



ENN
新奥

新奥股份
ENN Natural Gas

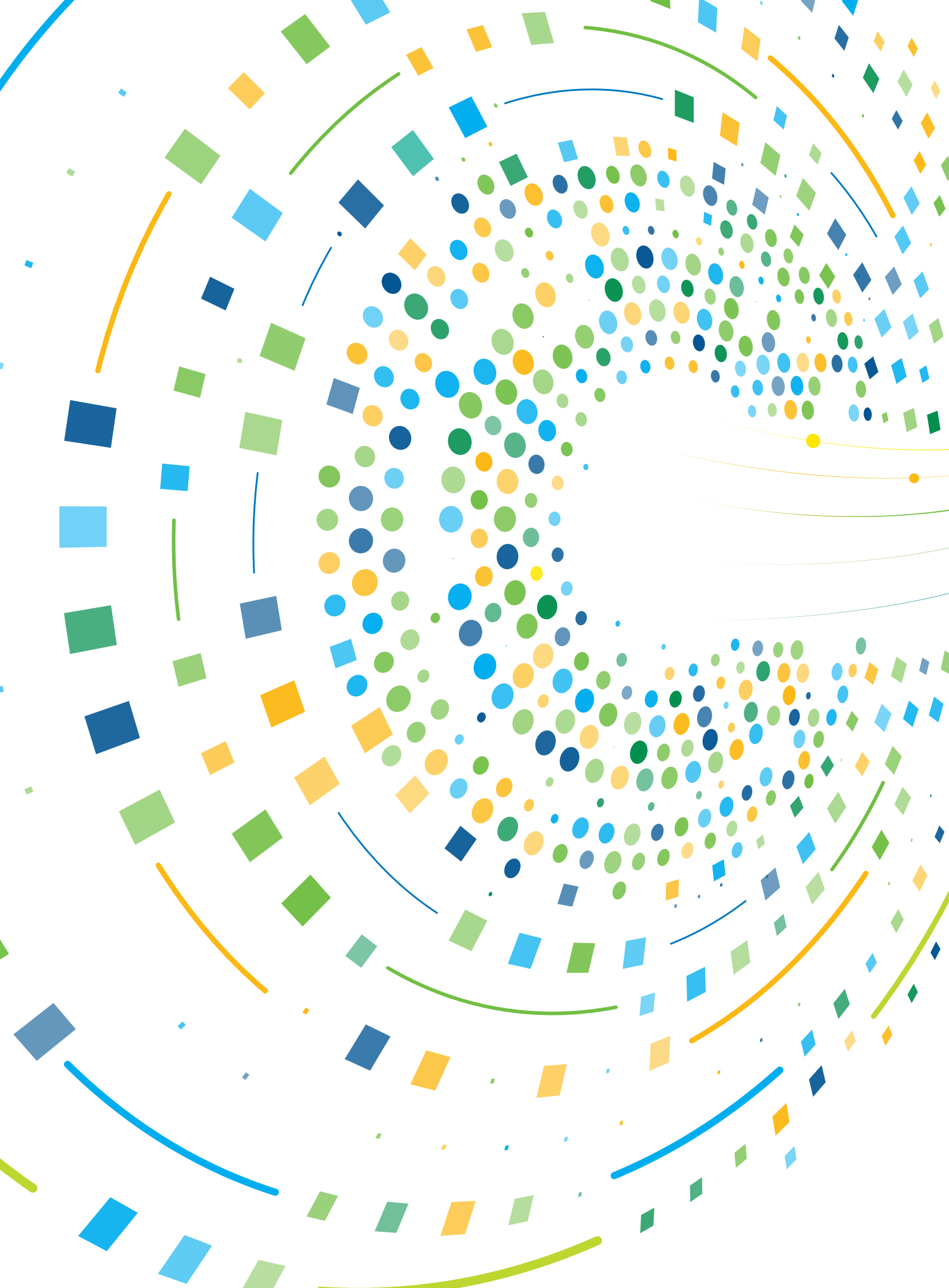
*Digital intelligence
and aggregation,
creating infinite possibilities*



ENN Natural Gas Co., Ltd.

2021

ANNUAL REPORT





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Company Mission

Based on the full scenario of the ENN ecosystem, we aim to become an intelligent ecological operator within the natural gas industry through the application of 'Intelligence with IoT'.

Full-year highlight

Stable Growth

37.2 bcm
Natural gas sales volume
2020: 30.5 bcm

252
City-gas projects
2020: 235

8 million ton/yr
Zhoushan LNG terminal capacity

5.4 million tons
Self-controlled resources
2020: 2.50 million tons

Carbon emission reduction

Helping clients and the society reduce carbon emission by
49.07 million tons
2020: 42.11 million tons

Carbon emission intensity reduced by
17.3%
(base year: 2019)

52.6%
Proportion of IE projects utilizing renewable energy
2020: 30%

70 member Companies obtained ISO certification
2020: 65

Increase renewable energy layout

32
H₂ Production project experiences

380 MW
Contracted PV installations
2020: 300 MW

1,612
Patents as of end of 2021
2020: 1,445



Social responsibility and Safety

4,535
Safety emergency drills

1.66 billion RMB
Spent in safety

103 million RMB
Social donations

Committed to carbon neutrality by
2050



Financial performance

4.1 billion RMB
Net profit attributable to the parent
2020: 2.1 billion RMB



Dividend per share:
0.3075 RMB/share
2020: 0.19 RMB/share



Major indexes

Heng Seng (China A)
Corporate Sustainability
Benchmark Index

MSCI
China A Index



Major ratings

ESG rating

A-

Hang Seng
Sustainability
Index Rating

BB

MSCI
ESG Rating

Financial ratings

Ba1

Moody's

BBB

Fitch

Awards and rankings

《Fortune》2021
Top 500 Chinese
Company
(127th place)

*Chinese Enterprise
Confederation* 2021
Top 500 Chinese
Company
(247th place)

