Others			
Dongguan CLP Xin'ao Thermal Power Co., Ltd.	3,614			335							3,949	
Zhuzhou Tai'ao Energy Co., Ltd.	226			32							258	
Dongguan Changping Haofeng ENN Energy Development Co., Ltd.	49			-							49	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	20,594			-554							20,040	
Lianyungang Chengxin Gas Co., Ltd.	3,899			-51							3,848	
Bengbu Xin'ao PetroChina Petroleum Marketing Co., Ltd.		510		119							629	
Sinopec Yuexi Pipe Network Co., Ltd.	10,495			-893							9,602	
Huaian Zhongyou Tianhuai Gas Co., Ltd.	680			52							732	
Henan Zhongyuan Natural Gas Development Co., Ltd.	44,000			1,983							45,983	
Subtotal	287,294	510	1,160	1,907			660				287,891	1,307
2. Associates												
China Oilfield Beihai Gas Co., Ltd.	4,454			-431							4,023	1,563
Beijing Zhongnongda Biotechnology Co., Ltd.	675			-25							650	
Chongqing Longran Energy Technology Co., Ltd.	2,814			1,089							3,903	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	6,934			264							7,198	
Changsha Xinneng Automobile Gas Co., Ltd.	1,601			-40			11				1,550	
Zhanjiang Xinyi Property Development Co., Ltd.	3,520			-13							3,507	
Zhanjiang CNPC ENN Natural Gas Co., Ltd.	2,614			-210							2,404	
Liaoning Liaoyou Xin'ao Shengyu Natural Gas Co., Ltd.	1,481			-6							1,475	

## VII. Notes on the Consolidated Financial Statements (Continued)

### 20. Long-term equity investment (Continued)

Unit Invested	Current increase or decrease changes											Ending balance of depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare to issue cash dividends or profit	Depreciation provision withdrawal	Others	Closing balance		
Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	42,617			4,425							47,042	
Sinopec ENN (Tianjin) Energy Co., Ltd.	3,721			-125							3,596	
Taizhou City Natural Gas Co., Ltd.	3,369			-173							3,196	
Guangzhou Ganghua Gas Co., Ltd.	4,509			-344							4,165	
Taizhou Ginkgo Gas Co., Ltd.	483			46			91				438	
China Oilfield Xinrun Liaoning Gas Co., Ltd.	1,308			44							1,352	
Xinyu Xin'ao Clean Energy Co., Ltd.	462		462								-	
Changzhou Meilu ENN Energy Co., Ltd.	523			-12							511	
Suzhou Wanneng Natural Gas Co., Ltd.	3,331			23							3,354	
Guangxi Beibu Gulf Langfang Xin'ao Fuel Gas Development Co., Ltd.	6,202			2,023							8,225	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	4,622			122							4,744	
Shantou Huarun ENN Gas Co., Ltd.	16,313			813							17,126	
Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	41			-1							40	
Ningbo Langfang Xin'ao Fuel Gas Development Co., Ltd.	2,793			543							3,336	
Guangxi Yilongyuan Power Sales Co., Ltd.	1,255			-50							1,205	
Shanghai Zhuoxiao Energy Technology Co., Ltd.	465			-33							432	
Shijiazhuang Lantian Xin'ao Gas Pipeline Network Co., Ltd.	4,588			-48							4,540	
Shandong Lule Natural Gas Co., Ltd.	773			-20							753	
Zhoushan Lanyan Gas Co., Ltd.	53,783			898							54,681	
Hunan Yiwei Power Distribution Co., Ltd.	2,992			102							3,094	
Zhejiang Xinyongzhou Logistics Co., Ltd.	731			-161							570	

## VII. Notes on the Consolidated Financial Statements (Continued)

### 20. Long-term equity investment (Continued)

Unit Invested	Opening balance	Additional investment	Reduced investment	Current increase or decrease changes							Closing balance	Ending balance of depreciation provision
				Investment profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare to issue cash dividends or profit	Depreciation provision withdrawal	Others			
Guangxi Daren Energy Co., Ltd.	3,696			22							3,718	
Luoyang Natural Gas Storage and Transportation Co., Ltd.	3,255			-167							3,088	
Hechi Yizhou Huazhi Clean Energy Co., Ltd.	151		151									
Tengzhou Huazhi Clean Energy Co., Ltd.	73			-5							68	
Huzhou Gas Co., Ltd.	38,606			2,111							40,717	
Huzhou Nanxun ENN Gas Co., Ltd.	22,443			-1,166			2,281				18,996	
Huzhou Nanxun Langfang Xin'ao Fuel Gas Development Co., Ltd.	6,223			441			1,307				5,357	
Shandong Airport Smart Energy Development Co., Ltd.	634			2							636	
Bengbu Ruiyuan Power Distribution Co., Ltd.	540			-							540	
Lianyungang Zhongxin Gas Co., Ltd.	12,433			2,905							15,338	
Kaifeng Xingsong City Trade Co., Ltd.	94			-7							87	
Yancheng National Energy ENN Energy Co., Ltd.	91			-91								
Ningbo Xin'aoxinrui Energy Development Co., Ltd.	1,482			225							1,707	
Bozhou Xinglu New Energy Co., Ltd.	96			3							99	
Shandong Luxin Natural Gas Co., Ltd.	1,654			121							1,775	
Jinhua City Gaoya Natural Gas Co., Ltd.	1,290			-212							1,078	
Changzhou Zhongwu Power Distribution Co., Ltd.	363			2							365	
Changshu PetroChina Kunlun Natural Gas Development Co., Ltd.	314			32							346	
Danjiangkou ENN Energy Development Co., Ltd.	91			-8							83	
Xuyi Guolian Xin'ao Natural Gas Pipeline Network Co., Ltd.	5,379			6							5,385	

## VII. Notes on the Consolidated Financial Statements (Continued)

### 20. Long-term equity investment (Continued)

Unit Invested	Current increase or decrease changes										Closing balance	Ending balance or depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare to issue cash dividends or profit	Depreciation provision withdrawal	Others			
Civil and Commercial (Guangdong) Investment Partnership (Limited Partnership)	5,466			-97							5,369	
Beijing Shanjing Huisheng Pipeline Technology Development Co., Ltd.	582			-9							573	
Changzhou Gas Storage Co., Ltd.	875			1							876	
Chizhou Qianjiang Gas Co., Ltd.	2,475			56							2,531	
Xinsheng Natural Gas Marketing Co., Ltd.	797			2							799	
Yancheng Guotou Gas Pipeline Network Co., Ltd.	21,520			-9							21,511	
Haian Huihai Gas Pipeline Network Co., Ltd.		700									700	
Qinzhou PetroChina Kunlun Gas Co., Ltd.	2,659			-375							2,284	
Subtotal	312,256	700	613	12,483			3,690				321,136	1,563
Total	599,550	1,210	1,773	14,390			4,350				609,027	2,870

## VII. Notes on the Consolidated Financial Statements (Continued)

### 21. Investment in other equity instruments

#### (1) Description on other equity instrument investments

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance	Opening balance
Jiaxing Gas Group Co., Ltd.	9,145	11,293
Chongqing Petroleum and Gas Exchange Co., Ltd.	5,474	5,474
Shanghai Petroleum and Gas Exchange Co., Ltd.	4,362	4,362
Longchang Ruigao Energy Development Co., Ltd.	1,490	1,490
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.	1,230	1,230
Sanmenxia Swan Power Co., Ltd.	1,177	1,177
Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd.	494	494
Nanjing Jiangbei New District Power Distribution Co., Ltd.	464	464
Heilongjiang Electric Power Trading Center Co., Ltd.	356	356
Hebei Electric Power Trading Center Co., Ltd.	290	290
Guangxi Electric Power Trading Center Co., Ltd.	262	262
Zhejiang Hesen Energy Co., Ltd.	166	166
Xiangtan Desheng Energy Distribution Co., Ltd.	144	144
Xin'ao (Inner Mongolia) Graphene Material Co., Ltd.	26	26
Dongguan Fengneng LNG Co., Ltd.	25	25
Dongguan Fengneng LNG Terminal Co., Ltd.	25	25
Total	25,130	27,278

## VII. Notes on the Consolidated Financial Statements (Continued)

### 21. Investment in other equity instruments (Continued)

#### (2) Information on non-trading equity instrument investments

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Dividend revenue recognized in the current period	Accumulated profit and gain	Accumulated loss	The amount transferred to retained earnings from other comprehensive income	Reasons for designation to be measured at fair value through other comprehensive income	Reasons to transfer other comprehensive income to retained earnings
Jiaxing Gas Group Co., Ltd.	107	5,032			Strategic investment	
Chongqing Petroleum and Gas Exchange Co., Ltd.		224			Strategic investment	
Shanghai Petroleum and Gas Exchange Co., Ltd.		162			Strategic investment	
Longchang Ruigao Energy Development Co., Ltd.		90			Strategic investment	
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.		780			Strategic investment	
Sanmenxia Swan Power Co., Ltd.		0	-323		Strategic investment	
Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd.		369			Strategic investment	
Nanjing Jiangbei New District Power Distribution Co., Ltd.	2	14			Strategic investment	
Heilongjiang Electric Power Trading Center Co., Ltd.					Strategic investment	
Hebei Electric Power Trading Center Co., Ltd.			-1		Strategic investment	
Guangxi Electric Power Trading Center Co., Ltd.		2			Strategic investment	
Zhejiang Hesen Energy Co., Ltd.			-74		Strategic investment	
Xiangtan Desheng Energy Distribution Co., Ltd.			-16		Strategic investment	
Xin'ao (Inner Mongolia) Graphene Material Co., Ltd.			-1,086		Strategic investment	
Dongguan Fengneng LNG Co., Ltd.					Strategic investment	
Dongguan Fengneng LNG Terminal Co., Ltd.					Strategic investment	
Total	109	6,673	-1,500			

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 22. Other non-current financial assets

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Other non-current financial assets that are included in derivative financial assets		
Non-hedging derivatives		
Including: Commodity derivative contracts	19,941	102,442
Foreign exchange derivative contracts		
Hedging derivatives instruments		
Including: Commodity Derivative Contracts	19,004	9,804
Foreign Exchange Derivative contracts	33	
Financial assets measured at fair through current profit or loss	438,947	440,554
Total	477,925	552,800

Additional notes:

Among which, the financial assets measured at fair value through current profit or loss are as follows:

Unit: RMB'0000    Currency: RMB

Name of invested company	Closing balance	Opening balance
Sinopec Sales Co., Ltd.	417,000	417,000
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	16,471	18,072
Guokai Siyuan (Beijing) Investment Fund Co., Ltd.	5,444	5,444
Chenzhou Jingui Silver Industry Co., Ltd.	32	38
Total	438,947	440,554

Other description:

- See "Note VII-4. Derivative Financial Assets" for a description of foreign exchange derivative contracts and commodity derivative contracts.
- The company holds a 1.13% equity stake in Sinopec Marketing Co., Ltd., an unlisted company. The company holds 4.38% stake in the listed company, Shanghai Dazhong Public Utilities (Group) Co., Ltd. The Company holds a 0.01% stake in the listed company, Chenzhou Jingui Silver Co., Ltd.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 23. Investment property

#### Measurement model of investment properties

##### (1) Investment properties using fair value measurement model

Unit: RMB'0000 Currency: RMB

Item	Houses and buildings	The rights to use land	Construction in progress	Total
I. Balance at the beginning of the period	28,807			28,807
II. Changes in the current period	184			184
Plus: Outsourcing				
Transfer in of inventories, fixed assets, and construction in process				
Increase in business combinations				
Less: Disposal				
Other roll-out				
Fair value changes	184			184
III. Balance at the end of the period	28,991			28,991

##### (2) Investment property without the property right certificate:

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 24. List of fixed assets projects

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	5,809,093	5,683,330
Disposal of fixed assets		
Total	5,809,093	5,683,330

Other description:

NO



## VII. Notes on the Consolidated Financial Statements (Continued)

### 24. List of fixed assets projects (Continued)

#### Fixed assets

##### (1) Fixed Assets

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Houses and buildings	Machinery & Equipment	Office & Electronic Communication Equipment	Transportation equipment	Gas pipeline	Total
I. Book original value:						
1. Opening balance	1,170,358	1,307,954	202,989	63,879	4,502,858	7,248,038
2. Current increase	24,771	51,748	12,797	2,564	189,037	280,917
(1) Purchase	811	25,513	10,392	2,563	22,843	62,122
(2) Transfer of construction in progress	22,543	24,752	2,399		163,174	212,868
(3) Corporate merger	1,417	1,483	6	1	3,020	5,927
3. Current decrease	2,682	2,380	1,624	2,849	12,922	22,457
(1) Disposal or scrap	2,682	2,380	1,624	2,849	12,922	22,457
4. Closing balance	1,192,447	1,357,322	214,162	63,594	4,678,973	7,506,498
II. Accumulated depreciation						
1. Opening balance	189,893	401,254	140,925	34,102	793,851	1,560,025
2. Current increase	16,581	46,522	7,971	3,294	69,796	144,164
(1) Accrual	16,581	46,522	7,971	3,294	69,796	144,164
3. Current decrease	608	1,552	1,220	2,410	7,538	13,328
(1) Disposal or scrap	608	1,552	1,220	2,410	7,538	13,328
4. Closing balance	205,866	446,224	147,676	34,986	856,109	1,690,861
III. Impairment provision						
1. Opening balance	577	4,106				4,683
2. Current increase	622	1,239				1,861
(1) Accrual	622	1,239				1,861
3. Current decrease						
(1) Disposal or scrap						
4. Closing balance	1,199	5,345				6,544
IV. Book value						
1. End Book Value	985,382	905,753	66,486	28,608	3,822,864	5,809,093
2. Initial Book Value	979,888	902,594	62,064	29,777	3,709,007	5,683,330

## VII. Notes on the Consolidated Financial Statements (Continued)

### 24. List of fixed assets projects (Continued)

#### *Fixed assets (Continued)*

##### (2) *Temporary idled fixed assets*

☐ Applicable    ☒ Not Applicable

##### (3) *Information on fixed assets acquired through financial lease*

☐ Applicable    ☒ Not Applicable

##### (4) *Fixed assets leased out through operating leases*

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing book value
Leased out through operating leases	9,809
<b>Total</b>	<b>9,809</b>

##### (5) *Description of fixed-assets with property rights certificate uncompleted*

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Book value	Reasons for uncompleted certificate of property rights
Production & office premises	137,508	The Company is communicating with the local government departments on this matter.
Dormitory for duty shift	1,168	The Company is communicating with the local government departments on this matter.
<b>Total</b>	<b>138,676</b>	

Other description:

☐ Applicable    ☒ Not Applicable

#### *Disposal of fixed assets*

☐ Applicable    ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 25. Construction in progress

#### Item list

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	435,294	419,548
Project material	26,357	28,195
Total	461,651	447,743

Other description:

NO

#### Construction in progress

##### (1) Construction in progress

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Distributed energy project	54,205		54,205	43,101		43,101
Gas engineering	320,404		320,404	315,152		315,152
Slurry gasification project (slurry and powder coupling transformation project)	28,559		28,559	28,149		28,149
Coal yard fully enclosed project	228		228	228		228
Public works (park integration)	1,275		1,275	1,216		1,216
Water system environmental protection technology improvement project	10,977		10,977	10,986		10,986
Other works	20,956	1,310	19,646	22,026	1,310	20,716
Total	436,604	1,310	435,294	420,858	1,310	419,548

## VII. Notes on the Consolidated Financial Statements (Continued)

### 25. Construction in progress (Continued)

#### Construction in progress (Continued)

##### (2) Changes of major construction in progress in the period

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Project name	Budget	Beginning Balance	Increase in current period	Amount transferred to fixed assets in current period	Other decrease in current period	Closing Balance	Proportion of accumulated project investment in the budget (%)	Project progress	Accumulated amount of interest capitalization	Including: capitalized amount of interest in current period	Capitalization rate of interest in current period (%)	Source of Funds
Langfang LNG storage station project	23,000	2,714	151	2,736		129	97.27	99.18%				Self-raised
Longping High-tech Project	17,695	3,021	381			3,402	87.96	99.80%				Self-raised
High pressure pipeline project from Xiameimen Station to Taiwanese pressure regulating station	17,256	20	744	677		87	105.85	99.20%				Self-raised
High pressure natural gas pipeline project from Taiwanese pressure regulating station to Hui'anmen station	21,267	4,749	5,599			10,348	48.66	49.00%				Self-raised
Mamu-Yushan sub-high pressure natural gas pipeline project	18,000		243	243			81.57	82.00%	611			Self-raised and loan
Zhoushan shipyard heavy industry 8500 m <sup>3</sup> LNG bunkering ship new construction project	37,480	12,388	693			13,081	34.90	90.00%				Self-raised
Phase I project of integrated energy microgrid in Yangpu Economic Development Zone, Danzhou City, Hainan Province	19,523	29	367			396	93.46	99.00%	419	26	4.50	Self-raised and loan
Daqing Linyuan chemical park integrated energy microgrid No. 1 integrated energy main station project	108,928	569	1,704			2,273	78.67	98.86%	2,817	6	4.78	Self-raised and loan
West third ring high voltage project	11,900	1,041				1,041	60.05	60.05%	229			Self-raised and loan
Zhengding county western heating project	28,322						34.49	34.49%	322			Self-raised and loan
Shijiazhuang Luquan District ENN Gas Co., Ltd. Luquan District gas pipeline project	30,000	666	18			684	32.55	32.49%				Self-raised
Dongguan city natural gas high-pressure pipeline network project along the Yangtze River expressway, Shuixiang avenue and Shawang road project	16,100		266	266			121.79	100.00%				Self-raised
Beiwang Road and Guangzhou-Shenzhen Expressway Project of Dongguan Natural Gas High-Pressure Pipeline Network Project	26,600	246	1,702	1,695		253	71.66	99.30%	459	32	3.60	Self-raised and loan
Slurry gasification project	21,808	28,149	410			28,559	130.96	98.20%	2,099			Self-raised and loan
Water system environmental protection technology improvement project	15,954	10,986			9	10,977	111.48	99.00%	438	37	4.61	Self-raised and loan
Total	413,833	64,578	12,278	5,617	9	71,230	/	/	7,394	101	/	/

## VII. Notes on the Consolidated Financial Statements (Continued)

### 25. Construction in progress (Continued)

#### *Construction in progress (Continued)*

(3) *Impairment provision for construction in progress during the current period*

☐ Applicable    ☒ Not Applicable

Other description

☐ Applicable    ☒ Not Applicable

#### *Project material*

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Special materials	25,930		25,930	27,786		27,786
Special-purpose equipment	427		427	409		409
Total	26,357		26,357	28,195		28,195

### 26. Productive biological assets

(1) *Productive biological assets accounted with cost measurement model*

☐ Applicable    ☒ Not Applicable

(2) *Productive biological assets accounted with fair value measurement model*

☐ Applicable    ☒ Not Applicable

Other description

☐ Applicable    ☒ Not Applicable

### 27. Oil-gas assets

☐ Applicable    ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 28. Right-of-use assets

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Lease land	Houses and buildings	Machinery	Means of transportation	Others	Total
I. Book original value						
1. Opening balance	20,865	31,405	3,042	564	4	55,880
2. Current increase	275	2,606	30		4	2,915
3. Current decrease	256	186	1			443
4. Closing balance	20,884	33,825	3,071	564	8	58,352
II. Accumulated depreciation						
1. Opening balance	2,981	9,110	1,045	440	2	13,578
2. Current increase	1,553	3,715	117	113	2	5,500
(1) Accrual	1,553	3,715	117	113	2	5,500
3. Current decrease	33	38				71
(1) Disposal	33	38				71
4. Closing balance	4,501	12,787	1,162	553	4	19,007
III. Impairment provision						
1. Opening balance						
2. Current increase						
(1) Accrual						
3. Current decrease						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. End book value	16,383	21,038	1,909	11	4	39,345
2. Initial book value	17,884	22,295	1,997	124	2	42,302

## VII. Notes on the Consolidated Financial Statements (Continued)

### 29. Intangible Assets

#### (1) Intangible assets

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Land use right	Patent right	Non-patented technology	Mining right	Software	Capacity indicator	Management right	Others	Total
I. Original book value									
1. Opening balance	271,372	26,681		305,803	112,655	9,670	571,509	23,033	1,320,723
2. Increase in current period	5,640	9			12,275		10,097	141	28,162
(1) Acquisition	5,317	9			12,250		641	141	18,358
(2) Development expenditure transfer-in					25				25
(3) Increase in business merger	323						9,456		9,779
3. Decrease in current period	1,389				544		640		2,573
(1) Disposal	1,389				544		640		2,573
4. Closing balance	275,623	26,690		305,803	124,386	9,670	580,966	23,174	1,346,312
II. Accumulated amortization									
1. Opening balance	44,846	10,091		10,312	41,456	449	135,621	11,364	254,139
2. Increase in current period	4,910	1,448		1,588	8,327	87	12,970	676	30,006
(1) Accrual	4,724	1,448		1,588	8,327	87	12,970	676	29,820
(2) Increase in business merger	186								186
3. Decrease in current period	447				31		318		796
(1) Disposal	447				31		318		796
4. Closing balance	49,309	11,539		11,900	49,752	536	148,273	12,040	283,349
III. Impairment provision									
1. Opening balance									
2. Increase in current period									
(1) Accrual									
3. Decrease in current period									
(1) Disposal									
4. Closing balance									
IV. Book value									
1. Closing book value	226,314	15,151		293,903	74,634	9,134	432,693	11,134	1,062,963
2. Opening book value	226,526	16,590		295,491	71,199	9,221	435,888	11,669	1,066,584

At the end of this period, intangible assets formed through internal R&D accounts for 0% of the total balance of intangible assets of the Company

## VII. Notes on the Consolidated Financial Statements (Continued)

### 29. Intangible Assets (Continued)

#### (2) Information on land use right with property right certificate uncompleted

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Book value	Reasons for uncompleted certificate of property rights
The rights to use land	15,056	In progress
Total	15,056	/

Other description:

☐ Applicable ☒ Not Applicable

### 30. Development expenditure

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Opening balance	Current increase		Current decrease		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to current profit or loss	
Security digital intelligence project	65		11,174			11,239
Management digital intelligence project		282	8,754	25		9,011
Greatgas.cn ecological platform project	1,090	471	3,607			5,168
Integrated energy digital intelligence project			3,068			3,068
Intelligent customer service platform project			2,333			2,333
Other items	282	880	578			1,740
Total	1,437	1,633	29,514	25		32,559

Other description:

Development expenditure increased 2165.76% at the end of the reporting period compared with the beginning, mainly due to the company's subsidiaries to carry out technology research and development and digital construction, security, management, integrated energy digital intelligence and Greatgas.cn ecological platform, intelligent customer service platform and other projects increased investment.