Golden Bull Award
Annual IR
Management
Practice

Tianma Award
Best Board of
Directors Practice



Important Notes

- 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 annual report is true, accurate and complete, that there are no false records, misleading statements or major omissions, and bear individual and joint legal liabilities.
- II. All the directors of the company attend the meeting of the board of directors.
- III. ZhongXi CPAs (Special General Partnership) has issued a standard unqualified auditor's report for the company.
- IV. The principal of the company, Wang Yusuo, person in charge of the accounting body, Wang Dongzhi, and person in charge of accounting department (chief accountant) Cheng Zhiyan declare: Ensure the financial reports in the annual report are true, accurate and completed.
- V. Profit distribution proposal or proposal for capitalization of capital reserve approved by the board of directors

The company held the 42nd meeting of the ninth board of directors deliberating and approving the profit distribution plan for 2021 as follows: a total of RMB875,099,987.84 (tax included) will be distributed as cash dividends to all shareholders at RMB3.075 (tax included) per 10 shares based on 2,845,853,619.00 shares representing the company's total shares capital as of December 31, 2021, with the retained profits to be carried forward to the next year. In this profit distribution, no capital reserve will be converted into share capital, nor will bonus shares be given.

If the company's total share capital and the number of shares that should be used for dividends change before the equity registration date of dividend distribution, the final dividend plan will be subject to adjustment according to the number of shares that can participate in profit distribution on the equity registration date under the profit distribution proposal in view of the principle that the amount of dividends per share remains unchanged.

- VI. Prospective statement of risk

The forward-looking description of future plans and development strategies, etc. in the annual report does not constitute a firm's substantive commitments to investors, and investors are invited to pay attention to risk of investment.

- VII. Whether there is any non-operational appropriation of funds by the controlling shareholder and its associated parties

No

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

No

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

No

X. Major risk tips

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

XI. Others

☐ Applicable ☒ Not Applicable



Interpretation

I. Interpretation

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

Interpretation of common words		
Company, ENN-NG	Refer to	ENN Natural Gas Co., Ltd.
ENN International	Refer to	ENN Group International Investment Limited, the Chinese translation name for "ENN Group International Investment Limited", is the Company's holding shareholder
Zhoushan LNG terminal	Refer to	ENN (Zhoushan) LNG Co., Ltd.
ENN Energy	Refer to	ENN Energy Holdings Limited, Chinese name is "ENN Energy Holdings Limited", Listing Company on the Hong Kong Stock Exchange, stock code: 2688.HK
Essential Investment	Refer to	Essential Investment Holding Company Limited, translated into Chinese as "Essential Investment Holding Company Limited"
ENN Holdings	Refer to	ENN Investment Holdings Co., Ltd.
PipeChina	Refer to	China Oil & Gas Pipeline Network Corporation
Xinneng Mining Industry	Refer to	Xinneng Mining Industry Co., Ltd.
Xinneng Energy	Refer to	Xinneng Energy Co., Ltd.
Xindi Engineering Technology	Refer to	Xindi Energy Engineering Technology Co., Ltd.
Xinneng (Tianjin)	Refer to	Xinneng (Tianjin) Energy Co., Ltd.
Qinshui Xin'ao	Refer to	Shanxi Qinshui ENN Clean Energy Co., Ltd.
Xinneng (Hong Kong)	Refer to	Xinneng (Hong Kong) Energy Investment Co., Ltd.
United Faith Ventures	Refer to	United Faith Ventures Limited
ZhongXi CPAs	Refer to	ZhongXi CPAs (Special General Partnership)
LNG	Refer to	Liquefied natural gas
SSE (Shanghai Stock Exchange)	Refer to	Shanghai Stock Exchange
PetroChina	Refer to	PetroChina Company Limited
Sinopec	Refer to	China Petroleum & Chemical Corporation
CNOOC	Refer to	China National Offshore Oil Corp.
ENC Digital Technology Co., Ltd.	Refer to	Xinzhi Cognitive Digital Technology Co., Ltd
Tibet Tourism	Refer to	Tibet Tourism Co., Ltd.
ENN Group	Refer to	ENN Group Co., Ltd.
Yuan, 0.01 Million Yuan, 100 Million Yuan	Refer to	RMB Yuan, RMB0.01 Million Yuan, RMB100 Million Yuan, China's legal currency unit
Reporting period	Refer to	From 1 January 2021 to 31 December 2021



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
Company's Chinese abbreviation	新奥股份
The name of Company in foreign language	ENN Natural Gas Co., Ltd.
Abbreviations of Company's foreign names	ENN-NG
Legal representative of 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
Tel	0316-2595599	0316-2597675
Postcode	0316-2595395	0316-2595395
Electronic mailbox	lianghongyu@enn.cn	enn-ng@enn.cn

III. Introduction to basic change

Company registered address	No. 383 Heping East Road, Shijiazhuang City, Hebei Province
Historical changes in the Company's registered address	No. 393 Heping East Road, Shijiazhuang City, Hebei Province
Company office address	No. 383 Heping East Road, Shijiazhuang City, Hebei Province; Block B, No. 118 Huaxiang Road, Langfang Development Zone, Hebei Province
Postal code of the office address of the Company	050031, 065001
Company website	http://www.enn-ng.com
Electronic mailbox	enn-ng@enn.cn

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

Name of the newspapers disclosing information selected by Company	<i>China Securities Journal, ShangHai Securities News and Securities Daily</i>
Website address disclosing annual reports	http://www.sse.com.cn
Location of the Company's annual report	Shanghai Stock Exchange, Corporate Investor Relations Energization Group

V. Briefing of the company's shares

Company's share profile				
Type of stock	Stock exchange the stock list in	Short for the stock	Stock code	Pre-change stock abbreviation
A shares	Shanghai Stock Exchange	ENN-NG	600803	/