## VII. Notes on the Consolidated Financial Statements (Continued)

### 31. Goodwill

#### (1) Book value of goodwill

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Name of invested units or events which form goodwill	Opening balance	Current increase	Current decrease	Closing balance
		As a result of enterprise merger	Disposal	
Anhui Anran Gas Co., Ltd.	3,363			3,363
Guangzhou ENN Gas Co., Ltd.	2,064			2,064
Guigang ENN Gas Co., Ltd.	756			756
Hangzhou Xiaoshan ENN Clean Energy Co., Ltd.	3,701			3,701
Kaifeng ENN Gas Co., Ltd.	1,583			1,583
Langfang ENN Gas Co., Ltd.	425			425
Lianyungang ENN Gas Co., Ltd.	1,763			1,763
Pingxiang ENN Changfeng Gas Co., Ltd.	1,275			1,275
Linyi Huayou Zhongde Gas Co., Ltd.	1,549			1,549
Liaocheng Jinao Gas Development Co., Ltd.	1,369			1,369
Liaocheng Development Zone Jinao Energy Co., Ltd.	1,071			1,071
Luoyang ENN LPG Co., Ltd.	678			678
Qingdao ENN Jiaonan Gas Co., Ltd.	589			589
Quzhou ENN Gas Co., Ltd.	441			441
Quanzhou Gas Co., Ltd.	985			985
Xiangtan ENN Gas Co., Ltd.	498			498
Xinxiang ENN Gas Co., Ltd.	919			919
Xuanran Natural Gas Co., Ltd.	10,024			10,024
Jiangsu Datong PNG Co., Ltd.	1,183			1,183
Dongguan ENN Gas Co., Ltd.	2,462			2,462
Dehua Guang'an Natural Gas Co., Ltd.	1,266			1,266
Zhejiang Pujiang Gaofeng PNG Co., Ltd.	2,748			2,748
Inner Mongolia Huayi Energy Co., Ltd.	2,066			2,066
Shanghai International Engineering Construction Consulting Co., Ltd.	283			283
Jiangsu Energy Holdings Co., Ltd.	5,184			5,184
Shuangcheng Zhongqing Gas Co., Ltd.	1,914			1,914
Shanghai Zhongfen Pyroelectricity Co., Ltd.	2,958			2,958
Shuangmin gas (Jiangsu) Co., Ltd	974			974
Others	3,294			3,294
Total	57,385			57,385

## VII. Notes on the Consolidated Financial Statements (Continued)

### 31. Goodwill (Continued)

(2) *Impairment preparation of business reputation*

☐ Applicable    ☒ Not Applicable

(3) *Information relating to the asset group or asset group portfolio in which the goodwill lies*

☐ Applicable    ☒ Not Applicable

(4) *Description on the testing process of goodwill impairment, key parameters (e.g. growth rate during the forecast period used to expect the present value of future cash flows, growth rate in stable period, profit margin, discount rate, forecast period, if applicable) and the recognition method of impairment loss of goodwill*

☐ Applicable    ☒ Not Applicable

(5) *Test of goodwill impairment impact*

☐ Applicable    ☒ Not Applicable

Other description:

☐ Applicable    ☒ Not Applicable

### 32. Deferred expenses

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Opening balance	Current increase	Amortization amount at the current period	Other decrease	Closing balance
Renovation	6,194	1,559	1,673		6,080
Road construction	3,351		180		3,171
Compensation for demolition and ecological environment restoration	22,463	4,289	946		25,806
Maintenance and renovation expenses	13,198	1,615	1,552		13,261
Service charges	4,654	954	856		4,752
Others	9,835	702	1,144		9,393
Total	59,695	9,119	6,351		62,463

Other description:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 33. Deferred tax assets/deferred tax liabilities

#### (1) Deferred tax asset without offset

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Property depreciation preparation	72,787	16,602	64,146	14,573
Unrealized profits from internal transactions	339,256	74,232	318,298	70,030
Deductible losses	500	75	500	75
Deferred income	437,682	107,900	448,081	111,516
Long-term account current	6,118	918	6,118	918
Changes in fair value of financial assets	129,042	21,937		
Total	985,385	221,664	837,143	197,112

#### (2) Deferred tax liability without offset

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Value added of assets evaluation of business combination not under the same control	335,313	83,828	336,085	84,021
The impact of one-time pretax deduction of fixed assets	741,660	181,973	680,068	166,340
Capitalized interest	110,430	27,607	108,101	27,025
Tax on dividends	746,514	37,326	746,514	37,326
Changes in the fair value of financial assets	74,924	12,968	91,696	19,120
Others	18,596	3,819	18,896	3,864
Total	2,027,437	347,521	1,981,360	337,696

## VII. Notes on the Consolidated Financial Statements (Continued)

### 33. Deferred tax assets/deferred tax liabilities (Continued)

#### (3) Deferred tax assets or liabilities listed at net value after offset

☐ Applicable ☒ Not Applicable

#### (4) Details of unrecognized deferred tax assets

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Deductible losses	647,633	431,403
Property depreciation preparation	26,502	58,600
Total	674,135	490,003

#### (5) Unrecognized deductible losses on deferred tax assets will mature in the following years

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Year	Closing balance	Opening balance	Remarks
2022	13,168	26,585	
2023	47,951	49,134	
2024	67,380	88,171	
2025	76,564	79,099	
2026	160,412	188,414	
2027	282,158		
Total	647,633	431,403	/

Other description:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 34. Other non-current assets

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Deposit paid on fixed assets and land use rights	1,357		1,357	1,357		1,357
Prepayment for equipments	13,295		13,295	12,630		12,630
Others	709		709	783		783
Total	15,361		15,361	14,770		14,770

Other description:

No

### 35. Short-term borrowings

#### (1) Classification of short-term borrowings

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Pledged loan	210,728	95,678
Mortgage loan	200	200
Guaranteed loan	201,063	229,917
Loan on credit	249,601	469,939
Mortgage and guaranteed loans	1,500	1,500
Total	663,092	797,234

## VII. Notes on the Consolidated Financial Statements (Continued)

### 35. Short-term borrowings (Continued)

#### (1) Classification of short-term borrowings (Continued)

Description of the classification of short-term borrowings:

1. Pledge loan: the loan of RMB1,241 million is obtained by the pledge of the gas charging right of the subsidiaries Shijiazhuang Xin'ao Gas Company Limited, Dongguan ENN Gas Co., Ltd. and Weifang Xin'ao Gas Pipeline Co., Ltd.; RMB690 million is generated by discounted bills; The loan of RMB176.28 million was obtained from the pledge deposit of the subsidiary ENN (Tianjin) Energy Investment Co., Ltd.
2. Mortgage loan: the loan of RMB2 million was obtained with the land use right on the south side of Tongqu Avenue, the east side of Huainan Road, Huai'an Industrial Park as collateral.
3. Guaranteed loan: the loan of RMB600.63 million was guaranteed by ENN (Hainan) Energy Trade Co., Ltd.; The loan of RMB620 million was guaranteed by Changsha ENN Gas Co., Ltd.; RMB510 million loan was guaranteed by the Changzhou Xin'ao Gas Engineering Co., Ltd.; RMB50 million loan was guaranteed by Xin Ao (China) Gas Investment Limited; RMB150 million loan was guaranteed by Shijiazhuang Xin'ao Gas Company Limited, and the loan of RMB30 million was guaranteed by Changzhou Xin'ao Gas Development Co., Ltd.; The loan of RMB50 million was guaranteed by Dongguan ENN Gas Co., Ltd.
4. Mortgage and guaranteed loan: The loan of RMB15 million was guaranteed by Xin'ao (China) Gas Investment Co., Ltd, and the plant at No. 505 Huachuang Road, Jinshanwei Town, Jinshan District, Shanghai is used as the collateral.

#### (2) Outstanding overdue short-term borrowings

☐ Applicable    ☒ Not Applicable

Other description:

☐ Applicable    ☒ Not Applicable

### 36. Transaction financial liabilities

☐ Applicable    ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 37. Derivative financial liabilities

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Non-hedging derivatives	290,810	196,935
Including: Commodity derivative contracts	290,810	196,935
Foreign exchange derivative contracts		
Hedging derivatives instruments	195,976	12,116
Including: Commodity derivative contracts	195,290	2,443
Foreign exchange derivative contracts	686	9,673
Total	486,786	209,051

Other description:

- For details of foreign exchange derivative contracts and commodity derivative contracts, please refer to "Note VII-4. Derivative Financial Assets".
- The increase of 132.86% in derivative financial liabilities at the end of the period compared with the beginning of the period was mainly due to the change of maturity of derivative financial instrument held by subsidiaries of the company from long-term to less than one year in the reporting period, the reclassification of derivative financial instruments presented in the other non-current liabilities to derivative financial liabilities, and the decline in fair value of some derivative financial instruments.

### 38. Notes payable

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bill		
Bank acceptance bill	104,691	126,108
Total	104,691	126,108

The total amount of notes payable due and outstanding at the end of the current period is 0.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 39. Accounts Payable

#### (1) Account payable report

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Accounts Payable	998,516	1,190,150
Total	998,516	1,190,150

#### (2) Significant account payable aging over 1 year

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	The reason for failure of repayment or carry-over
First place	11,261	Payment terms unsatisfied
Second place	7,505	Payment terms unsatisfied
Third place	4,926	Payment terms unsatisfied
Fourth place	3,180	Payment terms unsatisfied
Fifth place	2,618	Payment terms unsatisfied
Total	29,490	/

Other description:

☐ Applicable ☒ Not Applicable

### 40. Advance receipts

#### (1) List of deposit received

☐ Applicable ☒ Not Applicable

#### (2) Significant advance receipts mature beyond 1 year

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable



## VII. Notes on the Consolidated Financial Statements (Continued)

### 41. Contract liabilities

#### (1) Information on contract liabilities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Deferred income	334,790	349,743
Advance collection of gas fee, methanol payment, coal payment, etc.	1,212,857	1,224,237
Payment received on settled but uncompleted project	381,593	396,572
Reclassification: Contractual liabilities included in other non-current liabilities	-303,440	-319,096
Total	1,625,800	1,651,456

#### (2) The amount of and the reasons for the significant changes in book value during the reporting period

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 42. Financial assets sold for repurchase

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Bill	80,600	55,785
Accrued interest	-400	-295
Total	80,200	55,490

Other descriptions:

The amount of financial assets sold for repurchase increased by 44.53 % at the end of the period compared with the beginning of the period, mainly due to the increase of discount bills received from enterprises by the finance company of the company during the reporting period, and the increase of re discount financing funds due to the policy support of the people's Bank of China.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 43. Deposits from customers and interbank

Unit: RMB'0000 Currency: RMB

Project	Closing balance	Opening balance
Current deposit	16,369	12,666
– Company	16,369	12,666
– Individual		
Fixed deposit	3,161	4,156
– Company	3,161	4,156
– Individual		
Other deposits	1,281	2,486
Subtotal	20,811	19,308
Accrued interest		
Total	20,811	19,308

### 44. Salaries payable pay payable

#### (1) List of payable staff salaries

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
I. Short-term salary	109,773	271,704	305,877	75,600
II. Post-departure benefits-defined retention plan	1,076	28,986	28,588	1,474
III. Termination benefits	11	671	682	
IV. Other benefits due within one year	9	74	75	8
Total	110,869	301,435	335,222	77,082

## VII. Notes on the Consolidated Financial Statements (Continued)

### 44. Salaries payable pay payable (Continued)

#### (2) List of short-term remunerations

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
I. Wages, bonuses, allowances and subsidies	99,406	208,347	251,955	55,798
II. Employee benefits	11	19,369	13,055	6,325
III. Social insurance premiums	593	13,262	13,249	606
Including: Medical insurance	435	12,046	12,045	436
Industrial injury insurance	93	908	909	92
Birth insurance premium	65	308	295	78
IV. Housing provident fund	1,391	23,811	23,720	1,482
V. Union funds and staff education funds	8,372	6,907	3,890	11,389
VI. Short-term paid absence				
VII. Short-term profit-sharing schemes				
VIII. Others		8	8	
Total	109,773	271,704	305,877	75,600

#### (3) List of defined contribution plans

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
1. Basic endowment insurance	810	27,852	27,464	1,198
2. Unemployment insurance	263	1,126	1,120	269
3. Payment of enterprise annuity	3	8	4	7
Total	1,076	28,986	28,588	1,474

Other description:

☒ Applicable ☐ Not Applicable

Salary payable at the end of the period decreased by 30.47% compared with that at the beginning of the period, mainly because the Company and its subsidiaries issued performance incentives accrued in the previous year during the reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 45. Tax payable

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Value added tax (VAT)	38,342	53,377
Business tax	694	748
Enterprise income tax	220,984	194,463
Individual income tax	181	532
Urban maintenance and construction tax	678	1,158
Education surtax	353	372
Property tax	28	125
Resources tax	4,647	10,147
Stamp duty	60	87
Environmental protection tax	5	15
Water resources tax	112	264
Farming land occupation tax	3,109	4,660
Others	192	323
Total	269,385	266,271

### 46. Other payables

*Item list*

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	245,247	24,669
Other payables	163,818	212,378
Total	409,065	237,047

Other description:

1. The dividends payable increased by 894.15% at the end of the period compared with the beginning of the period was mainly due to the increase in dividends payable declared by the reporting period and its subsidiaries.
2. The other payables increased by 72.57% at the end of the period compared with the beginning of the period was mainly due to the increase in dividends payable of the reporting period and its subsidiaries.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 46. Other payables (Continued)

#### *Interest payable*

☐ Applicable ☒ Not Applicable

#### *Dividends payable*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Common stock dividends	244,818	24,669
Dividend payable-restricted share dividend	429	
Total	245,247	24,669

Other descriptions, if material dividends payable that have not been paid for more than 1 year are included, shall disclose the reasons for the non-payment:

None

#### *Other payables*

(1) *The nature of payment indicates other payable*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Current account	61,980	77,396
Margin and deposit	30,320	30,579
Payments on share transfer	21,654	67,807
Cash collected and deducted for other party	1,981	4,723
Restricted share repurchase obligation	9,276	12,545
Others	38,607	19,328
Total	163,818	212,378

## VII. Notes on the Consolidated Financial Statements (Continued)

### 46. Other payables (Continued)

#### *Other payables (Continued)*

#### (2) *Important other payables mature beyond 1 year*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	The reason for failure of repayment or carry-over
First place	15,844	Payment terms unsatisfied
Second place	3,993	Payment terms unsatisfied
Third place	3,124	Payment terms unsatisfied
Fourth place	2,450	Payment terms unsatisfied
Fifth place	1,590	Payment terms unsatisfied
Total	27,001	/

Other description:

☐ Applicable ☒ Not Applicable

### 47. Liabilities held for sale

☐ Applicable ☒ Not Applicable

### 48. Non-current liabilities due within 1 year

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year	39,720	110,314
Bonds payable due within 1 year	446,193	581,217
Long-term payables due within 1 year	13,260	26,413
Lease liabilities due within 1 year	10,491	9,211
Total	509,664	727,155

## VII. Notes on the Consolidated Financial Statements (Continued)

### 48. Non-current liabilities due within 1 year (Continued)

Other description:

Compared with the beginning of the reporting period, the non-current liabilities decreased by 29.91% at the end of period was mainly because the subsidiary, Xin'ao (China) Gas Investment Co., Ltd repaid two corporate bonds with the balance of RMB520.49 million and RMB1,035.48 million respectively during the reporting period. In addition, the company repaid some of its long-term loans due within one year.

Bonds payable due within 1 year:

**19 Xinran 03:** On November 11, 2019, the company's subsidiary, Xin'ao (China) Investment Co., Ltd., issued RMB600 million of corporate bonds, which are unsecured bonds, bear interest at a fixed annual interest rate of 3.98% and shall be repaid on November 12, 2022. The interest was paid annually. The net amount after deducting issuance costs was RMB599 million. On November 22, 2019, the company's bonds were listed in Shanghai Stock Exchange. As of June 30, 2022, the balance of 19 Xinran 03 was RMB614.63 million, which was reclassified into the title of "Non-current liability due within one year" as shown in the formula.

**Unsecured bonds in 2022:** on July 24, 2017, our subsidiary, ENN Energy Holdings Limited, issued US\$600 million unsecured bonds with an interest rate of 3.25%. After deducting the issuance cost, the net amount was US\$596 million. The 2022 unsecured notes will be due on July 24, 2022.

Pursuant to the terms of the 2022 unsecured bonds, the issuer may at any time, by giving no less than 30 days' but no more than 60 days' notice to the holders of the unsecured debentures, redeem all (non-part) of the unsecured debentures at the price of the debentures in its entirety as of the closing date of redemption (excluding the date of redemption), and pay in full the amount of the early redemption and the unpaid interest payable up to the date of redemption (excluding the date).

As of October 2020, November 2020 and January 2021, the subsidiary ENN Energy Holdings Limited repurchased the principal amount of US\$19.56 million, US\$10.1 million and US\$5 million in the open market. As of June 30, 2022, the outstanding principal amount of the 2022 unsecured bonds was US\$565 million and was reclassified as "non-current liabilities due within one year".

## VII. Notes on the Consolidated Financial Statements (Continued)

### 49. Other current liabilities

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance	Opening balance
Output tax to be carried forward	145,015	149,171
<b>Total</b>	<b>145,015</b>	<b>149,171</b>

Changes in short-term bonds payable:

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

### 50. Long-term loans

#### (1) Classification of long-term borrowings

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance	Opening balance
Pledged loan	12,031	7,500
Guaranteed loan	335,754	341,276
Loan on credit	342,527	213,768
Mortgage and guaranteed loans	1,660	2,160
Borrowings on pledge and guarantee	4,764	5,124
<b>Total</b>	<b>696,736</b>	<b>569,828</b>



## VII. Notes on the Consolidated Financial Statements (Continued)

### 50. Long-term loans (Continued)

#### (1) Classification of long-term borrowings (Continued)

Description of the classification of long-term loans:

1. Pledged loan: The loan of RMB120.31 million was obtained by subsidiaries Dongguan ENN Gas Co., Ltd., Zouping ENN Gas Co., Ltd. and Dingzhou Fuyuan Natural Gas Co., Ltd. with pledging their gas charging rights.
2. Guaranteed loan: the loan of RMB1,874.33 million was guaranteed by the ENN Natural Gas Co., Ltd.; The loan of RMB86.53 million was guaranteed by Langfang Xin'ao Fuel Gas Development Co., Ltd. (60% guaranteed) and Zhejiang Rongsheng Holding Group Co., Ltd. (40% guaranteed); The loan of RMB1,346.68 million shall be guaranteed by the Xin'ao (China) Gas Investment Co., Ltd; The loan of RMB50 million was guaranteed by Changsha Xin'ao Gas Development Co., Ltd.
3. Mortgage and guarantee loan: RMB16.6 million is obtained by the subsidiary Shanghai Zhongfen Thermal Power Co., Ltd. with its residential mortgage of Room 1702, No. 23, Lane 879, Zhongan Road, Xinchang Town, Pudong New Area, Shanghai, and was guaranteed by the Xin Ao (China) Gas Investment Limited.
4. Pledged and guaranteed loan: the loan of RMB47.64 million was guaranteed by Changsha ENN Changran Energy Development Co., Ltd. (55% guaranteed), and Hunan Xiangjiang New Area Investment Group Co., Ltd. (45% guaranteed), and part of the accounts receivable was pledged.