VI. Other relevant information

An accounting firm (in China) employed by the Company	Name	ZhongXi CPAs (Special General Partnership)
	Office address	11/F, Block A, New Town Culture Building, No. 11 Chongwenmenwai Street, Beijing
	Signed accountant's name	Zhang Zenggang, Deng Haifu
Financial adviser for the reporting period in the performance of continuing supervising duties	Name	CITIC Securities Co., Ltd.
	Office address	North Block, Great Times Square (Phase II), No. 8, The Third Central Road, No. 3 Road, Central, Futian District, Shenzhen City, Guangdong Province
	The name of the financial advisers who signed the sponsor	Li Ning, Kang Haoyu, Zhou Yan
	Duration of continuous supervision	September 18, 2020 – December 31, 2021

VII. Major accounting data and financial indicators of the company in the past three years

(I) Major accounting data

Unit: RMB'0000

Main accounting data	2021	2020	Year-on-year increase or decrease (%)	2019
Operating income	11,591,963	8,809,877	31.58	8,865,218
Net profit attributable to shareholders of the listed company	410,165	210,696	94.67	290,558
Net profit attributable to shareholders of the listed company other than recurring profit and loss	353,118	130,528	170.53	78,700
Net cash flow from operating activities	1,351,038	1,244,768	8.54	1,431,073

	End of 2021	End of 2020	Increase or decrease at the end of the current period compared with the end of the same period last year (%)	End of 2019
Net assets attributable to shareholders of the listed company	1,483,322	813,229	82.40	1,670,342
Total assets	12,793,392	10,952,385	16.81	10,616,249

(II) Main financial indicators

Main financial indicators	2021	2020	Year-on-year increase or decrease (%)	2019
Basic earnings per share (Yuan/share)	1.46	0.82	78.05	1.12
Diluted earnings per share (Yuan/share)	1.46	0.82	78.05	1.12
Basic earnings per share (Yuan/share) withheld except after recurrent profit and loss	1.26	0.84	50.00	0.65
Weighted average return on equity (%)	41.11	16.51	An increase of 24.60 percentage points	18.36
Weighted average return on equity (%) withheld except for recurrent gains or losses	35.39	14.18	An increase of 21.21 percentage points	9.02

The descriptions of the Company's main accounting data and financial indicators in the past three years at the end of the reporting period

1. Operating income in the reporting period increased by 31.58% year-on-year, mainly due to the increase in gas volume and unit price with respect to the natural gas-related businesses (retail, wholesale and direct selling) of the company's subsidiaries, as well as the rapid growth of the integrated energy business thereof.
2. Net profit attributable to shareholders of the listed companies in the reporting period increased by 94.67% year-on-year, mainly because: (1) the profit from the company's natural gas direct selling business and coal business in the reporting period increased significantly year-on-year; (2) in the same period of the previous year, Santos, an important associate of the Company, recognized the investment loss due to the provision for impairment loss, and during the reporting period, the investment gains increased significantly due to the disposal by the company of the associate Levima (Shandong) Chemical Co., Ltd. (formally known as Xinneng Fenghuang (Tengzhou) Energy Co., Ltd.); and (3) during the reporting period, the gains on changes in fair value of derivatives business increased significantly compared with the same period of the previous year.
3. Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss in the reporting period increased by 170.53% year-on-year, mainly because: in addition to the reasons for the increase in net profit attributable to shareholders of the listed company, in the same period of the previous year, the company included the net profit of ENN Energy attributable to shareholders of the listed companies for the semi-year ending June 30, 2020 from business combination involving enterprises under common control in the non-recurring profits or losses according to rules.
4. Net assets attributable to shareholders of the listed companies in the reporting period increased by 82.40% year-on-year, mainly because: (1) the net profit attributable to shareholders of the listed companies increased significantly over the same period of the previous year; (2) during the reporting period, the paid-in capital and the capital reserve increased due to the company's private placement of shares.

5. Basic earnings per share in the reporting period increased by 78.05% year-on-year, mainly due to the significant year-on-year increase in net profit attributable to the listed companies.

6. Diluted earnings per share in the reporting period increased by 78.05% year-on-year, mainly driven by the significant year-on-year increase in net profit attributable to the listed companies.

7. Basic earnings per share after deduction of non-recurring profit and loss in the reporting period increased by 50% year-on-year, mainly due to the significant year-on-year increase in net profit attributable to the listed companies.

VIII. Differences in accounting data under domestic and overseas accounting standards

(I) Differences of net profit and net asset attributable to shareholders of the listed companies in the financial reports disclosed concurrently according to international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not Applicable

(II) Differences of net profit and net asset attributable to shareholders of the listed companies in the financial reports disclosed concurrently according to overseas accounting standards and Chinese accounting standards

☐ Applicable ☒ Not Applicable

(III) Descriptions of differences between domestic and overseas accounting standards

☐ Applicable ☒ Not Applicable

IX. Major accounting data by quarters in 2021

Unit: RMB'0000

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	2,584,867	2,598,710	2,780,858	3,627,528
Net profit attributable to shareholders of the listed companies	60,251	147,515	113,295	89,104
Net profit attributable to shareholders of a listed company other than recurring profit and loss	56,146	116,586	78,912	101,474
Net cash flow from operating activities	48,533	468,372	211,164	622,969

Descriptions of differences between quarterly data and disclosed periodic report data