Other information, including the interest rate range:

☐ Applicable    ☒ Not Applicable

### 51. Bonds payable

#### (1) Bonds payable

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Bond issued overseas	1,404,477	984,096
Total	1,404,477	984,096

## VII. Notes on the Consolidated Financial Statements (Continued)

### 51. Bonds payable (Continued)

(2) *Increase or decrease in bonds payable (excluding other financial instruments such as preferred share and perpetual bonds divided into financial liabilities)*

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Name of bond	Face value	Date of issue	Term of bond	Amount of issue	Opening balance	Issued in current period	Interest at par	Amortization of premium and discount	Amount repaid in current period	Closing balance
VEYONG 3.375% 2026	US \$100	5/12/2021	5 years	US \$800 million	508,284		9,060	27,178		535,462
2030 Senior Notes	US \$100	9/17/2020	10 years	US \$750 million	475,812		6,607	25,328		501,140
2027 Senior Notes	US \$100	5/27/2022	5 years	US \$550 million		369,127	1,565	-1,252		367,875
Total	/	/	/	US \$2,100 million	984,096	369,127	17,232	51,254		1,404,477

Bonds payable:

1. **VEYONG 3.375% 2026:**

on May 12, 2021, the subsidiary ENN Clean Energy International Investment Limited issued US \$800 million of senior notes, with an interest rate of 3.375%; The interest payment dates are May 12 and November 12 of each year from November 12, 2021; The interest accrual dates are April 27 and October 28. The bond is unconditionally guaranteed by the company until mature in 2026. Since May 12, 2024, the issuer may choose to redeem all or part of the notes at any time, within a 12-month period commencing on May 12 each year, and the redemption price is based on 101.688% price in 2024 and 100.844% price in 2025; The Issuer may elect to redeem all but part of the notes at any time prior to May 12, 2024 at a redemption price equal to 100% of the principal amount of the notes redeemed, plus an insurance premium for accrued and unpaid interest (if any) applicable to, but not including, the redemption date.

2. **2030 Senior Notes:**

On September 17, 2020, the subsidiary ENN Energy Holdings Limited issued senior notes with a total face value of US \$750 million with an interest rate of 2.625%. Net proceeds received after issue cost were US\$739 million. The 2030 Senior Notes will due on September 17, 2030.

According to the terms and conditions of the 2030 senior notes, the issuer may, by giving notice of not less than 30 days but not more than 60 days to the holders of the 2030 senior notes, redeem all (not part) of the unsecured bonds at any time according to the overall price of the bonds as of the redemption date (excluding the date), and pay in full the early redemption amount and the unpaid interest calculated to the redemption date (excluding the date).

## VII. Notes on the Consolidated Financial Statements (Continued)

### 51. Bonds payable (Continued)

*(2) Increase or decrease in bonds payable (excluding other financial instruments such as preferred share and perpetual bonds divided into financial liabilities) (Continued)*

3. 2027 Senior Notes:

On May 17, 2022, the subsidiary ENN Energy Holdings Limited issued US\$550 million senior notes with an interest rate of 4.625%. Net proceeds after issue cost were US\$545 million. "2027 Senior Notes" will due on May 17, 2027.

According to the terms and conditions of the "2027 Senior Notes", the Issuer, by giving a notice of no less than 30 days but no more than 60 days to the holders of the 2027 Senior Notes, may redeem all (non-partial) of the debenture bonds at any time at the aggregate price of the bonds at the deadline for redemption date (excluding the date of redemption) and pay in full on the date of redemption the amount of early redemption and the accrued interest calculated to the date of redemption (excluding the date of redemption).

*(3) The conditions and time of conversion of convertible corporate bonds*

☐ Applicable ☒ Not Applicable

*(4) Description on other financial instruments that are classified into financial liabilities*

Basic information about other outstanding financial instruments, such as preferred stocks, perpetual debts at the end of the period

☐ Applicable ☒ Not Applicable

Statement of changes in other outstanding financial instruments such as preferred stocks, perpetual debts at the end of the period

☐ Applicable ☒ Not Applicable

Basis to classify other financial instruments into financial liabilities

☐ Applicable ☒ Not Applicable

Other description:

☒ Applicable ☐ Not Applicable

The bonds payable increased by 42.72% at the end of the reporting period compared with the end of last year was mainly due to the issuance of USD preference notes by subsidiaries of the company in the reporting period to replace the maturing overseas USD bonds.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 52. Lease liabilities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	27,206	32,060
Total	27,206	32,060

### 53. Long-term payables

#### Item list

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	153,190	162,870
Special payables		
Total	153,190	162,870

Other description:

NO

Long-term payables

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Purchase of intangible assets by installment payables	153,190	162,870
Total	153,190	162,870

Other description:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 53. Long-term payables (Continued)

#### *Special payables*

☐ Applicable    ☒ Not Applicable

### 54. Long-term salary payable

☐ Applicable    ☒ Not Applicable

### 55. Anticipation liabilities

☐ Applicable    ☒ Not Applicable

### 56. Deferred income

#### *Information on deferred income*

☒ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance	Reasons
Government subsidies	96,747	6,514	3,776	99,485	Asset-related/Income-related government subsidies
Total	96,747	6,514	3,776	99,485	/

## VII. Notes on the Consolidated Financial Statements (Continued)

### 56. Deferred income (Continued)

#### Information on deferred income (Continued)

Items involving government subsidies:

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Liability items	Opening balance	The amount of newly granted subsidies during this period	Amount included in non-operating income during current period	Amount included in other income during current period	Others changes	Closing balance	Asset-related/ Income-related
Refund on land	2,264			27		2,237	Assets related
Government subsidy on induced draft fan and integral electric bag hybrid dust removing device	249			15		234	Assets related
Special subsidy on power demand side	30			5		25	Assets related
Water pollution prevention and treatment fund	126			18		108	Assets related
Industrial internet innovation and development demonstration project	17			2		15	Assets related
Subsidies on replacing coal with gas	24,106			420		23,686	Assets related
Subsidies on pipeline network demolition and construction	6,770			132		6,638	Assets related
Subsidies on emergency gas storage facilities	9,757			62		9,695	Assets related
Subsidies on pipeline modification	16,170	3,456		246		19,380	Assets related
Subsidies on land	2,771			47		2,724	Assets related
Subsidies on distributed energy project of natural gas	2,860	791		73		3,578	Assets related
Energy station projects	828			70		758	Assets related
New Chaoyang integrated energy micro network demonstration project	983			21		962	Assets related
Subsidies on the new passenger station project	721			60		661	Assets related
Subsidies on phasing out coal-fired heating boiler	3,244			55		3,189	Assets related
Old community renovation project	731	868		6		1,593	Assets related
Guaranteed subsidy	1,143	507			-1,650		Asset-related, income-related
Subsidy for change the bottle to pipe	1,406	345		10		1,741	Assets related
SOFC cogeneration project	670					670	Assets related
Others	21,901	547		857		21,591	Asset-related, income-related
Total	96,747	6,514		2,126	-1,650	99,485	

Other description:

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 57. Other non-current liabilities

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Closing balance	Opening balance
Derivative financial liabilities that are included in other non-current liabilities:		
Non-hedging derivatives	9,807	85,875
Including: Foreign exchange derivative contracts		
Commodity derivative contracts	9,807	85,875
Derivative products designated as hedging instruments	2,448	49,259
Including: Foreign exchange derivative contracts	2,448	530
Commodity derivative contracts		48,729
Contractual liabilities included in other non-current liabilities	303,440	319,097
<b>Total</b>	<b>315,695</b>	<b>454,231</b>

Other description:

At the end of the period, other non-current liabilities decreased by 30.50% compared with the beginning of the period. It was mainly due to the reclassification of derivative financial instruments presented in the other non-current liabilities to derivative financial liabilities, as the mature period of the derivative financial instruments held by the subsidiaries of the reporting period changes from long-term to less than one year.

### 58. Capital stock

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

	Opening balance	Changes in current period (+,-)					Closing balance
		Issue of new shares	Share donation	Reserved fund Share transfer	Others	Subtotal	
Total amount of shares	284,585						284,585

Other description:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 59. Other equity instruments

(1) *Basic information about other outstanding financial instruments, such as preferred stocks, perpetual debts at the end of the period*

☐ Applicable ☒ Not Applicable

(2) *Statement of changes in other outstanding financial instruments such as preferred stocks, perpetual debts at the end of the period*

☐ Applicable ☒ Not Applicable

Illustration on the changes in other equity instruments and reasons of changes in other equity instruments, and related accounting treatment standards:

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 60. Capital reserve

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
Capital premium (capital stock premium)	271,162	4,161		275,323
Other capital reserve	16,393	6,869	8,716	14,546
Total	287,555	11,030	8,716	289,869

Other description, including changes in the current period and reasons for the changes:

1. The increase of capital premium (equity premium) in the current period is due to the achievement of lifting the restricted selling conditions in the first period granted by the company's restricted stock incentive plan in 2021 during the reporting period, and the incentive expenses included in other capital reserves are transferred to the capital premium;
2. Other capital reserves increased mainly due to the reporting period's allocation of restricted stock, ENN Energy Holdings Limited, a subsidiary of the company, shared the expenses for confirming stock options and the exercise of stock options;
3. The decrease of other capital reserves in the current period is mainly caused by the stock option exercise granted by the company's subsidiary ENN Energy Holdings Limited during the reporting period, which results in the dilution of the company's equity in ENN Energy Holdings Limited, the reduction of the capital reserve, and the acquisition of minority shareholders' equity by the company's subsidiary.



## VII. Notes on the Consolidated Financial Statements (Continued)

### 61. Treasury stock

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
Treasury stock	12,545	10,064	3,269	19,340
Total	12,545	10,064	3,269	19,340

Other description, including changes in the current period and reasons for the changes:

1. The increase in treasury stock during the reporting period was caused by the company's repurchase of the treasury stock through centralized bidding.
2. The decrease in treasury stock in the current period was mainly due to the reversal of the repurchase obligations recognized in 2021 restricted stock incentive plan of the reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 62. Other comprehensive income

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Opening balance	Incurred amount before current income tax	Amount incurred in current period		Less: Income tax expenses	Belong to parent company after tax	Belong to minority stockholders after tax	Closing balance
			Less: Amount recorded in other comprehensive income in previous periods and transferred to profit or loss in current period	Less: Amount recorded in other comprehensive income in previous periods and transferred into retained earnings in current period				
I. Other consolidated income that cannot be reclassified into gains or losses	932	-2,148			-439	-558	-1,151	374
Including: Re-measurement of the amount of changes in the defined benefit plans								
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instrument investment	932	-2,148			-439	-558	-1,151	374
Changes in fair value of enterprise's own credit risk								
II. Other consolidated income to be reclassified into profit or loss	26,527	-66,627	80,130		-25,943	-101,066	-19,748	-74,539
Including: Other consolidated income of convertible profit or loss under equity method								
Changes in the fair value of other creditor's rights investments								
Amount of financial assets reclassified into other consolidated income								
Preparation for credit impairment of other creditor's rights investment								
Cash flow hedging reserve	7,890	-72,343	80,130		-25,943	-104,834	-21,696	-96,944
Conversion difference of foreign currency financial statements	17,889	5,716				3,768	1,948	21,657
Others	748							748
Other comprehensive income	27,459	-68,775	80,130	-	-26,382	-101,624	-20,899	-74,165

Other explanations, including the adjustment to the effective part of the cash flow hedge gain or loss converted into the amount initially recognized for the hedged item:

Other comprehensive income at the end of the period decreased 370.09% compared with the beginning of the period, which was mainly due to the decrease in the cash flow hedge reserves of the subsidiaries of the company in this reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 63. Special reserves

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Opening balance	Current increase	Current decrease	Closing balance
Safety production cost	4,291	7,981	8,779	3,493
Coal mine maintenance fee		2,465	2,465	
Total	4,291	10,446	11,244	3,493

Other description, including changes in the current period and reasons for the changes:

NO

### 64. Surplus reserves

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	22,415			22,415
Arbitrary surplus reserves				
Reserve funds				
Enterprise development fund				
Others				
Total	22,415			22,415

Surplus reserves description, including the increase and decrease in the current period and the reason for the change:

None

### 65. Generic risk reserve

Unit: RMB'0000   Currency: RMB

Item	Opening balance	Extract in current period	Decrease in current period	Closing balance
Generic risk reserve	17,464			17,464
Total	17,464			17,464

## VII. Notes on the Consolidated Financial Statements (Continued)

### 66. Undistributed profit

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Current period	Last year
Undistributed profit at the end of last period before adjustment	854,115	535,146
Total undistributed profits at the beginning of the adjustment period (increase+, decrease-)		-15,024
Undistributed profit at the beginning of the adjustment period	854,115	520,122
Plus: Net profits in current period attributable to equity holder of the parent company	153,543	410,165
Less: Appropriation of legal surplus		22,415
Withdrawal of discretionary surplus reserve		
Extraction of general risk reserve		2,440
Common stock dividends payable	87,324	54,050
Ordinary stock dividend transferred to share capital		
Others		-2,733
Undistributed profit at the end of the period	920,334	854,115

The details of the adjustments to the undistributed profit at the beginning of the period:

1. Due to the retroactive adjustment of the Accounting Standards for Business Enterprises and its relevant new regulations, the opening undistributed profit will be RMB0.
2. Due to changes in accounting policies, the opening undistributed profit is RMB0.
3. Due to the correction of major accounting errors, the opening undistributed profit was affected by RMB0.
4. Changes in the consolidation scope caused by the common control affect the opening undistributed profit of RMB0.
5. Other adjustments will affect the total undistributed profit at the beginning of the period of 0 yuan.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 67. Operating income and operating cost

#### (1) Operating revenue and operating cost

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	7,167,155	6,291,133	5,158,447	4,261,522
Other businesses	134,819	13,591	18,852	1,684
Total	7,301,974	6,304,724	5,177,299	4,263,206

Other description:

Other business incomes increased by 615.14% in the current period compared with the same period previous year. It was mainly due to the financial settlement income of negotiated upstream supplier repurchase of LNG cargos which was generated by the subsidiaries of the company during the current reporting period.

#### (2) Revenue generated from contracts

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Classification of contracts	ENN Natural Gas Co., Ltd.	Total
Types of products		
Natural gas retail	3,481,698	3,481,698
Gas wholesale	1,869,589	1,869,589
Natural gas direct sale	315,575	315,575
Project construction and installation	361,232	361,232
Integrated energy sales and services	612,951	612,951
Energy chemicals	160,108	160,108
Extended businesses	131,404	131,404
Chemical trading	104,352	104,352
Coal	130,246	130,246
Total	7,167,155	7,167,155

Description on income generated from contracts:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 67. Operating income and operating cost (Continued)

#### (3) Description of performance obligations

☐ Applicable    ☒ Not Applicable

#### (4) Description of the apportionment to the remaining performance obligations

☒ Applicable    ☐ Not Applicable

At the end of the reporting period, the corresponding amount of revenue that contracts have been signed but obligations have not been performed or completed was RMB1,391.35 million.

Other description:

The operating incomes increased 41.04% in the current period compared with the same period last year, and the operating cost increased 47.89% in the current period compared with the same period last year, mainly due to the increase during this reporting period in unit price and gas volume of the natural gas business (wholesale and retail) of the company's subsidiaries, as well as the rapid growth of the integrated energy business.

### 68. Interest income and interest expense

Unit: RMB'0000    Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Interest income	6,635	5,148
Including: Loan interest income	201	521
Discount interest income	30	28
Interest income from financial institutions	921	1,556
Lease income	1,229	686
Factoring interest income	4,254	2,357
Interest expense	1,062	835

## VII. Notes on the Consolidated Financial Statements (Continued)

### 69. Fee and commission income and fee and commission expenses

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Fee and commission income	7	262
Including: Entrusted loan business	4	142
Leasing business		70
Others	3	50
Fee and commission expenses	46	270

### 70. Taxes and surcharges

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	5,513	4,923
Education surtax	3,993	3,749
Resources tax	12,567	4,978
Property tax	2,531	2,232
Land use tax	2,386	2,345
Stamp duty	4,869	3,479
Charges collected by the local government	1,196	915
Environmental protection tax	18	20
Water resources tax	279	312
Farming land occupation tax	1,745	
Others	705	573
Total	35,802	23,526

Other description:

Taxes and surcharges increased by 52.18% in the current period as compared to the same period last year, mainly due to the increase in resource tax accrued by Xinneng Mining Industry, a subsidiary of the company, as a result of the increase in revenue in the current reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 71. Selling expenses

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	41,285	45,231
Travel expenses	677	821
Advertising, publicity and promotion fees	784	1,291
Business entertainment expenses	243	261
Tenancy expenses	646	703
Maintenance fee	12,600	13,057
Depreciation expenses	8,847	6,471
Commission fee for products commissioned to sell	276	206
Communication expenses	145	136
Others	4,100	2,939
<b>Total</b>	<b>69,603</b>	<b>71,116</b>

Other description:

No



## VII. Notes on the Consolidated Financial Statements (Continued)

### 72. Administrative expenses

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	114,078	99,478
Repair cost	8,137	5,726
Depreciation and amortization	27,562	23,257
Administrative expenses and expenses for business trips	6,813	5,304
Business entertainment expenses	12,307	11,460
Vehicle costs	2,474	2,991
Fees for intermediaries	8,174	7,006
Water and electricity expenses	1,145	675
Premiums for property insurance	824	724
Rental fees	462	150
Share-based payment	4,200	6,552
Loss from shut-down	6,045	5,782
Others	9,898	5,117
Total	202,119	174,222

Other description:

No

## VII. Notes on the Consolidated Financial Statements (Continued)

### 73. Research and development expenditure

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	19,207	13,956
Depreciation expenses	4,614	3,018
Materials	9,890	9,445
Experiments and tests fee	70	91
Water and electricity expenses	796	466
Consultation expenses	69	292
Others	702	5,203
<b>Total</b>	<b>35,348</b>	<b>32,471</b>

Other description:

No

### 74. Financing Expense

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	55,719	52,592
Plus: Interest revenue	-5,876	-5,692
Exchange profit or loss	86,030	-38,859
Bank charges	4,424	5,744
Others	624	31
<b>Total</b>	<b>140,921</b>	<b>13,816</b>

Other description:

The financing expense increased by 919.98% compared with the same period last year in the current period. It was mainly due to the depreciation of RMB and exchange losses from USD debts during the reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 75. Other income

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies that are directly included in profit and loss	11,114	14,521
Value added tax refund	2,207	1,677
Amortization of deferred income	2,126	1,862
Others	518	
<b>Total</b>	<b>15,965</b>	<b>18,060</b>

Other description:

No

## VII. Notes on the Consolidated Financial Statements (Continued)

### 76. Return on investment

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income accounted for under the equity method	14,390	27,458
Return on investment arising from disposal of long-term equity investment	-37	9,015
Return on investment of held-for-trading financial assets during holding period		
Dividend income received by the investment in other equity instruments during the holding period	109	248
Interest income earned by the debt investment during the holding period		
Interest income earned by the other debt investment: during the holding period		
Return on investment obtained from disposal of held-for-trading financial assets	1,125	1,658
Return on investment obtained from disposal of investment in other equity instruments		
Return on investment obtained from disposal of debt investment		
Return on investment obtained from disposal of other debt investment		
Gain on debt restructuring		-138
Settlement profit and loss from derivative financial instruments	49,816	10,136
Return on investment of other non-current financial assets	6,650	13,752
Remeasurement of gains or losses from previously held equity interests		-42
Total	72,053	62,087

Other description:

No

## VII. Notes on the Consolidated Financial Statements (Continued)

### 77. Exchange gains

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Exchange gains	-18	1

Other description:

No

### 78. Net exposure hedging income

☐ Applicable ☒ Not Applicable

### 79. Income from changes in fair value

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Source of income from fair value change	Amount incurred in the current period	Amount incurred in the previous period
Variable income of fair value of financial assets measured at fair value	-1,606	-2,195
Fair value change benefit generated by derivative financial instrument	-4,358	26,489
The unrealized income on the invalid part of cash flow hedge	-3,417	-43
Trading financial liabilities		
Investment property measured at fair value	184	
Income from changes in fair value arising from cash-settled share-based payments in liabilities	-1,289	
Total	-10,486	24,251

Other description:

Income from changes in fair value this period decreased by RMB347 million compared with the same period last year, mainly due to the decrease in the fair value of derivative financial instruments held by subsidiaries of the company during the reporting period.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 80. Credit impairment loss

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss on bills receivable	-11	-6
Bad debt loss on accounts receivable	-8,255	1,602
Loss on other receivables	-1,020	79
Impairment loss on debt investments	5	-1
Impairment loss on other debt investments		
Loss on long-term receivables	-35	-103
Impairment loss on lendings and prepayments	22	
Impairment loss on non-current assets	26	-293
Impairment loss on non-current assets due within one year	110	29
<b>Total</b>	<b>-9,158</b>	<b>1,307</b>

Other description:

The credit impairment loss increased by RMB105 million compared with the same period last year, mainly due to the increase of receivables balance of the reporting period of subsidiaries compared with the same period last year and the corresponding increase in impairment provision.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 81. Assets impairment loss

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Bad debt loss		
II. Loss of inventory depreciation and contract performance cost Impairment loss	-203	
III. Impairment loss on long-term equity investments		
IV. Impairment loss on investment properties		
V. Impairment loss on fixed-assets	-1,862	
VI. Impairment loss on project materials		
VII. Impairment loss on construction in progress		
VIII. Impairment loss on productive biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
XIII. Impairment loss on contract assets	832	-286
Total	-1,233	-286

Other description:

The assets impairment loss increased by RMB9 million over the same period last year, mainly due to the impairment of some reporting period's subsidiaries.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 82. Asset disposal income

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Gain on the disposal of fixed assets	-3,129	-5,600
Gain on the disposal of intangible assets	1,841	524
Total	-1,288	-5,076

Other description:

☒ Applicable ☐ Not Applicable

Income from disposal of assets increased by RMB38 million over the same period last year, mainly due to the decrease in net loss from disposal of fixed assets and the increase in net income from disposal of intangible assets during the reporting period.

### 83. Non-operating income

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Total profit from the disposal of non-current assets			
Including: Gain on the disposal of fixed assets			
Gain on the disposal of intangible assets			
Debt restructuring gain			
Non-monetary assets exchange gains			
Donations accepted			
Government subsidies			
Profit from asset surplus	196	425	196
Default income	409	1,118	409
Unpayable accounts payable	1,315	1,547	1,315
Income from the disposal of waste and old materials	553	768	553
Compensation income	1,035	982	1,035
Others	862	471	862
Total	4,370	5,311	4,370



## VII. Notes on the Consolidated Financial Statements (Continued)

### 83. Non-operating income (Continued)

Government subsidy included in current profit and loss

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 84. Non-operating expenditure

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profit and loss
Total loss on disposal of non-current assets	53		53
Including: Loss on disposal of fixed assets	53		53
Losses from disposal of Intangible assets			
Losses of debt reconstruction			
Non-monetary asset swap loss			
External donation	518	1,343	518
Fines forfeits and penalty expenditure	305	280	305
Loss on disposal of waste and old materials	1,092	968	1,092
Compensation expenditure	541	443	541
Others	742	2,742	742
Total	3,251	5,776	3,251

Other description:

No

## VII. Notes on the Consolidated Financial Statements (Continued)

### 85. Income tax expenses

#### (1) Income tax expense schedule

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	154,397	127,941
Deferred income tax expense	12,495	27,295
Total	166,892	155,236

#### (2) The adjustment process of accounting profit and income tax expense

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period
Gross profit	585,945
Income tax expense calculated according to statutory/applicable tax rate	146,486
The effect from the adoption of different applicable tax rate for subsidiaries	-32,482
The effect from adjusting the income tax of previous periods	-7,530
Impact of non-taxable income	-3,826
The effect of non-deductible costs, expenses and losses	6,910
The effect of using deductible losses of deferred tax assets that have not been recognized in the previous period	-4,119
Impacts of deductible temporary differences or deductible losses of deferred tax assets not recognized during the current period	63,047
Others	-1,594
Income tax expenses	166,892

Other description:

☐ Applicable ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 86. Other comprehensive income

☒ Applicable ☐ Not Applicable

For details, see "Note VII-62. Other Comprehensive Income"

### 87. Cash flow statement items

#### (1) Cash received from other activities related to operating activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest income from bank deposits	5,876	6,481
Government subsidy income	18,187	18,105
Performance deposit and cash pledge received	2,466	15,654
Total	26,529	40,240

Information on other cash received related to operating activities:

Other cash received related to business activities decreased in this period by 34.07% compared with the same period last year, mainly due to the reduction of performance bonds and deposits received by the subsidiaries of the Company during this reporting period.

#### (2) Cash paid for other activities related to operating activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Administration expenses paid by cash	54,508	43,932
Sales expenses paid by cash	19,963	19,414
R&D expenses paid by cash	4,105	15,497
Charges from financial institutions	4,424	5,995
Performance deposits and cash pledged paid by cash	5,097	2,373
Total	88,097	87,211

Information on other cash paid in related to operating activities:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 87. Cash flow statement items (Continued)

#### (3) Cash received from other activities related to investment activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received as borrowings from related parties	7,300	40,432
Third party entity repayments	303	
Reduction of restricted bank deposits	34,241	23,800
Others	363	
Total	42,207	64,232

Information on other cash received related to investment activities:

Other cash received related to investment activities decreased by 34.29% in the current period compared with the same period last year, mainly due to the decrease in current accounts received by subsidiaries of the reporting period from associates and joint ventures.

#### (4) Cash paid for other activities related to investment activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash paid as borrowings to related parties	26,946	41,384
Option proceeds	1,000	500
Increase in restricted bank deposit	24,130	4,778
Total	52,076	46,662

Information on payment of other cash related to investment activities:

NO

## VII. Notes on the Consolidated Financial Statements (Continued)

### 87. Cash flow statement items (Continued)

#### (5) Cash received from other activities related to financial activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash received from associated companies related to financing	13,314	9,320
Received bill discounts, bills maturity acceptance, bank acceptance bill deposit	49,616	5,168
Receive financial lease payments	1,483	
<b>Total</b>	<b>64,413</b>	<b>14,488</b>

Information on other cash received related to financing activities:

The other cash received related to financing activities increased 344.60% in the current period compared with the same period last year, mainly due to the increase in bill discounts received by subsidiaries of the reporting period.

#### (6) Cash paid for other activities related to financial activities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash paid to associated companies related to financing	12,656	22,052
Share repurchase	10,067	
Share purchase payments under the same control	6,177	218,525
Principal, rent rate and charges from financial lease	19,185	12,026
Other financing	2,878	
<b>Total</b>	<b>50,963</b>	<b>252,603</b>

Information on other cash paid related to financing activities:

The other cash payments related to financing activities decreased by 79.82% in the current period compared with the same period last year, mainly due to the payment made by subsidiaries of the same period last year for the acquisition of ENN Energy Holdings Limited equity under common control.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 88. Supplementary information on cash flow statement

#### (1) Supplementary information on cash flow statement

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Supplementary information	Current amount	Amount of previous period
<b>1. Adjust the net profit to operating cash flow:</b>		
Net Profit	419,053	547,890
Plus: Property depreciation preparation	1,233	286
Credit impairment loss	9,158	-1,307
Depreciation of fixed assets, loss of oil and gas assets, depreciation of productive biological assets	144,165	122,216
Amortization of right-of-use assets	5,500	4,778
Amortization of intangible assets	29,821	24,798
Amortization of long-term deferred expenses	6,352	5,693
Loss from disposal of fixed assets, intangible assets and other long-term assets (income expressed with "-")	1,288	5,076
Loss on scrapping of fixed assets (income expressed with in "-")	584	
Loss from fair value changes (income expressed with "-")	10,486	-24,251
Financial expenses (income expressed with "-")	141,564	27,113
Loss of investment (income expressed with "-")	-72,053	-60,429
Decrease in deferred tax asset (Increase expressed with "-")	-24,552	-78
Increase in deferred tax liabilities (decrease expressed with "-")	7,461	27,373
Decrease of inventory (increase expressed with "-")	6,645	-16,980
Decrease in operating receivables (increase expressed with "-")	242,087	30,683
Increase in operating payables (decrease expressed with "-")	-252,531	-138,007
Others		
Net cash flow from operating activities	676,261	554,854
<b>2. Non-cash major investment and financing activities:</b>		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
<b>3. Net change of cash and cash equivalents:</b>		
Ending balance of cash	1,552,724	1,251,751
Less: Beginning balance of cash	1,234,758	1,163,099
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	317,966	88,652

## VII. Notes on the Consolidated Financial Statements (Continued)

### 88. Supplementary information on cash flow statement (Continued)

#### (2) Net cash paid to acquire subsidiaries in current period

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

	Amount
Cash or cash equivalents paid in the current period for the business merger occurred in the current period	1,430
Ruzhou Yurun Natural Gas Co., Ltd.	1,430
Minus: cash and cash equivalents held by the subsidiary on the purchase date	1
Ruzhou Yurun Natural Gas Co., Ltd.	1
Plus: cash or cash equivalents paid in the current period for business combinations occurred in previous periods	4,906
Shouning County China Gas New Energy Co., Ltd.	120
Gutian County Zhongqi New Energy Co., Ltd.	738
Nanfeng County Zhongqi Natural Gas Co., Ltd.	245
Xiapu County Zhongqi New Energy Co., Ltd.	249
Luoyang Shunhe Energy Co., Ltd.	740
Shuangcheng Zhongqing Gas Co., Ltd.	2,714
Xin'ao Biomass Energy (Tianjin) Co., Ltd.	100
Net cash paid for acquisition of subsidiaries	6,335

Other description:

No

#### (3) Net cash received from disposal of subsidiaries in the current period

☐ Applicable   ☒ Not Applicable

## VII. Notes on the Consolidated Financial Statements (Continued)

### 88. Supplementary information on cash flow statement (Continued)

#### (4) Composition of cash and cash equivalents

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance	Opening balance
I. Cash	1,552,724	1,234,758
Including: Cash on hand	1,552	1,130
Bank deposits available for payment at any time	1,172,530	1,010,203
Other monetary funds available for payment at any time	8,118	1,326
Deposits of central bank available for payment		
Inter-bank deposits	370,524	222,099
Inter-bank offers		
II. Cash equivalents		
Including: Bond investment that expires in three months		
III. Balance of cash and cash equivalents at the end of period	1,552,724	1,234,758
Including: Restricted cash and cash equivalents are used by the parent company or subsidiary companies within the group		

Other description:

☐ Applicable   ☒ Not Applicable

### 89. Notes on the statement of changes in owners' equity

Description on the name and amount of "Other" items that adjustment have been made to as per the balance at the beginning of the period:

☐ Applicable   ☒ Not Applicable



## VII. Notes on the Consolidated Financial Statements (Continued)

### 90. Assets with restricted ownership or use right

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	End book value	Reasons of restriction
Monetary fund	121,250	Legal reserves deposited in the Central Bank, deposits for bank acceptance bills, etc.
Fixed assets	2,818	Loan mortgage
Intangible assets	250	Loan mortgage
Held-for-trading financial assets	44,310	Structured deposit pledge
Total	168,628	/

Other description:

1. The restricted monetary fund mainly includes the company's reserves and deposits in various financial institutions, mainly including the legal reserve of RMB524 million deposited in the central bank and the deposit of RMB234 million for bank acceptance bills.
2. The company pledged the gas charging rights of some subsidiaries as a guarantee for obtaining bank credit.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 91. Monetary items in foreign currency

#### (1) Monetary items in foreign currency

√ Applicable    ☐ Not Applicable

Unit: RMB'0000

Item	Closing balance of foreign currency	Exchange rate	Closing balance converted to RMB
Monetary fund	–	–	
Including: US	41,111	6.7114	275,915
HKD	5,467	0.8552	4,675
EUR	3	7.0084	21
AUD	19	4.6145	89
CAD	0	5.2058	1
GBP	2	8.1365	19
SGD	648	4.1771	2,705
Accounts receivable	–	–	
Including: US	753	6.7114	5,054
AUD			
HKD			
Long-term loans	–	–	
Including: US	20,478	6.7114	137,433
AUD			
HKD			
Other receivables	–	–	
Including: US	2,499	6.7114	16,772
HKD			
EUR			
Accounts payable	–	–	
Including: US	9,791	6.7114	65,712
HKD			
EUR			
Other payables	–	–	
Including: US	87	6.7114	584
HKD			
EUR			

## VII. Notes on the Consolidated Financial Statements (Continued)

### 91. Monetary items in foreign currency (Continued)

#### (1) Monetary items in foreign currency (Continued)

Item	Closing balance of foreign currency	Exchange rate	Closing balance converted to RMB
Short-term borrowings	–	–	
Including: US	2,627	6.7114	17,628
HKD			
EUR			
Non-current liabilities due within one year	–	–	
Including: US	58,342	6.7114	391,556
HKD			
EUR			
Bonds payable	–	–	
Including: US	209,267	6.7114	1,404,477
HKD			
EUR			

Other description:

NO

- (2) *Description on overseas business entity: for an important overseas business entity, the Company shall disclose its main place of overseas business, its functional currency and the standards to choose such currency. In case that the functional currency changed, reasons for the change shall be disclosed*

☒ Applicable ☐ Not Applicable

Overseas business entity	Principal place of business	Bookkeeping base currency
Xinneng (Hong Kong) Energy Investment Co., Ltd.	Hong Kong	RMB
Jiapi Holdings Co., Ltd.	Hong Kong	RMB
ENN Gas Investment Group Co., Ltd.	Hong Kong	RMB
ENN Energy China Investment Co., Ltd.	Hong Kong	RMB
ENN LNG Trading Co., Ltd.	Hong Kong	RMB
ENN Energy Holdings Limited	Hong Kong	RMB

## VII. Notes on the Consolidated Financial Statements (Continued)

### 91. Monetary items in foreign currency (Continued)

- (2) *Description on overseas business entity: for an important overseas business entity, the Company shall disclose its main place of overseas business, its functional currency and the standards to choose such currency. In case that the functional currency changed, reasons for the change shall be disclosed (Continued)*

Other description:

The functional currency of the Xinneng (Hong Kong) Energy Investment Co., Ltd. was changed from USD to RMB in the current period because: the main source of income was dividends from the ENN Energy Holdings Limited and the main source of income of the ENN Energy Holdings Limited was domestic and denominated in RMB. In accordance with the provisions of the Accounting Standards for Business Enterprises, the Company believes that the change from USD as the functional currency to RMB as the functional currency is conducive to providing more reliable accounting information, reflecting more objective and fair operating results and financial position of the Company, and providing more reliable and accurate accounting information for investors.

### 92. Hedging

☒ Applicable    ☐ Not Applicable

According to the hedge category, the Company discloses the qualitative and quantitative information related to the hedged project, related hedging instruments and hedging risks.

The Company uses foreign exchange derivatives to hedge the foreign exchange faced by the Company's bonds payable and bank loans denominated in USD, so as to avoid the risk of fluctuations in the expected future cash flow caused by the return of bonds payable and bank loans denominated in USD due to the fluctuation of the exchange rate of RMB against USD. The pricing of LNG is linked to crude oil, natural gas and other indexes, and commodity derivatives are used to hedge the commodity price risk borne by the company, so as to avoid the company's risk of fluctuations in the expected future cash flow brought by LNG's expected procurement with the fluctuation of crude oil, natural gas and other market prices. The company designates these transactions as cash flow hedges.

As of the balance sheet date, the fair value of hedged foreign exchange derivative contract and commodity derivative contract assets held for position was RMB612.30 million, and the fair value of foreign exchange derivative contract and commodity derivative contract liabilities was RMB1,984.24 million. The pre-tax loss of cash flow hedging reserve included in other comprehensive income in the current period is RMB1,524.73 million, and it is expected to be gradually transferred to the profit and loss statement after the balance sheet date.

## VII. Notes on the Consolidated Financial Statements (Continued)

### 93. Government subsidies

#### 1. Basic information on government subsidies

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Type	Amount	Reporting items	The amount included into current profit and loss
Refund on land	2,237	Other income	27
Government subsidy on induced draft fan and integral electric bag hybrid dust removing device	234	Other income	15
Special subsidy on power demand side	25	Other income	5
Water pollution prevention and treatment fund	108	Other income	18
Industrial internet innovation and development demonstration project	15	Other income	2
Subsidies on replacing coal with gas	23,686	Other income	420
Subsidies on pipeline network demolition and construction	6,638	Other income	132
Subsidies on emergency gas storage facilities	9,695	Other income	62
Subsidies on pipeline modification	19,380	Other income	246
Subsidies on land	2,724	Other income	47
Subsidies on distributed energy project of natural gas	3,578	Other income	73
Energy station projects	758	Other income	70
New Chaoyang integrated microenergy network demonstration project	962	Other income	21
Subsidies on the new passenger station project	661	Other income	60
Subsidies on phasing out coal-fired heating boiler	3,189	Other income	55
Old community renovation project	1,593	Other income	6
Guaranteed subsidy	6,665	Operating cost	8,315
Subsidy for change the bottle to pipe	1,741	Other income	10
SOFC combined heat and power project	670	Other income	
Government discount	42	Financial expenses	42
Value added tax refund	2,207	Other income	2,207
Government subsidies that are directly included in profit and loss	11,114	Other income	11,114
Import value added tax refund	44,671	Operating cost	44,671
Others	21,591	Other income	857
Total	164,184	Other income	68,475

## VII. Notes on the Consolidated Financial Statements (Continued)

### 93. Government subsidies (Continued)

#### 2. *Return of government subsidies*

☐ Applicable    ☒ Not Applicable

Other description:

NO

### 94. Others

☐ Applicable    ☒ Not Applicable

## VIII.Changes in the Scope of Consolidation

### 1. Business combination of enterprises under different controls

☐ Applicable ☐ Not Applicable

#### (1) Business combination under different controls incurred in current period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of acquiree	Time of equity acquisition	Equity acquisition cost	Share ratio acquired (%)	Way of acquisition	Date of purchase	Basis for determining the date of purchase	Income of the acquiree from date of purchase to the end of the period	Net profit of the acquiree from date of purchase to the end of the period
Ruzhou Yurun Natural Gas Co., Ltd.	June 23, 2022	2,383	100	Acquisition	June 23, 2022	Complete registration of equity change		
Pingshan Zhongcheng Gas Co., Ltd.	March 28, 2022	5,950	100	Acquisition	March 28, 2022	Complete registration of equity change	419	-60

Other description:

No

#### (2) Acquisition cost and goodwill

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Combined cost	Ruzhou Yurun Natural Gas Co., Ltd.	Pingshan Zhongcheng Gas Co., Ltd.
— Cash	2,383	5,950
— Fair value of non-cash assets		
— Fair value of debt issued or assumed		
— Fair value of equity securities issued		
— Fair value of contingent consideration		
— Fair value of shares on the date of purchase that are held prior to the date of purchase		
— Others		
Total combined cost	2,383	5,950
Less: Share of fair value of identifiable net assets acquired	2,383	5,950
Goodwill/amount of combined cost lower than the share of fair value of identifiable net assets acquired		

## VIII.Changes in the Scope of Consolidation (Continued)

### 1. Business combination of enterprises under different controls (Continued)

#### (2) Acquisition cost and goodwill (Continued)

The method to determine the fair value of the combined cost, contingent consideration and illustration to the changes:

No

The main reasons for the formation of large amount of goodwill:

No

Other description:

No

#### (3) The identifiable assets and liabilities of the acquiree at the date of purchase

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

	Ruzhou Yurun Natural Gas Co., Ltd.		Pingshan Zhongcheng Gas Co., Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets:	3,549	1,529	15,190	7,752
Monetary fund	1	1	363	363
Accounts receivable			4	4
Prepayments			22	22
Other receivables			1,503	1,503
Inventory	24	24	19	19
Fixed assets	1,504	1,504	4,416	4,416
Construction in progress			439	439
Intangible assets	2,020		8,424	986
Liabilities:	1,166	661	9,240	7,381
Advances to suppliers	33	33	444	444
Advances from customers			823	823
Salary payable			142	142
Tax payable	107	107	-1	-1
Other payables	503	503	5,973	5,973
Deferred income	18	18		
Deferred tax liabilities	505		1,859	
Net assets	2,383	868	5,950	371
Less: Minority shareholders' interests				
Net assets acquired	2,383	868	5,950	371