☐ Applicable ☒ N/A

X. Non-recurring profit and loss items and amounts

Unit: RMB'0000 Currency: RMB

Non-recurring profit and loss items	Amount in 2021	Note (if applicable)	Amount in 2020	Amount in 2019
Profit or loss from disposal of non-current assets	9,905		-7,525	9,085
Exceeding authority approval, or the absence of formal approval documents, or occasional tax refund, relief				
Government subsidies, which are included in profits and losses of the current period, are closely related to the normal operation of the Company, except those that are continuously enjoyed in accordance with certain standards or in accordance with national policies	36,251		23,681	15,867
Capital occupancy fees charged against non-financial enterprises included in current profits and losses				243
Income arising from circumstances where the company acquired a subsidiary, joint venture and associate it should enjoy at acquisition				
Gains and loss from non-monetary assets exchange				
The profit and loss arising from entrusting third party to invest or to manage assets				
Impairment provisions for assets due to force majeure, such as natural disasters				
Gains and losses arising from debt restructuring	-266		-859	
Enterprises restructuring expenses, such as employee re-settlement expenditures, the integrated costs, etc.				
A profit or loss in excess of the fair value of a transaction at an unfair price				
Net current profits and losses from the beginning of the period to combination date of subsidiaries acquired from merger under common control			350,984	734,301

Non-recurring profit and loss items	Amount in 2021	Note (if applicable)	Amount in 2020	Amount in 2019
Profit and loss generated from contingent events unrelated to the Company's normal business activities				
Fair value change gains and losses arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities and investment income arising from 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	74,899		-415	-595
Reversed impairment provisions for receivables and contract assets subject to separate impairment tests	4,367			
The profits and losses obtained from external entrusted loans	1,977			
The profits and losses generated by the change of the fair value of investment properties are measured by the fair value model for subsequent measurement	879		-1,017	
The effect of one-time adjustment to the current profit and loss in accordance with the requirements of tax and accounting laws, regulations				
Revenue from custodian fees obtained from entrusted operations	94		47	
Revenue and expenditures other than the items mentioned above	-6,314		-15,034	-613
Other profit and loss items that satisfy the definition of non-recurring profit and loss				
Effect of income tax	20,871		4,211	302
Effects of minority stockholders' equity	43,874		265,483	546,128
Total	57,047		80,168	211,858

Description of defining the non-recurring profit and loss items listed in "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss" as recurring profit and loss items

☐ Applicable ☒ N/A

XI. Items Measured at Fair Value

Unit: RMB'0000

Item	Opening balance	Closing balance	Current changes	Amount of effects on current profits
Trading financial assets	7,000	15,510	8,510	
Derivative financial assets				
Including: non-hedging derivatives	33,424	168,781	135,357	
Hedging derivatives	152	112,847	112,695	
Receivables financing	88,040	86,389	-1,651	
Other equity instrument investments				
Including: ENN (Inner Mongolia) Graphene Material Co., Ltd.	132	26	-106	
Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd.	243	494	251	
JiaXing Gas Group Co., Ltd.	6,179	11,293	5,114	
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.	1,004	1,230	226	
Shanghai Petroleum and Gas Exchange Co., Ltd.	4,397	4,362	-35	
Chongqing Petroleum and Gas Exchange Co., Ltd.	5,408	5,474	66	
Xiangtan Desheng Energy Distribution Co., Ltd.	152	144	-8	
Sanmenxia Swan Power Co., Ltd.	1,176	1,177	1	
Nanjing Jiangbei New District Power Distribution Co., Ltd.	461	464	3	
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.	288	290	2	
Zhejiang Hesun Energy Co., Ltd.	169	166	-3	
Equity investment in Santos Limited	6,671		-6,671	
Guangxi Power Exchange Center Co., Ltd.		262	262	
Dongguan Fengneng LNG Co., Ltd.		25	25	
Dongguan Fengneng LNG Terminal Co., Ltd.		25	25	

Item	Opening balance	Closing balance	Current changes	Amount of effects on current profits
Other non-current financial assets				
Including: non-hedging derivatives	29,197	102,441	73,244	
Hedging derivatives		9,804	9,804	
Cdb Siyuan (Beijing) Investment Fund Co., Ltd.	5,881	5,445	-436	
Sinopec Marketing Co., Ltd.	417,000	417,000		
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	24,369	18,072	-6,297	
Hony USD Mezzanine Fund	28,709		-28,709	
Chenzhou City Jingui Silver Industry Co., Ltd.		38	38	
Investment properties	26,087	28,807	2,720	
Derivative financial liabilities				
Including: non-hedging derivatives	26,977	196,935	169,958	
Hedging derivatives	13,516	12,116	-1,400	
Other non-current liabilities				
Including: non-hedging derivatives	42,667	85,875	43,208	
Hedging derivatives	10,479	49,260	38,781	
Investment income				50,928
Gains from changes in fair values				45,650
Financial expenses				-10,520
Principal activity costs				64,812
Total	781,624	1,336,598	554,974	150,870

XII. Others

☐ Applicable ☒ N/A



Management Discussion and Analysis

I. Operations Discussion and Analysis

2021 Revenue

116.03 billion

YoY increase

31.71%



2021 Net profit attributable to the parent

4.10 billion

YoY increase

94.67%



Last year saw a steady but sure return to economic growth despite the ongoing COVID-19 pandemic while a profound changes unseen in a century accelerated. As a whole, the macroeconomic environment became more complex and uncertain due to the pandemic. Further, affected by supply-demand mismatch, extreme weather, energy transformation and the like, energy prices fluctuated dramatically, and an energy crisis swept the world. China calmly responded to unprecedented global changes and the pandemic and made new strides towards fostering a new development paradigm. China was among the first to restore economic growth and contain the virus, devoted more energy to growing its strategic scientific and technological strength and improve the resilience of the industrial chain marking a good start for the way forward for the 14th Five-Year Plan. In this context, China's GDP increased by 8.1% year-on-year. Driven by China's "dual carbon" goals, the energy structure has been adjusted and the market-oriented reform of gas, electricity and carbon has been advocated further so that natural gas embraces new opportunities in historical development. Meanwhile, in-depth integration of digital technology and industrial development has helped accelerate transformation of energy digitalization.

Guided by "dual carbon" goals, China's natural gas consumption has been on the increase; PipeChina has made midstream infrastructure more open and state and local governments have issued relevant documents on the natural gas industry in succession, all of which help lay the foundation for an increase in the number of market players, continuous market expansion and stable and efficient operation of China's natural gas market.