## VIII.Changes in the Scope of Consolidation (Continued)

### 1. Business combination of enterprises under different controls (Continued)

#### (3) *The identifiable assets and liabilities of the acquiree at the date of purchase (Continued)*

The method to determine the fair value of identifiable assets and liabilities:

No

Contingent liabilities of the acquiree assumed by the purchaser in an enterprise merger:

No

Other description:

No

#### (4) *The gains or losses arising from the re-measurement of the equity held before the purchase date according to the fair value*

Whether the merger is realized through multiple transactions and the power to control is acquired during the reporting period

☐ Applicable    ☒ Not Applicable

#### (5) *Description of the situation where it is impossible to reasonably determine the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree on the date of purchase or at the end of the merger period*

☐ Applicable    ☒ Not Applicable

#### (6) *Other description*

☐ Applicable    ☒ Not Applicable

## VIII.Changes in the Scope of Consolidation (Continued)

### 2. Business combination under the same control

☒ Applicable ☐ Not Applicable

#### (1) Business combination under same control incurred in current period

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of combined party	Ratio of equity obtained in business combination	Basis for business combination under the same control	Date of combination	Basis for determining the date of combination	Income of the combined party from the beginning of the period of combination to the combination date	Net profit of the combined party from the end of the period of combination to the combination date	Income of combined party during comparison period	Net profit of combined party during comparison period
Langfang ENN Gaobo Technology Co., Ltd.	100%	Under the same actual control	April 26, 2022	Complete registration of equity change				

Other description:

No

#### (2) Combined cost

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Combined cost	Langfang ENN Gaobo Technology Co., Ltd.
— Cash	6,177
— Book value of non-cash assets	
— Book value of debt issued or assumed	
— Face value of equity securities issued	
— Contingent consideration	

Description of contingent consideration and its changes:

No

Other description:

No

## VIII.Changes in the Scope of Consolidation (Continued)

### 2. Business combination under the same control (Continued)

#### (3) Book value of assets and liabilities of combined party at the date of combination

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

	Langfang ENN Gaobo Technology Co., Ltd.	
	Date of combination	End of the last period
Assets:	6,177	6,177
Intangible assets	6,177	6,177
Liabilities:		
Net assets	6,177	6,177
Less: Minority shareholders' interests		
Net assets acquired	6,177	6,177

Contingent liabilities of the combined party assumed in the enterprise merger:

No

Other description:

☐ Applicable ☒ Not Applicable

### 3. Reverse purchase

☐ Applicable ☒ Not Applicable

## VIII.Changes in the Scope of Consolidation (Continued)

### 4. Disposal of subsidiaries

Whether the Company lost its control over a subsidiary through one disposal

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of subsidiary	Consideration of equity disposal	Disposed share ratio (%)	Way of disposal	Time of losing control	Basis for determining the time of losing control	Difference in the share of the subsidiary's net assets in the consolidated financial statement level	Remaining equity ratio on the date of losing control (%)	Book value of remaining equity on the date of losing control	Fair value of the remaining equity on the date of losing control	Gains or losses generated from remeasuring the remaining equity with fair value	Method to determine the fair value of the remaining equity on the date of losing control and main assumptions	Amount of other comprehensive income related to the original subsidiary that is transferred to investment income
Henan Shengzhong New Energy Technology Development Co., Ltd. and its subsidiaries	36,873	99	Transfer of shares	February 16, 2022	Complete registration of equity change							

Other description:

☒ Applicable ☐ Not Applicable

Xin'ao (China) Gas Investment Co., Ltd (hereinafter referred to as "Xin'ao Gas"), a subsidiary of the Company, entered into the Agreement on the Transfer of Equity in Henan Zhongyuan Natural Gas Co., Ltd. and the Agreement on the Transfer of Equity in Henan Shengzhong New Energy Technology Development Co., Ltd., under which, Xin'ao Gas shall acquire 51% shareholding of Henan Zhongyuan Natural Gas Development Co., Ltd. by 99% shareholding of Henan Shengzhong New Energy Technology Development Co., Ltd. at the price of RMB368.73 million and in cash of RMB39.27 million, totaling RMB408 million from Xin'ao Gas. Henan Shengzhong New Energy Technology Development Co., Ltd. completed the procedures for the change of registration with the administration for industry and commerce on February 16, 2022, and on the same day, the Company received 51% shareholding of Henan Zhongyuan Natural Gas Development Co., Ltd. transferred by the counterparty. The Company shall no longer hold the shares in Henan Shengzhong New Energy Technology Development Co., Ltd and incorporate Henan Shengzhong New Energy Technology Development Co., Ltd into the scope of the consolidated financial statements of the Company.

## VIII.Changes in the Scope of Consolidation (Continued)

### 5. Changes in the scope of consolidation for other reasons

Description of the changes in scope of consolidation for other reasons (e.g., newly established subsidiaries, liquidation of subsidiaries) and related information:

☒ Applicable   ☐ Not Applicable

#### (1) Newly established subsidiaries in the current year

Fuzhou Xinrui Energy Development Co., Ltd.	Xinxiang County Xinrui Energy Development Co., Ltd.
Langfang Guangpei Energy Technology Co., Ltd.	Kaifeng Xinrui Energy Development Co., Ltd.
Hunan Xin'ao Intelligent Energy Co., Ltd.	Luoyang Mengjin District Xinrui Energy Development Co., Ltd.
Huitong Xin'ao Gas Co., Ltd.	Guangxi Pingguo Xinrui Solar Technology Co., Ltd.
Zijin Xin'ao Hengxin Gas Co., Ltd.	Anqing Xinheng Energy Co., Ltd.
Zhaoqing Xin'ao Hengxin Gas Co., Ltd.	Donghai County Xinrui Energy Development Co., Ltd.
Yichang Xinrui New Energy Co., Ltd.	Ningjin County Xinrui Energy Development Co., Ltd.
Yangpu Xinrui Energy Development Co., Ltd.	Suihua Xinrui Energy Development Co., Ltd.
Yangjiang Xinrui Photovoltaic Energy Technology Co., Ltd.	Jinan Xinrui Energy Development Co., Ltd.
Quzhou Aohong Photovoltaic Energy Co., Ltd.	Zhangzhou Xinrui Energy Development Co., Ltd.
Dezhou Xinrui Energy Development Co., Ltd.	Huludao Xinrui Energy Development Co., Ltd.
Zhongmu County Xinrui Energy Development Co., Ltd.	Shijiazhuang Xinrui Energy Development Co., Ltd.
Sanming Xin'ao Energy Development Co., Ltd.	

#### (2) Subsidiaries canceled in the current year

Yunnan Xin'ao Electricity Sales Co., Ltd.	
Zhumadian Xin'ao Energy Development Co., Ltd.	
Langxi Xin'ao Energy Development Co., Ltd.	
Yancheng Mingsheng Oil & Gas Sales Co., Ltd.	
Shangqiu Xin'ao Transportation Clean Energy Co., Ltd.	
Changshu Deshan Enterprise Management Consulting Partnership (Limited Partnership)	

### 6. Others

☐ Applicable   ☒ Not Applicable

## IX. Rights and Interests in Other Entities

### 1. Rights and interests in subsidiaries

#### (1) Composition of enterprise group

☒ Applicable ☐ Not Applicable

Name of subsidiary	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
ENN (Tianjin) Energy Investment Co., Ltd.	Tianjin	Tianjin	Energy investment; Asset management (except for financial assets); Clean energy management services; Research and development of natural gas and clean energy technologies, technical consulting and technical services; Sales of chemical products (except for dangerous chemicals); Coal businesses	100		Invest & establish
ENN (China) Gas Investment Co., Ltd.	Hebei	Beijing	Investment holding		32.65	Business combination under the same control
ENN Energy Trading Co., Ltd.	Hebei	Langfang, Hebei	Wholesale and retail of gas, gas pipeline facilities, gas equipment and appliances, etc.		32.65	Business combination under the same control
ENN Energy Holdings Limited	Hong Kong, China	British Cayman Islands	Investment holding		32.65	Business combination under the same control

Description of the ratio of shareholding in the subsidiary that differs from the proportion of voting rights:

No

Basis for holding half or less of the voting rights but still controlling the invested entity, or holding more than half of the voting rights but not controlling the invested entity:

No

Basis for control of important structured entities that are included in the scope of consolidation:

No

Basis for determining whether the company is the agent or the principal:

No

Other description:

No

## IX. Rights and Interests in Other Entities (Continued)

### 1. Rights and interests in subsidiaries (Continued)

#### (2) Important non-wholly-owned subsidiaries

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name of subsidiary	Share ratio held by minority shareholders (%)	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority stockholders' equity at the end of the period
ENN Energy Holdings Limited	67.35	-33,849	136,859	-177,038
ENN (China) Gas Investment Co., Ltd.	67.35	25,429		1,158,080

Description of the situation where the minority shareholders of subsidiaries enjoy voting rights different from their share ratios:

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

#### (3) Major financial information of important non-wholly-owned subsidiaries

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
ENN Energy Holdings Limited	203,556	1,499,094	1,702,650	1,079,689	885,824	1,965,513	193,447	1,470,830	1,664,277	1,186,119	490,175	1,676,294
ENN (China) Gas Investment Co., Ltd.	1,565,844	1,939,819	3,505,663	1,406,025	380,143	1,786,168	1,416,480	1,985,072	3,401,552	1,219,041	494,838	1,713,879

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
ENN Energy Holdings Limited	386	-50,258	-50,258	-788	464	-6,457	-6,457	-459
ENN (China) Gas Investment Co., Ltd.	31,309	37,756	37,756	-2,117	34,589	75,211	75,211	772

Other description:

No

## IX. Rights and Interests in Other Entities (Continued)

### 1. Rights and interests in subsidiaries (Continued)

(4) *Major restrictions on the use of enterprise group assets and on the repayment of enterprise group:*

☐ Applicable ☒ Not Applicable

(5) *Financial or other supports provided to structured entities included in the scope of consolidated financial statements:*

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 2. Transactions in which there is a change in the share of owner's equity in a subsidiary but the company still takes control of the subsidiary

☒ Applicable ☐ Not Applicable

(1) *Description of the changes in the share of the owner's equity in the subsidiary*

☒ Applicable ☐ Not Applicable

1. The exercise of share incentive objects of ENN Energy Holdings Limited, a holding subsidiary of the Company, during the reporting period, resulted in the change of the Company's shareholding proportion in ENN Energy Holdings Limited from 32.67% to 32.65%, but the Company did not lose its control over ENN Energy Holdings Limited.
2. The Company increased the registered capital of its holding subsidiary, Changshu Copper Industry Corporation, during the reporting period, resulting in the change of the Company's shareholding in Changshu Copper Industry Corporation from 32.42% to 32.65%.
3. The Company increased the registered capital of its holding subsidiary, Daqing High-tech Boyuan Thermal Power Co., Ltd., during the reporting period, resulting in the change of the Company's shareholding in Daqing High-tech Boyuan Thermal Power Co., Ltd. from 16.23% to 16.65%.
4. The Company increased the registered capital of its holding subsidiary, Shaoxing Xin'ao Energy Development Co., Ltd., during the reporting period, resulting in the change of the Company's shareholding in Shaoxing Xin'ao Energy Development Co., Ltd. from 21.24% to 32.65%.
5. The Company increased the registered capital of its holding subsidiary, Xin'ao Biomass Energy (Tianjin) Co., Ltd., during the reporting period, resulting in the change of the Company's shareholding in Xin'ao Biomass Energy (Tianjin) Co., Ltd. from 24.58% to 32.65%.



## IX. Rights and Interests in Other Entities (Continued)

### 2. Transactions in which there is a change in the share of owner's equity in a subsidiary but the company still takes control of the subsidiary (Continued)

#### (2) The effect of the transaction on minority shareholders' equity and equity attributable to the parent company

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

ENN Energy Holdings Limited	
Purchase cost/disposal consideration	
— Cash	
— Fair value of non-cash assets	
Total purchase cost/disposal consideration	
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	-182
Difference	182
Including: Adjusted capital reserve	182
Adjusted surplus reserve	
Adjusted undistributed profit	
Changshu Copper Industry Corporation Co., Ltd.	
Purchase cost/disposal consideration	
— Cash	4
— Fair value of non-cash assets	
Total purchase cost/disposal consideration	4
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	24
Difference	-20
Including: Adjusted capital reserve	-20
Adjusted surplus reserve	
Adjusted undistributed profit	

## IX. Rights and Interests in Other Entities (Continued)

### 2. Transactions in which there is a change in the share of owner's equity in a subsidiary but the company still takes control of the subsidiary (Continued)

#### (2) The effect of the transaction on minority shareholders' equity and equity attributable to the parent company (Continued)

Daqing High-tech Boyuan Thermal Power Co., Ltd.	
Purchase cost/disposal consideration	
— Cash	289
— Fair value of non-cash assets	
Total purchase cost/disposal consideration	289
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	311
Difference	-22
Including: Adjusted capital reserve	-22
Adjusted surplus reserve	
Adjusted undistributed profit	
Shaoxing Xin'ao Energy Development Co., Ltd.	
Purchase cost/disposal consideration	
— Cash	910
— Fair value of non-cash assets	
Total purchase cost/disposal consideration	910
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	1,415
Difference	-505
Including: Adjusted capital reserve	-505
Adjusted surplus reserve	
Adjusted undistributed profit	

## IX. Rights and Interests in Other Entities (Continued)

### 2. Transactions in which there is a change in the share of owner's equity in a subsidiary but the company still takes control of the subsidiary (Continued)

#### (2) The effect of the transaction on minority shareholders' equity and equity attributable to the parent company (Continued)

Xin'ao Biomass Energy (Tianjin) Co., Ltd.	
Purchase cost/disposal consideration	
— Cash	250
— Fair value of non-cash assets	
Total purchase cost/disposal consideration	250
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	170
Difference	80
Including: Adjusted capital reserve	80
Adjusted surplus reserve	
Adjusted undistributed profit	

Other description

☐ Applicable ☒ Not Applicable

### 3. Rights and interests in joint ventures or associates

☒ Applicable ☐ Not Applicable

#### (1) Important joint ventures or associates

☐ Applicable ☒ Not Applicable

#### (2) Major financial information of important joint venture

☐ Applicable ☒ Not Applicable

#### (3) Major financial information of important associates

☐ Applicable ☒ Not Applicable

## IX. Rights and Interests in Other Entities (Continued)

### 3. Rights and interests in joint ventures or associates (Continued)

#### (4) Summarized financial information of unimportant joint ventures and associates

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

	Closing balance/ amount incurred in the current period	Opening balance/ amount incurred in the previous period
Joint ventures:		
Total book value of investments	287,891	287,294
The sum of the following items according to shareholding ratio		
— Net profit	1,907	10,889
— Other comprehensive income		
— Total comprehensive income	1,907	10,889
Associates:		
Total book value of investments	321,136	312,256
The sum of the following items according to shareholding ratio		
— Net profit	12,483	16,569
— Other comprehensive income		
— Total comprehensive income	12,483	16,569

Other description:

No

#### (5) Description of the restrictions for the joint ventures or associates to transfer financial resources to the company

☐ Applicable   ☒ Not Applicable

## IX. Rights and Interests in Other Entities (Continued)

### 3. Rights and interests in joint ventures or associates (Continued)

#### (6) Excess losses incurred in joint ventures or associates

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses accumulated in the early periods	Unrecognized losses for the current period (or net profit shared in the current period)	Accumulated unrecognized losses at the end of the current period
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	410	-13	397
Luoyang Tongyu ENN CBM Transmission and Distribution Co., Ltd.	1,942		1,942
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	172	79	251
Yancheng Guoneng ENN Energy Development Co., Ltd.		204	204
<b>Total</b>	<b>2,524</b>	<b>270</b>	<b>2,794</b>

Other description:

No

#### (7) Unrecognized commitments related to investment of joint ventures

☐ Applicable   ☒ Not Applicable

#### (8) Contingent liabilities related to the investment of joint venture or an associate

☐ Applicable   ☒ Not Applicable

### 4. Important joint operations

☐ Applicable   ☒ Not Applicable

## IX. Rights and Interests in Other Entities (Continued)

### 5. Equity in structured entities that is not included in the consolidated financial statements

Descriptions of structured entities that is not included in the scope of consolidated financial statements:

☐ Applicable ☒ Not Applicable

### 6. Others

☐ Applicable ☒ Not Applicable

## X. Risk Associated with Financial Instruments

☒ Applicable ☐ Not Applicable

In addition to derivative products, the company's financial instruments mainly include bank loans, company bonds, other interest-bearing loans, monetary funds and so on. The main purpose of these financial instruments is to provide financial support for the operation of the company. In addition, the company has a variety of other financial assets and liabilities directly arising from its operations, such as bills receivable and accounts receivable, other receivables, accounts payable and other receivables.

At the end of the reporting period, the book value of the Company's financial assets and financial liabilities is as follows:

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
<b>Financial assets</b>		
Financial assets measured at fair value through current period or loss	893,245	849,938
Financial assets measured at fair value through comprehensive income	108,368	113,668
Financial assets measured at amortized value	2,498,891	2,342,368
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through current profit or loss	499,041	344,186
<b>Other financial liabilities</b>	4,784,704	4,835,406

The main risks that the Company's financial instruments cause are credit risk, liquidity risk and market risk.

## X. Risk Associated with Financial Instruments (Continued)

### 1. Credit risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations and causes financial losses to the other party. The Company's credit risk mainly comes from monetary funds, accounts receivable, other receivables and bills receivable. The maximum credit risk exposure to the Company is the book value of these financial assets. In addition to the financial assets whose book value represents the greatest exposure to credit risk, the largest exposure to credit risk that will cause financial losses to the Company is the financial guarantee contract provided by the Company. Except that the credit risk relating to loans receivable is secured by equipment, receivables and the rights and interests of a number of entities, and the repayment of certain receivables was guaranteed by bills issued by reputable financial institutions, the Company does not hold any collateral or other credit enhancement measures to guarantee the credit risk related to its financial assets. The management will continue to monitor the credit risk exposure.

The monetary funds of the Company include cash in share, bank deposits and other monetary funds. The credit risk management policy of the Company requires that the currency funds be deposited mainly in international and Chinese banks with high credit rating. As of June 30, 2022, the management of the Company considered the credit risk faced by money funds to be low-risk and highly liquid. The expected credit loss in the next 12 months is expected to be minimal.

In order to minimize the credit risk of receivables and contractual assets from customer contracts, the Company's management has assigned a team to be responsible for determining the credit limit and credit approval. Additionally, the Company has established other monitoring procedures to ensure follow-up actions on the recovery of overdue debts. In addition, after implementing the new financial instrument standards, the Company assesses the receivables by the impairment matrix based on the expected credit loss model. The Company uses the age of the debtor's account to assess the impairment associated with the operation of its customers, who include a large number of small customers with common risk characteristics that reflect the customer's ability to pay the amount payable in full according to the terms of the contract.

In order to minimize the risk of impairment of other receivables and related party's funds, the Company shall, after implementing the new financial instrument guidelines, independently evaluate the impairment of other receivables and related party's funds according to the expected credit loss model.

Please refer to "Note V-10. Financial Instruments" of the Notes for the specific method to evaluate whether the credit risk has increased significantly since initial recognition, the basis to determine the credit impairment of financial assets, the combination method of financial instruments evaluated with expected credit risk and the policies on direct write-downs of financial instruments. Please refer to the "Note VII-5/6/10/12" for the disclosure of credit risk exposure to the Company of bills receivable, accounts receivable, other receivables and contractual assets.

## X. Risk Associated with Financial Instruments (Continued)

### 2. Liquidity risk

Liquidity risk refers to the risk of shortage of funds that occurs when an enterprise performs its obligations to pay cash or other financial assets.

In managing liquidity risk, the management considers that adequate cash and cash equivalents are maintained and monitored to meet the operational needs of the company and to reduce the impact of cash flow fluctuations. Company management monitors the use of bank loans and ensures compliance with the loan agreement.

### 3. Market risk

Market risk refers to the risk that the fair value or the future cash flow of a financial instrument fluctuates due to changes in market prices. Market risk mainly includes foreign exchange risk, interest rate risk and commodity price risk.