Facing a complex and changeable international environment, the Company seized the opportunity adhering to the strategic positioning of "an intelligent ecological operator in the natural gas industry" further promoting an all-scenario layout of clean energy and quickened the development of digital intelligence products. With such efforts, the Company's intelligent ecological operation pattern of the natural gas industry has been gradually formed.



II. A Look at Industries with Company Operations during the Reporting Period

1. Natural gas

178 contracting states around the world have signed the Paris Agreement with the goal to limit global warming to below 2 degrees Celsius compared to pre-industrial levels in order to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century. Guided by this goal, more countries are turning net zero emissions into national strategies and setting out to foster a carbon-free future. Natural gas has many qualities that make it a clean and economical energy source so the low-carbon transformation of the energy system can open up even broader development prospects for the natural gas industry.

Data released by the International Energy Agency shows that global natural gas consumption increased by 4.6% year-on-year to 4.1 trillion cubic meters in 2021. In Asia, natural gas demand showed a steady rise in 2021, an increase of 7% compared with the last year. In particular, as the “main forces” of natural gas consumption, countries in Northeast Asia represented over 82% of net growth in Asia in terms of an increase in natural gas demand. For supply, the slowdown in production growth and the overhaul of liquefied natural gas (LNG) facilities led to a tight balance between global supply and demand patterns.

In 2021, China's natural gas sector maintained its rapid growth trajectory with an apparent consumption of 372.6 billion cubic meters, up by 12.7% year-on-year. Industrial fuel and city-gas contributed to main increments. In terms of supply, increased production in the Ordos Basin and the Sichuan Basin helped China's total natural gas production grow by 8.2% year-on-year to 205.3 billion cubic meters (data from the National Bureau of Statistics of the PRC) in 2021. Meanwhile, the growth in the speed of China's natural gas production is not as fast as that of natural gas consumption so China's natural gas import volume and dependence on net imports of natural gas maintained good momentum for development in 2021. According to data released by Sia Energy, China's dependence on net imports of natural gas reached 43.6% in 2021, the highest level in the past six years. The data released by the General Administration of Customs of the PRC showed that China imported 121.36 million tons of natural gas in 2021, up by 19.9% compared with 2020, including 78.93 million tons of LNG and 42.43 million tons of pipeline gas. At present, China has overtaken Japan as the world's largest importer of LNG.

Regarding market-oriented reform of natural gas, PipeChina integrated the provincial pipeline networks through asset combination and using dispatch rights and enhanced national network layout based on the original cross-provincial long-distance pipeline network. Further, PipeChina opened up for the first time the cross-provincial pipeline consignment capacity, the Wen 23 gas storage capacity and the mid- and long-term application mechanism for terminals. With these steps, more flexibility was added for market players in terms of resource procurement, transmission and distribution, storage and supply. Finally, state and local governments successively issued policies such as the Work Plan for the Special Supervision of Natural Gas Pipeline Networks and LNG Terminals and the Administrative Measures for Natural Gas Pipeline Transportation Prices (Interim) in 2021. These policies will facilitate the fair opening of natural gas pipeline network facilities, improve their utilization efficiency and deepen China's natural gas market-oriented reforms at a faster pace.



Undertook Zhejiang Province 2021 long-distance natural gas pipeline emergency drill

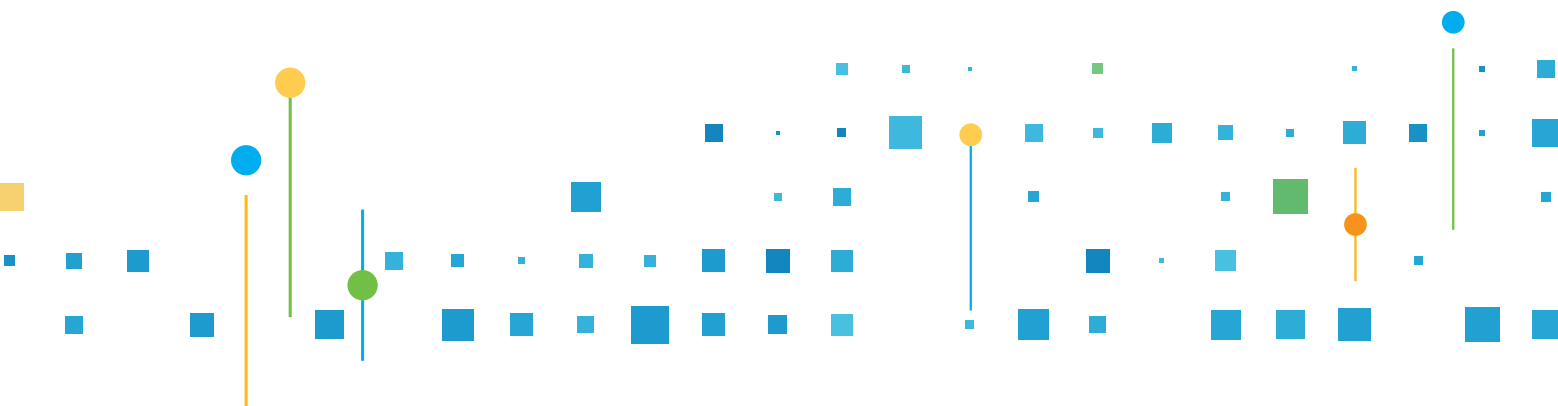


Zhoushan LNG terminal welcomes the 100th LNG vessel offtake

2. Engineering construction and installation

Natural gas infrastructure is one of the basic elements driving the rapid development of natural gas. As China's natural gas demand grows rapidly, China has made notable progress in the construction of natural gas infrastructure. As stated in the China Natural Gas Development Report (2021) issued by the National Energy Administration of the PRC, as of the end of 2020, the total mileage of domestic long-distance natural gas pipelines was about 110,000 kilometers and the framework of "one national network" of natural gas was initially formed. Before the heating season in 2020, China's gas storage capacity reached 23.4 billion cubic meters. China's natural gas infrastructure construction has developed in a robust manner, but China still lags behind developed countries in terms of pipeline interconnection and peak load regulation capacity. For example, regarding gas storage facilities, total gas storage capacity for the natural gas peak load regulation in China only represented approximately 7% of total natural gas consumption, far lower than that seen internationally (15%-20%). With rapid growth of natural gas demand in China, two key measures for the development of the natural gas industry will be the pipeline network layout and an increase in new gas storage and peak load regulation facilities.