#### *(1) Foreign exchange risk*

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The Company's main business activities are settled in RMB. On June 30, 2022, some bank loans, priority notes, unsecured bonds, receivables and payable, and some bank deposits were valued in foreign currency.

As of June 30, 2022, the foreign currency financial assets and foreign currency financial liabilities held by the Company shall be detailed in the disclosure of "Note VII-91. Foreign Currency Monetary Items".

To reduce its foreign exchange exposure, the Company has signed several foreign currency derivative products contracts with a number of financial institutions. The Company pays attention to the risk of exchange rate fluctuation in time, and will decide whether to adopt hedging measures to reduce exchange rate risk according to the trend of exchange rate fluctuation, and try to match foreign currency income with foreign currency expenditure so as to reduce foreign exchange risk.



## X. Risk Associated with Financial Instruments (Continued)

### 3. Market risk (Continued)

#### (2) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or the future cash flow of a financial instrument fluctuates due to changes in market interest rates. The net profit of the Company is affected by interest rate changes, that is, the interest income and expenses of short-term deposits, other interest-bearing financial assets and liabilities are all affected by interest rate changes.

The interest rate risk of the Company is mainly floating interest rate bank loans. Management believes that there is no significant cash flow interest rate risk associated with short-term bank deposits at basically stable market interest rates. The sensitivity of the Company to cash flow interest rate risk is determined according to the interest rate risk of floating rate bank loans.

The Company has signed some interest-rate contracts to appropriately reduce the risk of interest rates and will regularly monitor market interest rates to seize potential opportunities to reduce borrowing costs.

#### (3) *Commodity price risk*

In the daily business process, the company imports LNG to meet the demand of downstream customers according to the long-term "pay-as-you-go" purchase agreement. As a result, the company is at risk of price fluctuations in the commonly used crude oil/natural gas market (used to determine the price of LNG). The company uses derivative financial instruments to manage this exposure. The profits and losses of such Derivative products depend on the return of commodity prices on any given range of contracts.

Derivative products are used only for financial risk management purposes, and companies do not hold or issue Derivative products for speculative purposes. Management regularly monitors commodity price risks and will consider hedging their commodity price risks if necessary.

## XI. Disclosure of Fair Value

### 1. The fair value of assets and liabilities measured at fair value at the end of the period

√ Applicable    □ Not Applicable

Unit: RMB'0000    Currency: RMB

Item	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Continuous fair value measurement</b>				
(I) Tradable financial assets	16,503	409,637	467,105	893,245
1. Financial assets measured at fair value through current profit and loss		409,637	44,660	454,297
(1) Debt instrument investment			44,660	44,660
(2) Equity instrument investment				
(3) Derivative financial assets		409,637		409,637
2. Financial assets that are designated to be measured at fair value through current profit and loss	16,503		422,445	438,948
(1) Debt instrument investment				
(2) Equity instrument investment	16,503		422,445	438,948
Including: Shanghai Dazhong Public Utilities (Group) Co., Ltd.	16,471			16,471
Sinopec Sales Co., Ltd.			417,000	417,000
Chenzhou Jingui Silver Industry Co., Ltd.	32			32
Other non-listed equity investments – measured at fair value through current profit and loss			5,445	5,445
(II) Other debt investments				
(III) Other equity instrument investments	9,145		15,985	25,130
Jiaxing Gas Group Co., Ltd.	9,145			9,145
Other non-listed equity investments – measured at fair value through other comprehensive income			15,985	15,985
(IV) Investment properties			28,991	28,991
1. Land use right for rent				
2. Buildings for rent			28,991	28,991
3. Land use right held for transfer after appreciation				

## XI. Disclosure of Fair Value (Continued)

### 1. The fair value of assets and liabilities measured at fair value at the end of the period (Continued)

Item	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
(V) Accounts receivable financing			83,238	83,238
<b>Total amount of assets continued to be measured at fair value</b>	25,648	409,637	595,319	1,030,604
(VI) Trading financial liabilities	69	498,972		499,041
1. Financial liabilities measured at fair value through current profit or loss	69	498,972		499,041
Including: Tradable bonds issued				
Derivative financial liabilities	69	486,717		486,786
Other				
Derivative financial liabilities that are included in other non-current liabilities		12,255		12,255
2. Financial liabilities designated to be measured at fair value through current profit or loss				
<b>Total liabilities continued to be measured at fair value</b>	69	498,972		499,041
<b>II. Non-continuous fair value measurement</b>				
(1) Held-for-sale assets				
<b>Total amount of assets not continuously measured at fair value</b>				
<b>Total amount of liabilities non-continuously measured at fair value</b>				

## XI. Disclosure of Fair Value (Continued)

### 2. Basis for determining the market value of continuous and non-continuous items measured at Level 1 fair value

√ Applicable    ☐ Not Applicable

Item	Basis of determination
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	Fair value is determined on the basis of stock market quotes
Jiaxing Gas Group Co., Ltd.	Fair value is determined on the basis of stock market quotes
Chenzhou Jingui Silver Industry Co., Ltd.	Fair value is determined on the basis of stock market quotes
Derivative financial assets – futures	Fair value is determined on the basis of the futures market quotes
Derivative financial liabilities – futures	Fair value is determined on the basis of the futures market quotes

### 3. Qualitative and quantitative information on the valuation techniques and important parameters for continuous and non-continuous items measured at Level 2 fair value

√ Applicable    ☐ Not Applicable

Item	Valuation information
Other derivative financial assets	(1) The discounted cash flow method is adopted to value swaps: Future cash flows are estimated on the basis of forward commodity prices and forward exchange rates, contract exercise rates, cap rates and premiums on the delivery date and discounted by the expected yield curve of each trading party.
	(2) Options are valued with the Black-Scholes model: Fair value is estimated at exercise price, commodity price, maturity, volatility and risk-free interest rate.
Other derivative financial liabilities	(1) The discounted cash flow method is adopted to value swaps: Future cash flows are estimated on the basis of forward commodity prices and forward exchange rates, contract exercise rates, cap rates and premiums on the delivery date and discounted by the expected yield curve of each trading party.
	(2) Options are valued with the Black-Scholes model: Fair value is estimated at exercise price, commodity price, maturity, volatility and risk-free interest rate.

## XI. Disclosure of Fair Value (Continued)

### 4. Qualitative and quantitative information on the valuation techniques and important parameters for continuous and non-continuous items measured at Level 3 fair value

☒ Applicable   ☐ Not Applicable

Item	Valuation information
Sinopec Sales Co., Ltd.	Estimated based on the P/B ratio and liquidity discount of comparable listed companies
Other non-listed equity investments – fair value through profit and loss	Fair value is based on the price multiples of similar assets traded in the market
Other non-listed equity investments – measured at fair value through other comprehensive income	Fair value is based on the fair value of the underlying assets and liabilities held by the investee
Receivables financing	Discounted cash flow method: It is estimated by discounting the future cash flow and discount rate. It can be simplified as the best estimate of the book value as fair value because of the shorter duration of note
Investment properties	Fair value is determined by independent appraisers. The fair value is determined according to the income approach. The market rentals of all rentable units in the properties are assessed and discounted according to the market return expected by investors in respect of that type of property.

### 5. Adjustment information between beginning and ending book value of continuous items measured at Level 3 fair value and sensitivity analysis of unobservable parameters

☐ Applicable   ☒ Not Applicable

### 6. For continuous items measured at fair value which converted from one level to another, the reasons for the conversion and the policy for determining the time of conversion

☐ Applicable   ☒ Not Applicable

### 7. Changes in valuation techniques and the reasons for such changes during the current period

☐ Applicable   ☒ Not Applicable

## XI. Disclosure of Fair Value (Continued)

### 8. The fair value of financial assets and financial liabilities not measured at fair value

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance		Opening balance	
	Book value	Fair value	Book value	Fair value
Fixed rate bank loans and other loans	652,219	612,159	483,440	470,447
Senior notes	869,043	802,621	475,812	476,289
Unsecured bonds	920,192	867,017	873,540	872,263
Corporate bonds	61,584	60,373	215,961	210,702

Refer to the table above, only the bank loan fair values were classified as Level 3 fair values, others are all Level 2 fair values. The fair value of senior notes and unsecured bonds is based on quoted prices in over-the-counter market, and the fair value of corporate bonds is based on inactive quotations from the Shanghai Stock Exchange. The fair value of the remaining financial liabilities at amortized cost is calculated using the discounted cash flow method with reference to the market interest rate on loans with similar maturities at the end of the reporting period and the credit risk of the relevant group entity.

### 9. Others

☐ Applicable   ☒ Not Applicable

## XII.Related Party and Related Party Transactions

### 1. Parent company of the Company

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: USD

Name of the Parent Company	Registered place	Nature of business	Registered Capital	Proportion of the Parent Company's shareholding in the Company (%)	Proportion of voting rights of the parent company to the Company (%)
ENN GROUP INTERNATIONAL INVESTMENT LIMITED	British Virgin Islands	Controlling investment	5	48.16	48.16

The ultimate controller of the Company is Wang Yusuo

Other description:

No

### 2. Subsidiaries of the Company

Please refer to Note IX Rights and Interests in Other Entities for details of important subsidiaries of the Company.

☐ Applicable ☒ Not Applicable

### 3. Joint ventures and associates of the Company

Please refer to Note IX Rights and Interests in Other Entities for details of important joint ventures and associates of the Company.

☐ Applicable ☒ Not Applicable

The situation of other joint ventures or associates that have related party transactions with the company during the current period or the balance of the related party transactions with the company in the previous period is as follows

☒ Applicable ☐ Not Applicable

## XII.Related Party and Related Party Transactions (Continued)

### 3. Joint ventures and associates of the Company (Continued)

Name of joint venture or associate	Relationship with the Company
Anhui Wanneng ENN Natural Gas Co., Ltd.	Joint venture
Baoding ENN Gas Co., Ltd.	Joint venture
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	Joint venture
Dongguan Haofeng ENN Energy Co., Ltd.	Joint venture
Haining Xinxin Natural Gas Co., Ltd.	Joint venture
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Joint venture
Henan Jingbao ENN New Energy Co., Ltd.	Joint venture
Langfang ENN Longyu Clean Energy Co., Ltd.	Joint venture
Liaocheng Shihua Natural Gas Co., Ltd.	Joint venture
Luquan Fuxin Gas Co., Ltd.	Joint venture
Luoyang Hongxin Gas Co., Ltd.	Joint venture
Ningbo ENN Automobile Energy Co., Ltd.	Joint venture
Qujing Yuntou ENN Energy Development Co., Ltd.	Joint venture
Shanghai Jiuhuan Automobile Natural Gas Sales Co., Ltd.	Joint venture
Shanghai Kunlun ENN Clean Energy Co., Ltd.	Joint venture
Wenshan Yuntou ENN Gas Co., Ltd.	Joint venture
Yantai City Honesty Gas Engineering Co., Ltd.	Joint venture
Yantai ENN Gas Development Co., Ltd.	Joint venture
Yantai ENN Industry Co., Ltd.	Joint venture
Yancheng ENN Compressed Natural Gas Co., Ltd.	Joint venture
Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	Joint venture
Yunnan Yuntou Xin'ao Gas Co., Ltd.	Joint venture
Quzhou ENN Sinopec Automobile Gas Co., Ltd.	Joint venture
Zhanjiang ENN Gas High Pressure Pipeline Network Co., Ltd.	Joint venture
Lianyungang Chengxin Gas Co., Ltd.	Joint venture
Dingzhou Kunlun ENN Energy Development Co., Ltd.	Associate
Ordos Xinneng Logistics Co., Ltd.	Associate
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Associate
Guangxi Yilongyuan Electricity Sales Co., Ltd.	Associate
Huzhou Nanxun Xin'ao Gas Co., Ltd.	Associate
Huai'an Zhongyou Tianhuai Gas Co., Ltd.	Associate
Jinhua Gaoya Natural Gas Co., Ltd.	Associate
Lianyungang Zhongxin Gas Co., Ltd.	Associate



## XII.Related Party and Related Party Transactions (Continued)

### 3. Joint ventures and associates of the Company (Continued)

Name of joint venture or associate	Relationship with the Company
Shandong Luxin Natural Gas Co., Ltd.	Associate
Shantou Huarun ENN Gas Co., Ltd.	Associate
Shijiazhuang Airport Natural Gas Co., Ltd.	Associate
Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	Associate
Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd.	Associate
Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	Associate
Shijiazhuang ENN Zhonghong Gas Co., Ltd.	Associate
Taizhou Urban Natural Gas Co., Ltd.	Associate
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	Associate
Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	Associate
Yancheng Guoneng ENN Energy Development Co., Ltd.	Associate
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Associate
Changsha Xinneng Automobile Gas Co., Ltd.	Associate
Zhejiang Xinyongzhou Logistics Co., Ltd.	Associate
Chongqing Longran Energy Technology Co., Ltd.	Associate
Zhoushan Lanyan Daobei Gas Co., Ltd.	Associate
Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	Associate
Zhoushan Lanyan Gas Co., Ltd.	Associate
Huzhou Gas Co., Ltd.	Associate
Shanghai Zhuoxiao Energy Technology Co., Ltd.	Associate
Yancheng Guotou Natural Gas Pipeline Network Co., Ltd.	Associate

Other description

☐ Applicable    ☒ Not Applicable

## XII.Related Party and Related Party Transactions (Continued)

### 4. Other related parties

√ Applicable    ☐ Not Applicable

Name of other related party	Relationship between other related parties and the Company
Beijing Yongxin Environmental Protection Co., Ltd.	Under the same actual control
Bokang Intelligent Information Technology Co., Ltd.	Under the same actual control
Kaixin Urban Development and Construction Co., Ltd.	Under the same actual control
Langfang Xin'ao Property Development Co., Ltd.	Under the same actual control
ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	Under the same actual control
ENN (Zhoushan) LNG Co., Ltd.	Under the same actual control
ENN Science and Technology Development Co., Ltd.	Under the same actual control
ENN Shuneng Technology Co., Ltd.	Under the same actual control
Xin'ao Cultural Industry Development Co., Ltd.	Under the same actual control
ENN Sunshine Yicai Technology Co., Ltd	Under the same actual control
Xinzhi Super Brain Science & Technology Co., Ltd.	Under the same actual control
ENC Data Services Co., Ltd.	Under the same actual control
Xinzhi Wolai Network Technology Co., Ltd.	Under the same actual control
Xinzhi Cloud Data Services Co., Ltd.	Under the same actual control
Xin'ao Technology Industry Company Limited	Under the same actual control
ENN Xinzhi Technology Co., Ltd.	Under the same actual control
Shanghai Xinzhi Shuneng Technology Co., Ltd.	Under the same actual control
Hebei Financial Leasing Co., Ltd.	An enterprise in which the actual controller holds shares
Shanghai 3040 Technology Co., Ltd.	Other related party
Shanghai Petroleum and Natural Gas Exchange Co., Ltd.	Other related party

Other description:

No

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions

#### (1) Related transactions of purchasing and selling products, providing and receiving services

Statement of purchasing products/receiving services

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Related party	Content of related transactions	Amount incurred in the current period	Amount incurred in the previous period
Subsidiary controlled by the actual controller of the Company	Receipt of use service from terminals	37,780	59,312
Anhui Wanneng ENN Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	1,896	20,147
Haining Xinxin Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	65,882	37,143
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	71,497	60,008
Henan Jingbao ENN New Energy Co., Ltd.	Purchase of equipment, materials and natural gas	7,028	4,974
Jinhua Gaoya Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	7,631	5,939
Lianyungang Zhongxin Gas Co., Ltd.	Purchase of equipment, materials and natural gas	15,633	10,300
Levima (Shandong) Chemical Co., Ltd.	Purchase of equipment, materials and natural gas		8,726
Liaocheng Shihua Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	18,536	12,701
Shanghai 3040 Technology Co., Ltd.	Purchase of equipment, materials and natural gas	2,646	93
Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	Purchase of equipment, materials and natural gas	19,449	18,303
Taizhou Urban Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	10,878	5,257
Ordos Xinneng Logistics Co., Ltd.	Purchase of equipment, materials and natural gas		1,991
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Purchase of equipment, materials and natural gas	1,582	631
Chongqing Longran Energy Technology Co., Ltd.	Purchase of equipment, materials and natural gas		5,189
Subsidiary controlled by the actual controller of the Company	Purchase of equipment, materials and natural gas	7,432	1,234
Subsidiary controlled by the actual controller of the Company	Acceptance of engineering construction	180	586
Ordos Xinneng Logistics Co., Ltd.	Acceptance of technology and integrated services		1,527
Zhejiang Xinyongzhou Logistics Co., Ltd.	Acceptance of technology and integrated services	1,597	2,721
Subsidiary controlled by the actual controller of the Company	Acceptance of technology and integrated services	28,504	15,962
Others – Amount of transactions of which detail items are not listed		6,538	5,571

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (1) Related transactions of purchasing and selling products, providing and receiving services (Continued)

Statement of sales of goods/provision of service

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Related party	Content of related transaction	Amount incurred in the current period	Amount incurred in the current period
Baoding ENN Gas Co., Ltd.	Design, construction, sales of materials and supplies	4,210	16,606
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Design, construction, sales of materials and supplies	171	1,499
Lianyungang Zhongxin Gas Co., Ltd.	Design, construction, sales of materials and supplies	365	4,154
Taizhou Urban Natural Gas Co., Ltd.	Design, construction, sales of materials and supplies	2,314	
Subsidiary controlled by the actual controller of the Company	Design, construction, sales of materials and supplies	2,661	21,546
Anhui Wanneng ENN Natural Gas Co., Ltd.	Sales of gas and other goods	2,185	18,636
Baoding ENN Gas Co., Ltd.	Sales of gas and other goods	5,441	4,253
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	Sales of gas and other goods	1,977	1,420
Dingzhou Kunlun ENN Energy Development Co., Ltd.	Sales of gas and other goods	348	2,286
Dongguan Haofeng ENN Energy Co., Ltd.	Sales of gas and other goods	3,339	3,022
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Sales of gas and other goods	2,836	798
Haining Xinxin Natural Gas Co., Ltd.	Sales of gas and other goods	2,040	
Hebei Financial Leasing Co., Ltd.	Sales of gas and other goods		1,400
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Sales of gas and other goods		8,835
Huzhou Nanxun ENN Gas Co., Ltd.	Sales of gas and other goods	1,539	843
Huzhou Gas Co., Ltd.	Sales of gas and other goods	46,959	52,380
Huai'an Zhongyou Tianhuai Gas Co., Ltd.	Sales of gas and other goods	6,232	4,709
Lianyungang Zhongxin Gas Co., Ltd.	Sales of gas and other goods	22,059	20,080
Ningbo ENN Automobile Energy Co., Ltd.	Sales of gas and other goods	1,324	1,194
Shandong Luxin Natural Gas Co., Ltd.	Sales of gas and other goods	1,735	
Shantou Huarun ENN Gas Co., Ltd.	Sales of gas and other goods	7,465	6,975
Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	Sales of gas and other goods	19,617	2,698
Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd.	Sales of gas and other goods	1,409	
Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	Sales of gas and other goods	1,560	458
Shijiazhuang ENN Zhonghong Gas Co., Ltd.	Sales of gas and other goods	2,740	559

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (1) Related transactions of purchasing and selling products, providing and receiving services (Continued)

Related party	Content of related transaction	Amount incurred in the current period	Amount incurred in the current period
Wenshan Yuntou ENN Gas Co., Ltd.	Sales of gas and other goods	8,638	2,632
Yantai ENN Gas Development Co., Ltd.	Sales of gas and other goods	8,333	3,673
Yantai ENN Industry Co., Ltd.	Sales of gas and other goods	1,663	1,640
Yunnan Yuntou Xin'ao Gas Co., Ltd.	Sales of gas and other goods	2,563	2,747
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Sales of gas and other goods	2,080	1,775
Changsha Xinneng Automobile Gas Co., Ltd.	Sales of gas and other goods	1,885	339
Zhoushan Lanyan Gas Co., Ltd.	Sales of gas and other goods	5,795	8,068
Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	Sales of gas and other goods	11,535	3,109
Zhoushan Lanyan Gas Co., Ltd.	Sales of gas and other goods	9,687	685
Subsidiary controlled by the actual controller of the Company	Sales of gas and other goods	1,235	1,909
Subsidiary controlled by the actual controller of the Company	Provision of technology and integrated service	6,989	5,801
Others – Amount of transactions of which detail items are not listed		14,357	10,832

Description of related transactions related to the purchase and sale of goods, and provision and receipt of services

☐ Applicable ☒ Not Applicable

#### (2) Information on related trusteeship/contracting and entrusted management/outsourcing

Statement of trusteeship/contracting of the Company:

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of trustor/outsourcer	Name of trustee/contractor	Type of entrusted/contracted asset	Starting date of trusteeship/contract	Expiration Date of trusteeship/contract	Pricing basis of revenue from trusteeship/contract	Revenue from trusteeship/contract recognized in current period
ENN (Zhoushan) LNG Co., Ltd.	ENN Natural Gas Co., Ltd.	Trust of other assets	10/29/2020	10/29/2022	Trust contract	47

Description of related trusteeship/contracting

☐ Applicable ☒ Not Applicable

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (2) Information on related trusteeship/contracting and entrusted management/outsourcing (Continued)

Statement of commissioned management/outsourcing of the Company:

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of the trustor/ outsourcer	Name of trustee/contractor	Type of entrusted/ outsourced asset	Starting date of commissioning/ outsourcing	Expiration date of commissioning/ outsourcing	Pricing basis of trustee fee/ outsourcing fee	Trustee fee/outsourcing fee recognized in current period
Xinneng Energy Co., Ltd.	Beijing Yongxin Environmental Protection Co., Ltd.	Trust of other assets	1/1/2022	12/31/2022	Trust contract	2,911

Statement of related management/outsourcing

☐ Applicable ☒ Not Applicable

#### (3) Information on related lease

The Company as a lessor:

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of lessee	Type of asset for lease	Rental revenue recognized in current period	Rental revenue recognized in previous period
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Vehicles		4
Henan Jingbao ENN New Energy Co., Ltd.	Vehicles		40
Levima (Shandong) Chemical Co., Ltd.	Equipment		53
Luquan Fuxin Gas Co., Ltd.	Vehicle		5
Quzhou ENN Sinopec Automobile Gas Co., Ltd.	Houses	33	
Wenshan Yuntou ENN Gas Co., Ltd.	Houses	9	
Yantai ENN Industry Co., Ltd.	Vehicle		10
Subsidiary controlled by the actual controller of the Company	Houses/ equipment	368	470

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (3) Information on related lease (Continued)

The Company as a lessee:

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name of lessor	Type of asset for lease	Rental expenses for short-term lease and lease of low-value assets in a simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Assumed interest expense for lease liabilities		Added right-of-use assets	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period
Hebei Financial Leasing Co., Ltd.	Equipment					330	343	32	47		
Subsidiary controlled by the actual controller of the Company	Houses/equipment	253	260	248	157	405	378	23	32	489	67

Statement of related lease

☐ Applicable   ☒ Not Applicable

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (4) Information on related guarantee

The Company as a guarantor

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Guaranteed party	Amount guaranteed	Starting date of guarantee	Expiration date of guarantee	Whether the guarantee has been fulfilled
Chongqing Fuling Energy Industry Group Co., Ltd.	1,957	3/8/2021	12/31/2025	No
Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	3,580	10/15/2019	10/15/2031	No
		4/15/2020	10/15/2031	No
		12/24/2012	12/23/2024	No
		10/14/2013	6/29/2025	No
		12/6/2013	6/29/2025	No
		12/9//2013	6/29/2025	No
		12/11//2013	6/29/2025	No
		3/28/2014	6/29/2025	No
Jinhua Gaoya Natural Gas Co., Ltd.	580	4/23/2014	6/29/2025	No
		4/24/2014	6/29/2025	No
		9/19/2014	6/29/2025	No
		9/19/2014	6/29/2025	No
		1/28/2015	6/29/2025	No
		4/2/2015	6/29/2025	No
		12/23/2015	6/29/2025	No
		6/30/2016	6/29/2025	No
		7/27/2016	6/29/2025	No



## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (4) Information on related guarantee (Continued)

The Company as a guaranteed party

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Guarantor	Amount guaranteed	Starting date of the guarantee	Expiration date of the guarantee	Whether the guarantee has been fulfilled
Wang Yusuo and his wife	475	12/24/2020	12/19/2022	No
Wang Yusuo and his wife	32	3/29/2021	1/28/2024	No
Wang Yusuo and his wife	34	3/29/2021	1/27/2024	No
Wang Yusuo and his wife	29	4/26/2021	12/31/2022	No
Wang Yusuo and his wife	1	4/26/2021	1/20/2024	No
Wang Yusuo and his wife	142	6/2/2021	12/19/2022	No
Wang Yusuo and his wife	80	9/6/2021	8/31/2023	No
Wang Yusuo and his wife	158	9/15/2021	9/18/2023	No
Wang Yusuo and his wife	568	9/16/2021	10/19/2022	No
Wang Yusuo and his wife	953	10/9/2021	7/27/2022	No
Wang Yusuo and his wife	2,599	10/21/2021	11/30/2022	No
Wang Yusuo and his wife	30	11/4/2021	10/20/2022	No
Wang Yusuo and his wife	75	11/22/2021	8/30/2022	No
Wang Yusuo and his wife	30	11/24/2021	11/30/2022	No
Wang Yusuo and his wife	7,000	1/13/2021	1/6/2023	No
Wang Yusuo and his wife	102	1/14/2022	7/31/2022	No
Wang Yusuo and his wife	780	1/21/2022	12/31/2022	No
Wang Yusuo and his wife	5,000	2/14/2022	1/16/2023	No
Wang Yusuo and his wife	20	2/21/2022	1/25/2024	No
Wang Yusuo and his wife	15	3/1/2022	12/30/2022	No
Wang Yusuo and his wife	31	4/26/2022	4/16/2023	No
Wang Yusuo and his wife	15	5/11/2022	4/30/2023	No
Wang Yusuo and his wife	1	5/11/2022	4/30/2023	No
Wang Yusuo and his wife	1	5/11/2022	4/30/2023	No
Wang Yusuo and his wife	172	5/16/2022	1/20/2023	No
Wang Yusuo and his wife	440	5/27/2022	3/31/2023	No
Wang Yusuo and his wife	43	5/27/2022	11/30/2022	No
Wang Yusuo and his wife	108	5/31/2022	8/30/2022	No
Wang Yusuo and his wife	3	6/2/2022	8/30/2022	No
Wang Yusuo and his wife	111	6/10/2022	12/31/2022	No
Wang Yusuo and his wife	2	6/2/2022	8/31/2022	No

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (4) Information on related guarantee (Continued)

Guarantor	Amount guaranteed	Starting date of the guarantee	Expiration date of the guarantee	Whether the guarantee has been fulfilled
Wang Yusuo and his wife	4	6/6/2022	8/31/2022	No
Wang Yusuo and his wife	5	6/6/2022	8/31/2022	No
Wang Yusuo and his wife	7	6/6/2022	8/31/2022	No
Wang Yusuo and his wife	19	6/13/2022	8/31/2022	No
Wang Yusuo and his wife	2,089	6/13/2022	10/31/2023	No
Wang Yusuo and his wife	1,914	6/13/2022	10/31/2023	No
Wang Yusuo and his wife	6	6/16/2022	8/31/2022	No
Wang Yusuo and his wife	8	6/16/2022	8/31/2022	No
Wang Yusuo and his wife	5	6/16/2022	8/31/2022	No
Wang Yusuo and his wife	120	6/23/2022	8/31/2022	No
Wang Yusuo and his wife	221	6/29/2022	6/30/2023	No

Description of related guarantee

☒ Applicable ☐ Not Applicable

As of the end of the reporting period, the related parties of the Company have provided guarantees to the Company in the total amount of RMB848.02 million, of which, RMB613.54 million has been fully fulfilled and the remaining RMB234.48 million has not been fulfilled; the Company has provided guarantees to its related parties in the total amount of RMB61.17 million.

#### (5) Related-party borrowings

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Related party	Amount of inter-bank lending	Starting date	Due date	Description
Borrowed				
Yunnan Yuntou Xin'ao Gas Co., Ltd.	2,504	9/15/2020	9/14/2023	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	3,565	5/27/2021	5/20/2022	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	500	6/30/2022	6/29/2023	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	6,001	6/30/2022	6/29/2023	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	900	6/30/2022	6/29/2023	
Yunnan Yuntou Xin'ao Gas Co., Ltd.	2,504	8/14/2020	8/13/2023	
Guangxi Yilongyuan Electricity Sales Co., Ltd.	1,110	1/21/2022	2/28/2023	
Yancheng Guotou Natural Gas Pipeline Co., Ltd.	21,884	10/15/2021	10/14/2024	

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (5) Related-party borrowings (Continued)

Related party	Amount of inter-bank lending	Starting date	Due date	Description
Lent				
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	446	3/24/2021	3/23/2022	
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	448	3/24/2022	3/23/2023	
Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd.	307	11/29/2021	11/28/2022	
Luoyang Hongxin Gas Co., Ltd.	824	12/26/2021	12/18/2022	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	299	5/22/2019	1/24/2022	
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	307	1/17/2020	1/16/2023	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	220	1/12/2021	1/11/2022	
Henan Zhongyuan Natural Gas Development Co., Ltd.	2,019	4/15/2022	6/28/2022	
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	1,340	7/1/2021	6/30/2022	
Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd.	1,026	7/27/2021	7/27/2022	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	304	5/22/2019	5/20/2022	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	220	1/12/2021	1/11/2022	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	5,077	5/8/2021	5/7/2022	
Yancheng Guoneng ENN Energy Development Co., Ltd.	819	3/10/2021	3/10/2024	
Yancheng Guoneng ENN Energy Development Co., Ltd.	1,024	7/23/2020	7/22/2023	
Baoding ENN Gas Co., Ltd.	3,039	3/25/2021	3/25/2022	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	3,039	1/19/2022	5/6/2022	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	2,023	1/29/2022	5/6/2022	
ENN Science and Technology Development Co., Ltd.	6,729	7/2/2020	6/30/2023	
Shanghai Zhuoxiao Energy Technology Co., Ltd.	1,538	9/17/2021	9/16/2022	
Shanghai 3040 Technology Co., Ltd.	171	2/25/2022	5/25/2022	
Shanghai 3040 Technology Co., Ltd.	277	1/24/2022	4/26/2022	
Shanghai 3040 Technology Co., Ltd.	189	1/24/2022	6/24/2022	

## XII.Related Party and Related Party Transactions (Continued)

### 5. Related transactions (Continued)

#### (6) Information on assets transfer and debt restructuring with related parties

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Related party	Content of related transaction	Amount incurred in the current period	Amount incurred in the previous period
Xin'ao Technology Industry Company Limited	Purchasing 100% shares in Langfang ENN Gaobo Technology Co., Ltd. held by Xin'ao Technology Industry Company Limited	6,177	0

#### (7) Key managers' compensations

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Key managers' compensations	1,302	1,469

#### (8) Other related transactions

☐ Applicable ☒ Not Applicable

## XII.Related Party and Related Party Transactions (Continued)

### 6. Receivables and payables of related parties

#### (1) Items receivable

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivables	Chongqing Longran Energy Technology Co., Ltd.	811	19	2,057	46
Receivables	Zhanjiang ENN Gas High Pressure Pipeline Network Co., Ltd.	789	20	892	16
Receivables	Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	2,155	62	2,102	58
Receivables	Yancheng Guoneng ENN Energy Development Co., Ltd.	1,800	45	1,800	41
Receivables	Yantai ENN Gas Development Co., Ltd.	2,113	28	3,717	50
Receivables	Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.			936	9
Receivables	Xin'ao Cultural Industry Development Co., Ltd.	2,092	52	2,092	42
Receivables	ENN Science and Technology Development Co., Ltd.	7,824	87	7,895	87
Receivables	ENN (Zhoushan) LNG Co., Ltd.	8,400	119	9,227	142
Receivables	ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	14,538	288	13,500	135
Receivables	Wenshan Yuntou ENN Gas Co., Ltd.	2,057	34	1,415	14
Receivables	Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	1,833	59	1,729	56
Receivables	Taizhou Urban Natural Gas Co., Ltd.	1,113	11	908	9
Receivables	Shijiazhuang ENN Zhonghong Gas Co., Ltd.	3,113	40	1,434	22
Receivables	Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	4,140	97	4,572	78
Receivables	Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd.	1,003	20	1,039	20
Receivables	Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	27,168	696	33,471	881
Receivables	Shijiazhuang Airport Natural Gas Co., Ltd.	1,118	32	1,162	34
Receivables	Shanghai Zhuoxiao Energy Technology Co., Ltd.	1,501	15	1,500	15
Receivables	Shanghai Petroleum and Natural Gas Exchange Co., Ltd.	1,619	20	1,084	11
Receivables	Shanghai North Jiuhuan Automobile Natural Gas Sales Co., Ltd.	890	31	1,040	36
Receivables	Qijing Yuntou ENN Energy Development Co., Ltd.			2,322	2,322

## XII.Related Party and Related Party Transactions (Continued)

### 6. Receivables and payables of related parties (Continued)

#### (1) Items receivable (Continued)

Item name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivables	Luoyang Hongxin Gas Co., Ltd.	807	28	806	28
Receivables	Luquan Fuxin Gas Co., Ltd.	849	26	942	28
Receivables	Liaocheng Shihua Natural Gas Co., Ltd.	1,891	19	1,064	11
Receivables	Lianyungang Zhongxin Gas Co., Ltd.	2,747	44	3,149	33
Receivables	Kaixin Urban Development and Construction Co., Ltd.	1,150	17	676	11
Receivables	Jinhua Gaoya Natural Gas Co., Ltd.	831	8	149	1
Receivables	Huai'an Zhongyou Tianhuai Gas Co., Ltd.	1,879	19	5	
Receivables	Hebei PetroChina Kunlun Natural Gas Co., Ltd.	1,687	17	18,489	338
Receivables	Hebei Financial Leasing Co., Ltd.	1,181	30	1,681	36
Receivables	Haining Xinxin Natural Gas Co., Ltd.	6,299	63	5,402	54
Receivables	Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	1,387	20	2,951	38
Receivables	Dongguan Haofeng ENN Energy Co., Ltd.	2,064	50	4,278	60
Receivables	Dingzhou Kunlun ENN Energy Development Co., Ltd.	955	20	1,382	29
Receivables	Baoding ENN Gas Co., Ltd.	17,382	307	22,813	406
Receivables	Anhui Wanneng ENN Natural Gas Co., Ltd.	1,367	20	1,965	24
Total receivables of other related parties that are not listed separately		10,846	211	12,595	216

## XII.Related Party and Related Party Transactions (Continued)

### 6. Receivables and payables of related parties (Continued)

#### (2) Items payable

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Item name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Payables	Baoding ENN Gas Co., Ltd.	255	2,620
Payables	Beijing Yongxin Environmental Protection Co., Ltd.	5	3,199
Payables	Bokang Intelligent Information Technology Co., Ltd.	9,136	9,499
Payables	Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	424	1,268
Payables	Dingzhou Kunlun ENN Energy Development Co., Ltd.	2,353	451
Payables	Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	1,752	900
Payables	Guangxi Yilongyuan Electricity Sales Co., Ltd.	1,453	1,806
Payables	Hebei Financial Leasing Co., Ltd.		645
Payables	Huai'an Zhongyou Tianhuai Gas Co., Ltd.	826	430
Payables	Langfang Xin'ao Property Development Co., Ltd.	200	583
Payables	Langfang ENN Longyu Clean Energy Co., Ltd.	1,199	1,246
Payables	Lianyungang Zhongxin Gas Co., Ltd.	11,110	4,069
Payables	Shantou Huarun ENN Gas Co., Ltd.	3,308	4,302
Payables	Shanghai Kunlun ENN Clean Energy Co., Ltd.	4,724	3,554
Payables	Shanghai 3040 Technology Co., Ltd.	1,226	1,614
Payables	Shijiazhuang Kunlun Xin'ao Gas Co., Ltd.	16,660	7,706
Payables	Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	1,696	388
Payables	Shijiazhuang ENN Zhonghong Gas Co., Ltd.	893	131
Payables	Wenshan Yuntou ENN Gas Co., Ltd.	1,556	1,356
Payables	ENN (Zhoushan) LNG Co., Ltd.	9,894	136
Payables	ENN Shuneng Technology Co., Ltd.	5,757	343
Payables	ENN Sunshine Yicai Technology Co., Ltd.	1,337	1,334
Payables	Xinzhi Super Brain Science&Technology Co., Ltd.	745	0
Payables	ENC Data Service Co., Ltd.	395	1,005

## XII.Related Party and Related Party Transactions (Continued)

### 6. Receivables and payables of related parties (Continued)

#### (2) Items payable (Continued)

Item name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Payables	Xinzhi Wolai Network Technology Co., Ltd.	1,528	1,628
Payables	XinzhiCloud Data Services Co., Ltd.	4,692	2,358
Payables	Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	5,052	7,634
Payables	Yantai City Honesty Gas Engineering Co., Ltd.	877	644
Payables	Yantai ENN Gas Development Co., Ltd.	991	1,089
Payables	Yancheng ENN Compressed Natural Gas Co., Ltd.	1,019	1,019
Payables	Yunnan Yuntou Xin'ao Gas Co., Ltd.	2,950	2,887
Payables	Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	1,001	1,560
Payables	Zhoushan Lanyan Gas Co., Ltd.	903	2,979
Payables	ENN Xinzhi Technology Co., Ltd.	5,323	138
Payables	Huzhou Gas Co., Ltd.	1,014	3,173
Payables	Lianyungang Chengxin Gas Co., Ltd.	4,346	3,960
Payables	Yancheng Guotou Natural Gas Pipeline Network Co., Ltd.	21,500	21,500
Payables	Taizhou Urban Natural Gas Co., Ltd.		953
Payables	Shanghai Xinzhi Shuneng Technology Co., Ltd.	6,298	
Payables	ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	1,200	
Total payables of other related parties that are not listed separately		10,274	9,106

### 7. Related-party commitment

☐ Applicable    ☒ Not Applicable

### 8. Others

☐ Applicable    ☒ Not Applicable



### XIII.Share-based Payments

#### 1. General information on share-based payments

√ Applicable    ☐ Not Applicable

Unit: Share    Currency: RMB

Total amount of equity instruments granted by the Company during the current period	0
Total amount of the Company's equity instruments exercised during the current period	418,300
Total amount of the Company's equity instruments expired during the current period	1,042,084
The scope of the exercise price of the stock options issued by the company at the end of the period and the remaining period of the contract	HKD 40.34/till December 8, 2025
	HKD 76.36/till March 27, 2029
The scope of the exercise price of other equity instruments issued by the company at the end of the period and the remaining period of the contract	RMB 6.84-7.03/till March 25, 2025

Other description

In accordance with a general resolution adopted at the annual general meeting of the Company's subsidiary, ENN Energy Holdings Limited, on June 26, 2012 adopted a Stock Purchasing Plan (hereinafter referred to as the "Plan 2012"); in accordance with the resolution of the Board of Directors on November 30, 2018, ENN Energy Holdings Limited, a subsidiary of the Company, adopted the Share Award Plan (hereinafter referred to as the "Share Award Plan"); in accordance with the resolution of the Board of Directors dated on January 20, 2021, the Company adopted a Restricted Stock Incentive Plan (hereinafter referred to as the "Plan 2021").

##### (1) Plan 2012

On December 9, 2015, ENN Energy granted 12,000,000 shares options, with a face value of HK \$0.1 per share, to directors and a number of employees (i.e., "2015 grantees") under the Plan 2012; the grant of share options was subject to the fulfillment of certain terms set forth in the relevant offer letter, which may involve performance evaluation. The exercise price of the granted shares was HKD40.34 per share. As of June 30, 2022, 7,063,250 shares had been cumulatively exercised, 4,594,715 had been annulled and 702,035 had not been exercised.

On March 28, 2019, ENN Energy granted 12,328,000 shares options, with a face value of HK \$0.10 per share, to directors, employees and business advisers who had contributed to the Company (i.e., "2019 grantees") under the Plan 2012. The grant of share options was subject to the fulfillment of certain terms set forth in the relevant offer letter, which may involve performance evaluation. The exercise price of the granted shares was HKD76.36 per share. As of June 30, 2022, 1,777,967 shares had been cumulatively exercised, 3,293,626 had been annulled and 7,256,407 had not been exercised.

### XIII.Share-based Payments (Continued)

#### 1. General information on share-based payments (Continued)

##### (2) *Share Award Plan*

Under the Share Award Scheme, ENN Energy entered into a trust contract with the trustees on March 12, 2019. The Board of Directors of ENN Energy can from time to time during the validity term of the plan (10 years from the date of adoption of the plan or during the period of early termination) contribute capital to Trust and instruct the Trustee to repurchase the Shares of ENN Energy in Stock Exchange or OTC. Such shares, nontransferable and binding no voting right, will be granted free of charge to employees selected by the Board of Directors. The selected employees are required to perform relevant services or meet performance requirements set by the Board of Directors.