In terms of installation, data released by the National Bureau of Statistics of the PRC showed that at the end of 2021, the urbanization rate of China's permanent population was 64.72%, an increase of 0.83 percentage points from the end of the previous year and the urban permanent population reached 910 million, an increase of 12.05 million from the end of 2020; permanent population in rural areas was 500 million, a decrease of 11.57 million. Many are continuously moving towards areas along the Yangtze River, coastal areas and inland urban areas. As urbanization continues, the number of natural gas users is also expected to increase. According to data from the Ministry of Housing and Urban-Rural Development of the PRC, the number of urban natural gas users in China in 2020 was 410 million, an increase of 5.8% compared with 2019.



3. Integrated energy

In March 2021, Premier Li Keqiang, also a member of the Standing Committee of the Political Bureau of the CPC Central Committee, presided over a work conference on energy conservation, emission reduction and response to climate change. At the conference, Premier Li pointed out that we should adjust and optimize the energy structure, take proactive steps to develop wind power, nuclear power, hydropower, photovoltaic power generation, vigorously advance distributed energy and grow smart grids. Local governments have also entered relevant policies into force to quicken the development of new energy industries such as photovoltaics and wind power. Under the guidance of policies, China's power-generating installed capacity increased by 7.9% year-on-year by the end of 2021, including via the increase in grid-connected wind power capacity by 16.6% and in grid-connected photovoltaic capacity by 20.9%. Distributed photovoltaics have made outstanding progress with newly installed capacity representing approximately 55% of the newly installed photovoltaic capacity in 2021. In terms of power generation, renewable energy power generation grew steadily in 2021 representing nearly 30% of the electricity consumption in China. Further, China's electricity demand grew rapidly. To be specific, national electricity consumption in China was 8.31 trillion kWh in 2021, an increase of 10.3% year-on-year. (Data from National Development and Reform Commission, National Bureau of Statistics and National Energy Administration of the PRC)

Meanwhile, electricity market-oriented reform has been basically determined and several electricity reform policies have been introduced such as the Implementation Opinions on Deepening the Reform of "Simplifying Procedures, Decentralizing Powers, Combining Decentralization with Appropriate Control, and Optimizing Services" and Optimizing the Business Environment in the Energy Field and the Green Power Trading Pilot Work Plan. These policies stressed that we should introduce better market transaction mechanism, encourage nearby transactions of distributed power generation, establish a mechanism applicable to the transaction between renewable energy microgrids, local stock grids, incremental distribution networks and large power grids with a view to providing new opportunities for integrated energy business to break the "wall-to-wall electricity sales (also known as direct sales of electricity)" policy constraints.



Meetings focused on winter supply guarantee

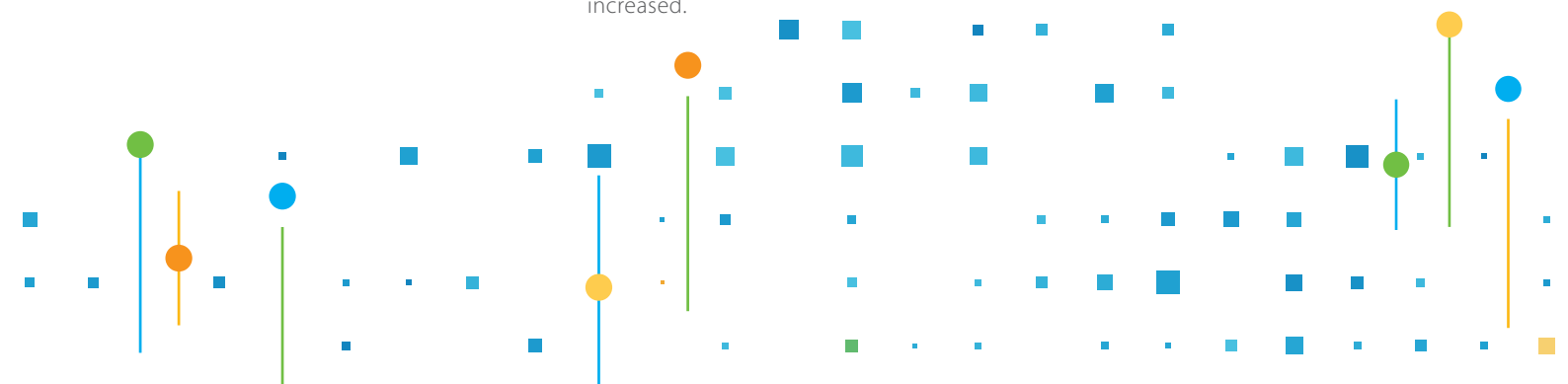


Ensure stable downstream supply during typhoon "Firework"

4. Energy production

In 2021, the coal market witnessed dramatic fluctuations and coal prices showed a reversed "V" trend. From the beginning of 2021 to October 2021, the imbalance between supply and demand drove coal prices surging to a record-high in October 2021. Increase in coal demand was mainly attributable to effective virus containment in China. Rapid growth of electricity demand and lack of hydropower generation resulted in a substantial increase in the demand for coal. In terms of supply, affected by safety, environmental protection, coal ticket control and other factors, domestic coal production was slow to be released. At the same time, coal imports faced a limited increase precipitated by the pandemic, weather and geopolitics. After October 2021, China introduced relevant policies to ensure the supply of thermal coal so newly-added coal production capacity in the main production areas began to be released more rapidly. In addition, the Chinese government has strengthened regulation and control by introducing policies. These factors shifted coal prices into a declining trend. In the whole of 2021, China's raw coal production reached 4.07 billion tons and imported coal reached 320 million tons (data taken from the National Bureau of Statistics of the PRC). In the next few years, coal supply and demand will remain relatively balanced. Sharp rise in coal prices in 2021 will also further facilitate the adjustment and optimization of the coal price formation mechanism leading to a rise in the average coal price.