The trust purchased 2,415,100 shares of ENN Energy off-market on May 3, 2019 through total swap contract, and reacquired 270,000 shares of ENN Energy on March 18, 2020. The repurchase cost of the share should be determined as treasury stock.

As of June 30, 2022, 928,600 shares were awarded to designated board members and staff at the grant price of HKD76.36, which depended on the corresponding performance and continued service prior to the date of availability. Accordingly, the waiting period for the grant of shares in the batch is from the grant to the feasible date. The redemption of the shares may take place as early as April 1 one year after the financial year in which the corresponding performance was achieved.

During the period of exercise beginning on a feasible date, if the grantee sells the redeemed award shares to exercise the right, the nominal proceeds of the fair value of the shares on the exercise date exceeding the grant price will be settled in cash. The expiration date of the Option is March 27, 2029. As at June 30, 2022, a total of 111,000 shares had been exercised under the cash-settled Share Award Plan and 817,600 shares were outstanding.

## XIII.Share-based Payments (Continued)

### 1. General information on share-based payments (Continued)

#### (3) Plan 2021

Based on the Plan 2021, ENN-NG granted 17.21 million restricted shares to 49 eligible incentive recipients on March 26, 2021; on September 22, 2021, a total of 1.13 million restricted shares were granted to 10 eligible incentive recipients. The term of validity of this incentive plan does 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. 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 canceled 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.

### 2. Information on equity-settled share-based payments

√ Applicable    ☐ Not Applicable

Unit: RMB'0000    Currency: RMB

Method to determine the fair value of the equity instruments on the grant date	For stock options: The fair value of share options priced by the binomial model on the basis of the best estimate conditions of assumed spot price, strike price, risk-free interest rate, expected volatility, expected dividend yield and early strike behavior.  For restricted share: the fair value of the share on the date of grant is adopted.
Basis to determine the number of exercisable equity instruments	The grantees can exercise their rights only after the conditions agreed with the company are achieved, which may involve the achievement of goals and changes in the number of employees who exercise their rights.
Reason for the significant difference between the current estimates and the previous estimates	No significant difference
Accumulated amount of equity-settled share-based payments accounted for in capital reserves	11,665
The total amount of expenses recognized from equity-settled share-based payments	4,974

Other description:

No

### XIII.Share-based Payments (Continued)

#### 3. Information on cash-settled share-based payments

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Method for determining the fair value of liabilities determined on the basis of shares or other equity instruments assumed by the Company	Binomial option pricing model
Accumulated liabilities arising from the payment of liabilities in cash-settled shares	3,433
Total amount of expenses recognized in cash-settled share payments in the current period	-774

Other description:

No

#### 4. Correction and termination of share-based payment

☐ Applicable ☒ Not Applicable

#### 5. Others

☐ Applicable ☒ Not Applicable

### XIV.Commitments and Contingent Events

#### 1. Important commitments

☒ Applicable ☐ Not Applicable

Important external commitments, nature and amount on the balance sheet date

##### *Capital commitments*

Unit: RMB'0000 Currency: RMB

	Closing balance	Opening balance
Contracted but unrecognized in the financial statements		
– Commitment of acquisition and construction of long-term assets	102,087	89,836
– External investment commitments	93,198	119,592
Including: Unrecognized commitments relating to investments in joint ventures and associates	93,038	67,854
Total	195,285	209,428

## XIV. Commitments and Contingent Events (Continued)

### 2. Contingencies

(1) *Material contingent events on balance sheet date*

☐ Applicable    ☒ Not Applicable

(2) *Important contingent events which are not required to be disclosed by the Company shall be accounted for as well:*

☐ Applicable    ☒ Not Applicable

### 3. Others

☐ Applicable    ☒ Not Applicable

## XV. Post Balance Sheet Events

### 1. Important non-adjustment matters

☐ Applicable    ☒ Not Applicable

### 2. Information on profit distribution

☐ Applicable    ☒ Not Applicable

### 3. Sales return

☐ Applicable    ☒ Not Applicable

### 4. Description of other events after the balance sheet date

☒ Applicable    ☐ Not Applicable

## XV. Post Balance Sheet Events (Continued)

### 4. Description of other events after the balance sheet date (Continued)

1. The Company proposes to purchase 90% equity interest in ENN (Zhoushan) LNG CO., Ltd (hereinafter referred to as "ENN Zhoushan") held jointly by ENN Science and Technology Development Co., Ltd., ENN Group Co., Ltd. and ENN Holdings Investment Co., Ltd. (hereinafter referred to as the "Transaction"). Upon completion of the Transaction, the Company will indirectly hold the 90% equity interest in ENN Zhoushan through its wholly-owned subsidiary, ENN (Tianjin) Energy Investment Co., Ltd. (hereinafter referred as "ENN Tianjin").

On July 29, 2022, the Company received the Official Reply on the Approval of ENN Natural Gas Co., Ltd. to ENN Science and Technology Development Co., Ltd. to Purchase Assets (Zheng Jian Xu Ke [2022] No. 1660) from the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"). For details, please refer to the Announcement of CSRC's Official Reply on Approval Relating to Issuance of Shares and Payment of Cash for Purchase of Assets and Related Transaction of ENN-NG disclosed on the website of Shanghai Stock Exchange (Announcement No.: Lin 2022-070) on July 30, 2022 by the Company.

Upon receipt of the Official Reply, the Company actively carried out relevant work for transfer of the underlying assets of this Transaction. As of the report date, the transfer of 90% equity of ENN Zhoushan, the underlying assets, involved in this Transaction has been completed, and the Company indirectly held 90% equity in ENN Zhoushan through its wholly-owned subsidiary, ENN Tianjin.

2. On July 28, 2022, the Company received the first Credit Rating Report on ENN Natural Gas Co., Ltd. for 2022 issued by China Chengxin International Credit Rating Co., Ltd. (hereinafter referred to as "CCXI"), which clearly stated that, the corporate credit rating of the Company was determined by CCXI as AAA and had stable outlook.

On July 29, 2022, the Company received the Corporate Credit Rating Report on ENN Natural Gas Co., Ltd. for 2022 issued by CSCI Pengyuan Credit Rating Co., Ltd. (hereinafter referred to as "CSCI Pengyuan"), which clearly stated that, the corporate credit rating of the Company was determined by CSCI Pengyuan as AAA and had stable outlook.

On August 5, 2022, S&P Global Ratings (hereinafter referred to as "S&P") issued a credit rating report of the Company. The Company was assigned "BBB-" by S&P with a stable outlook.

## XVI. Other Important Matters

### 1. Correction of previous accounting error

#### (1) *Retrospective restatement*

☐ Applicable    ☒ Not Applicable

#### (2) *Prospective application*

☐ Applicable    ☒ Not Applicable

### 2. Debt restructuring

☐ Applicable    ☒ Not Applicable

### 3. Asset replacement

#### (1) *Non-monetary asset exchange*

☐ Applicable    ☒ Not Applicable

#### (2) *Other assets replacement*

☐ Applicable    ☒ Not Applicable

### 4. Annuity plan

☐ Applicable    ☒ Not Applicable

### 5. Discontinued operations

☐ Applicable    ☒ Not Applicable

## XVI. Other Important Matters (Continued)

### 6. Information on divisions

#### (1) Basis for determining and accounting policy of reporting divisions

☒ Applicable ☐ Not Applicable

Based on the internal organizational structure, management requirements and internal reporting system, the Company has identified the following nine reporting divisions: retail gas sales, wholesale of gas, direct sale of gas, construction and installation, integrated energy sales and services, value-added business, coal, energy & chemicals, chemical trade. Each reporting division is a separate business segment providing different products and services. Each division needs to be managed separately because it requires different technologies and marketing strategies. At the same time, the price of products sold and transferred between divisions of the Company shall be determined according to the sales or transfer price to an independent third party, i.e., the prevailing market price. The management of the Company will regularly review the financial information of different divisions to determine the allocation of resources and evaluate performance.

#### (2) Financial information of reporting divisions

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Retail gas sales	Wholesale of gas	Direct sale of gas	Construction and installation	Integrated energy sales and services	Value-added business	Coal	Energy & chemicals	Chemical trade	Inter-division offset	Total
Subtotal of operating income from external transactions	3,481,698	1,869,589	315,575	361,232	612,951	131,404	130,246	160,108	104,352		7,167,155
Operating income from inter-division transactions	2,089,089	1,702,410	372,067	147,711	2,886	232,435	-818	-231	69,907	4,615,456	
Operating income of reporting division	5,570,787	3,571,999	687,642	508,943	615,837	363,839	129,428	159,877	174,259	4,615,456	7,167,155
Subtotal of the operating cost arising from external transactions	3,150,355	1,788,052	266,700	207,350	531,619	40,328	39,549	164,258	102,922		6,291,133
Operating cost for inter-division transactions	2,094,817	1,702,410	371,870	128,848	11,287	225,546	4,640	-2,711	67,222	4,603,929	
Operating cost of reporting division	5,245,172	3,490,462	638,570	336,198	542,906	265,874	44,189	161,547	170,144	4,603,929	6,291,133
Gross profit	325,615	81,537	49,072	172,745	72,931	97,965	85,239	-1,670	4,115	11,527	876,022
Classified assets	4,522,848	250,351	1,554,913	2,200,461	1,087,917	591,325	733,460	702,783	68,742	820,033	10,892,767
Classified liabilities	2,186,406	175,950	360,479	1,692,538	294,122	249,646	506,866	537,128	58,961	388,475	5,673,621



## XVI. Other Important Matters (Continued)

### 6. Information on divisions (Continued)

(3) *If the Company has no reporting divisions, or is unable to disclose the total assets and total liabilities of each reporting division, the reasons shall be accounted for*

☐ Applicable    ☒ Not Applicable

(4) *Other description*

☐ Applicable    ☒ Not Applicable

### 7. Other important transactions and events that have impact on investors' decision-making

☒ Applicable    ☐ Not Applicable

According to the Restricted Stock Incentive Plan for 2021 published by the Company on January 21, 2021, the Company will, based on the performance appraisal of the Company at the corporate level based on the profit assessment in 2020, generate a return-to-parent net profit of RMB1,535.43 million. After deducting the impact of exchange profit or loss on foreign currency assets and liabilities, changes in the fair value of hedging products, provision for asset impairment and amortization of stock incentive costs on the net profit attributable to the parent company, the total amount is RMB-721.22 million, and concluded that the assessed profit of the company in the half year of 2022 is RMB2,256.65 million.

### 8. Others

☐ Applicable    ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements

### 1. Accounts receivable

#### (1) Disclosure according to the maturity of accounts receivable

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Aging	Closing book balance
Within 1 year	
Including: Subentry of accounts receivable due within 1 year	
Subtotal of accounts receivable due within 1 year	16
1-2 years	
2-3 years	
More than 3 years	
3-4 years	
4-5 years	
More than 5 years	39
Total	55

#### (2) Disclosure by classification of provision methods on bad debt

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book balance	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)		Amount	Proportion (%)	Amount	Provision ratio (%)	
Bad debt provision made on an individual basis										
Bad debt provision made on a combined basis	55	100.00	39	71.55	16	39	100.00	39	100.00	
Total	55	/	39	/	16	39	/	39	/	

Bad debt provision made on an individual basis:

☐ Applicable ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 1. Accounts receivable (Continued)

#### (2) Disclosure by classification of provision methods on bad debt (Continued)

Bad debt provision made on a combined basis:

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year	16	0	1
1-2 years			
2-3 years			
3-5 years			
More than 5 years	39	39	100
Total	55	39	100

Recognition standard and description of bad debt provision that is made on a combined basis:

☐ Applicable   ☒ Not Applicable

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable   ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 1. Accounts receivable (Continued)

#### (3) Information on provision for bad debts

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Recovered or reversed	Write-over or write-off	Others changes	
Provision for bad debt of accounts receivable	39	0				39
Total	39	0				39

Major bad debts that tend to be recovered or reversed in the current period thereof:

☐ Applicable ☒ Not Applicable

#### (4) Actual cancellation of accounts receivable in current period

☐ Applicable ☒ Not Applicable

#### (5) Accounts receivable in the top five ending balances collected by the debtor

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Name of entity	Closing balance	Percentage of total closing balance of accounts receivable (%)	Closing balance of bad debt provision
First place	39	71	39
Second place	16	29	0
Total	55	100	39

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 1. Accounts receivable (Continued)

(6) *Derecognized accounts receivable as a result of transfer of financial assets*

☐ Applicable ☒ Not Applicable

(7) *Amount of assets and liabilities resulted from the transfer of accounts receivable with continuous involvement*

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

### 2. Other receivables

*Item list*

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	91,500	131,500
Other receivables	686,668	445,351
Total	778,168	576,851

Other description:

☐ Applicable ☒ Not Applicable

*Interest receivable*

(1) *Classification of interest receivable*

☐ Applicable ☒ Not Applicable

(2) *Significant overdue interest*

☐ Applicable ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 2. Other receivables (Continued)

#### (3) Provision for bad debts

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

#### Dividend receivable

#### (4) Dividend receivable

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Project (or investee)	Closing balance	Opening balance
Xinneng Mining Industry Co., Ltd.	91,500	131,500
Total	91,500	131,500

#### (5) Significant dividends receivable due beyond one year

☐ Applicable ☒ Not Applicable

#### (6) Provision for bad debts

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 2. Other receivables (Continued)

#### Other receivables

#### (7) Disclosure according to the maturity of accounts receivable

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Aging	Book balance at the end of the period
Within 1 year	
Including: Subentry of accounts receivable due within 1 year	
Subtotal of accounts receivable due within one year	686,664
1-2 years	5
2-3 years	
More than 3 years	
3-4 years	
4-5 years	
More than 5 years	
Total	686,669

#### (8) Classification by nature of payment

☒ Applicable ☐ Not Applicable

Unit: RMB'0000 Currency: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Current account	686,669	445,352
Total	686,669	445,352

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 2. Other receivables (Continued)

#### (9) Provision for bad debts

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

	First stage	Second stage	Third stage	
		Expected credit loss for the whole duration (no credit impairment occurred)	Expected credit loss for the whole duration (credit impairment has occurred)	
Provision for bad debts	Expected credit loss in the next 12 months			Total
Balance on January 1, 2022	1			1
The balance of January 1, 2022 in the current period				
— Transferred to the second stage				
— Transferred to the third stage				
— Reversed to the second stage				
— Reversed to the first stage				
Provision for the current period	0			0
Reversal in the current period				
Write-off in the current period				
Cancellation in the current period				
Other changes				
Balance as at June 30, 2022	1			1

Description of other receivables with significant changes in book value in the current period resulted from changes in impairment provisions:

☐ Applicable   ☒ Not Applicable

Amount of provision made for bad debts and the basis adopted to evaluate whether the credit risk of financial instruments have increased significantly in current period:

☐ Applicable   ☒ Not Applicable



## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 2. Other receivables (Continued)

#### (10) Information on provision for bad debts

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-over or write-off	Other changes	
Provision for bad debt of other receivables	1	0				1
Total	1	0				1

In which, significant amount reversed from bad debt provision or recovered bad debt:

☐ Applicable   ☒ Not Applicable

#### (11) Other receivables actually written off in the current period

☐ Applicable   ☒ Not Applicable

Description on the cancellation of other receivables:

☐ Applicable   ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 2. Other receivables (Continued)

#### (12) Information on top five clients of other receivables classified by account balance

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Name of entity	Nature of payment	Closing balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
First place	Current account	394,309	Within 1 year	57.42	
Second place	Current account	130,031	Within 1 year	18.94	
Third place	Current account	52,962	Within 1 year	7.71	
Fourth place	Current account	42,946	Within 1 year	6.25	
Fifth place	Current account	37,486	Within 1 year	5.46	
Total	/	657,734	/	95.78	

#### (13) Receivables related to government subsidies

☐ Applicable   ☒ Not Applicable

#### (14) Derecognized other receivables as a result of transfer of financial assets

☐ Applicable   ☒ Not Applicable

#### (15) Amount of assets and liabilities formed from transferring other receivables with continuous involvement

☐ Applicable   ☒ Not Applicable

Other description:

☐ Applicable   ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 3. Long-term equity investment

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	1,357,006		1,357,006	1,357,006		1,357,006
Investment in associates and joint ventures	4,402		4,402	3,339		3,339
Total	1,361,408		1,361,408	1,360,345		1,360,345

#### (1) Investment in subsidiaries

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Investee	Opening balance	Current increase	Current decrease	Closing balance	Impairment provision in the current period	Closing balance of depreciation provision
Xinneng Mining Co., Ltd.	254,320			254,320		
Xinneng (Hong Kong) Energy Investment Limited	498,182			498,182		
ENN (Tianjin) Energy Investment Co., Ltd.	603,123			603,123		
Chongqing ENN Longxin Clean Energy Co., Ltd.	510			510		
Shanghai International Engineering Consulting Co., Ltd.	871			871		
Total	1,357,006			1,357,006		

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 3. Long-term equity investment (Continued)

#### (2) Investment in associates and joint ventures

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Investee	Current increase or decrease changes										
	Opening balance	Additional investment	Reduced investment	Investment	Adjustment to other comprehensive income	Changes in other equity	Declared cash dividend or Profit	Impairment provision	Others	Closing balance	Closing balance of impairment provision
				profit or loss							
				recognized under the equity method							
Investee	Opening balance	Additional investment	Reduced investment	the equity method	comprehensive income	Changes in other equity	dividend or Profit	Impairment provision	Others	Closing balance	Impairment provision
I. Joint venture											
Subtotal											
II. Associate											
Beijing C.A.U Bio-technology Co., Ltd.	525			-25						500	
Chongqing Longran Energy Technology Co., Ltd.	2,814			1,088						3,902	
Subtotal	3,339			1,063						4,402	
Total	3,339			1,063						4,402	

Other description:

☐ Applicable   ☒ Not Applicable

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 4. Operating income and operating cost

#### (1) Operating income and operating cost

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Principal business				
Other business	1,766	0	7,333	2
Total	1,766	0	7,333	2

#### (2) Income from contract

☐ Applicable   ☒ Not Applicable

#### (3) Description of performance obligations

☐ Applicable   ☒ Not Applicable

#### (4) Description of the apportionment to the remaining performance obligations

☐ Applicable   ☒ Not Applicable

Other description:

No

## XVII. Notes for Major Items in the Parent Company's Financial Statements (Continued)

### 5. Return on investment

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income on long-term equity investment calculated by cost method		92,635
Income on long-term equity investment calculated by equity method	1,063	2,761
Return on investment arising from disposal of long-term equity investments		8,091
Total	1,063	103,487

Other description:

No

### 6. Others

☐ Applicable   ☒ Not Applicable

## XVIII. Supplementary Information

### 1. Statement of current non-recurring profit and loss

☒ Applicable   ☐ Not Applicable

Unit: RMB'0000   Currency: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	-1,326	
Government subsidies included in current profit and loss (except for fixed or rationed government subsidies that are closely related to the business of the Company and are enjoyed in accordance with the unified national standard)	14,314	
Fair value change profit or loss arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities and investment income arising from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments other than the effective hedging related to the Company's regular businesses	41,560	
Reversed impairment provisions for receivables and contract assets subject to separate impairment tests	3,122	
Profits and losses obtained from external entrusted loans	589	
Profits and losses generated by the change of the fair value of investment properties are measured by the fair value model for subsequent measurement	184	
Revenue from custodian fees obtained from entrusted operations	47	
Revenues and expenditures other than the items mentioned above	1,119	
Less: Effect of income tax	11,614	
Effect of minority stockholders' equity (after-tax)	27,777	
Total	20,218	

The reasons shall be explained for the non-recurring profit and loss items defined by the Company according to the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss* and non-recurring profit and loss items defined as recurrent profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss*.

☐ Applicable   ☒ Not Applicable

## XVIII. Supplementary Information (Continued)

### 2. Return on net assets and earnings per share

☒ Applicable   ☐ Not Applicable

Profit in the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	10.16	0.54	0.54
Net profit attributable to common shareholders of the Company after deducting non-recurring profit or loss	8.88	0.47	0.47

### 3. Differences in accounting data under domestic and overseas accounting standards

☐ Applicable   ☒ Not Applicable

### 4. Others

☐ Applicable   ☒ Not Applicable

Chairman: Wang Yusuo

Date of submission approved by the Board of Directors: August 19, 2022

### Revisions

☐ Applicable   ☒ Not Applicable





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Directory of files for  
further reference

Directory of files for further  
reference

Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting, and the person of the accounting agency (accounting officer).

The originals of all corporate documents and original announcements that have been publicly disclosed in the newspapers designated by the CSRC in the Reporting Period.



**ENN 新奥**