In 2021, the methanol market showed a narrow upward trend across the board. Rise in prices of coal, natural gas and other basic raw materials of methanol pushed up the price of the entire industrial chain. After October 2021, China began to the coal indirectly resulting in a decline in methanol price. In terms of supply, the overall operation rate of methanol in China was relatively low. In 2021, China's methanol production capacity was 97.705 million tons, a slight decline from 2020. Further, affected by policies relating to carbon neutrality and the Dual Control System of Total Energy Consumption and Energy Intensity, the industry has entered a period of adjustment and subsequent increase in production capacity will slow down. Meanwhile, tight international supply also led to a decrease in methanol imports. In 2021, China's methanol imports were reduced to less than 11.5 million tons, a decrease of more than 1.5 million tons year-on-year. In 2021, overall demand was relatively stable. Specifically, China's apparent consumption of methanol was about 78.26 million tons with olefins still representing a half of China's methanol demand while traditional downstream demand has steadily increased.



III. Business Engaged in by the Company during the Reporting Period

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

1. Natural gas sales

The Company further divides 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.

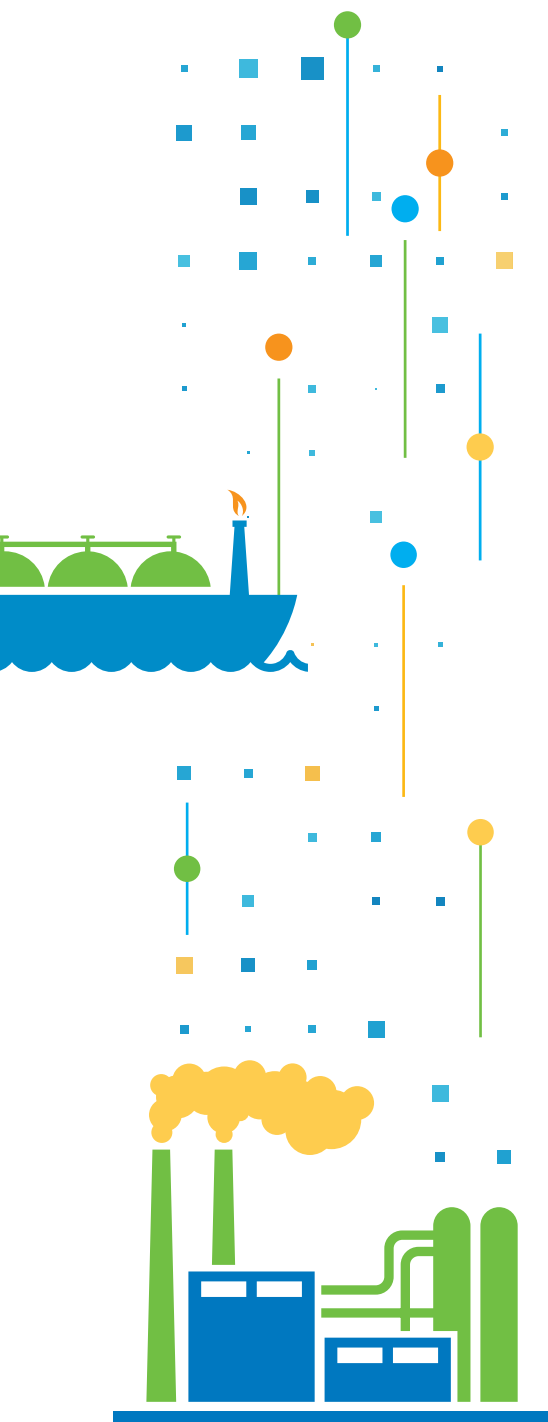
a) *Direct sales of natural gas*

The Company has purchased natural gas mainly from abroad supplemented by resources from domestic LNG liquid plants owned or entrusted by it and unconventional resources etc., and then sold them to customers in the domestic industry, city-gas, power plants and transportation energy. Regarding international procurement, the Company has purchased natural gas from international natural gas producers or traders through signing long-term purchase agreements and spot contracts. At present, the Company has signed long-term purchase agreements with Cheniere Energy and Novatek OAO under which they will supply 1.5 million tons of natural gas per year to us. On this basis, the Company flexibly carried 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 were linked to international mainstream energy indicators such as crude oil, JKM, HH and TTF to prevent and defuse various price risks. In terms of domestic resources, the Company purchased resources such as coal-to-gas, coalbed methane and scattered well gas. At the same time, we obtained LNG liquid plant resources through holding control and underwriting.

b) *Retail of natural gas*

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

Our existing upstream gas suppliers include CNPC, Sinopec, and CNOOC. The Company has also signed long-term and short-term purchase agreements with Total, Origin, Chevron and BP. It has purchased LNG spot resources for supplementation based on the needs of downstream customers and the natural gas market situation at home and globally.



The purchase prices of non-pipeline gas (mainly LNG) are determined by the market and is mainly affected by domestic and global supply and demand pattern. The National Development and Reform Commission is formulating and adjusting gate station prices so that pipeline gas prices of each province will transition to a flexible price formation mechanism. Since 2016, China is gradually relaxing gate station price control and the gate station base 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 will charge a certain percentage above the base price without downside limit.

The sales price for commercial and industrial users is adopting the government-guided price. At present, China's various cities have established their own non-residential sales price linkage mechanisms. When upstream gate station prices change, the Company may apply for a sales price adjustment for non-residential users within the set range. Sales price for residential users has been determined by the Chinese government.

c) Wholesale of natural gas

The Company has purchased natural gas from nearly 100 domestic LNG liquid plants, coastal terminals and other suppliers as a gas source supplement for retail of natural gas and then sold 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, the Company has integrated natural gas with other renewable energy sources according to local conditions such as wind, solar, geothermal, biomass and other renewable energy and provided customers with integrated energy supply and solutions relating to cold, heat, gas and electricity based on customers' energy consumption needs and rules, energy saving and emission reduction demand. This helps realize multi-energy coordinated supply and comprehensive gradient utilization of energy. The Company also used the integrated technology of integrated energy stations to achieve energy allocation among multiple integrated energy stations and adopted the optimal operation and control strategy to meet safe, efficient, clean and economical energy needs of users and to achieve energy efficiency improvement and emission reduction.

Engineering experiences in

3 LNG terminals

10+ LNG liquefaction
factories

2,500 km
long-distance pipelines

8,000 km
mid-high pressure pipeline
network

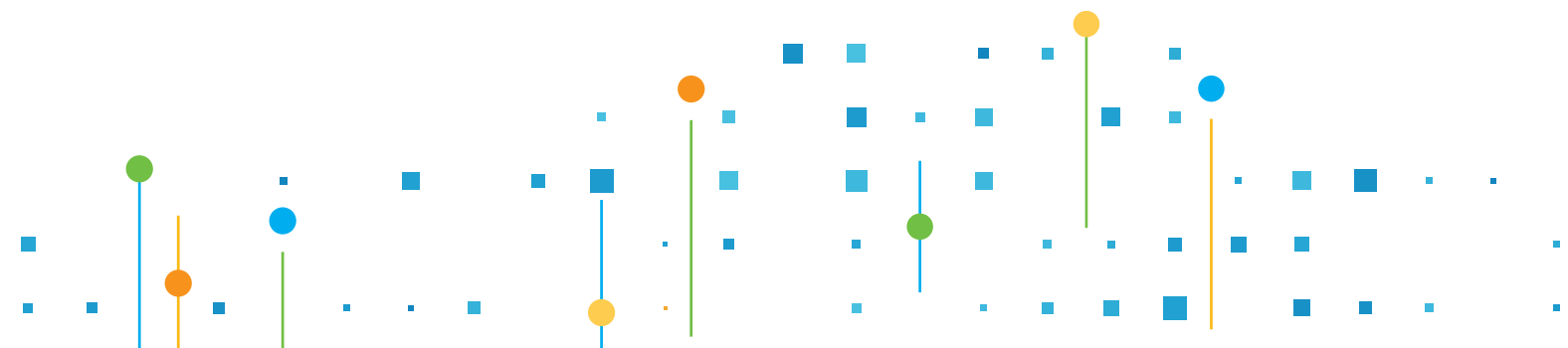


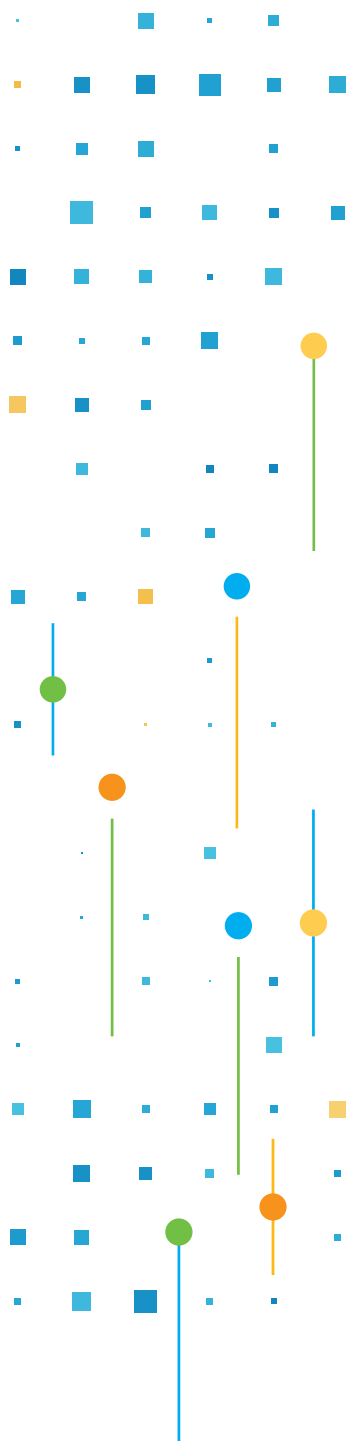
3. Engineering construction and installation

Engineering construction and installation business is mainly divided into engineering construction business and gas installation business.

a) *Engineering construction*

Engineering construction covers four major engineering fields, namely natural gas engineering, municipal engineering, chemical and pharmaceutical engineering and low carbon and digital intelligence. The Company obtained projects through bidding and provided customers with overall solutions for the entire cycle of projects, including consulting and design, equipment integration, project construction and digital delivery, procurement, and technology research and development. Up till now, engineering projects that we participated in include 3 LNG terminals, over 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. At the same time, the Company have undertaken engineering projects relating to hydrogen energy since 2011. With more than 10 years of growth, our hydrogen production is mature, and we have participated in 32 hydrogen production projects covering all 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, geothermal and the like. Driven by core technologies and relying on leading intelligent project management and delivery capabilities, the Company delivered to customers 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 installation

The Company provided installation and pipeline construction services relating to gas-use equipment for residential, commercial and industrial users. The paid installation services for residential users including newly-built commodity housing and old residential housing without pipeline gas installation, specifically the courtyard pipeline network and indoor facilities within the red line of residential buildings, etc. The installation services for commercial and industrial covered pipeline gas projects of industrial, commercial, welfare units and other customers. For engineering installation business, engineering contractors and material suppliers were selected mainly through bidding. In some regions that have established market-based pricing mechanisms, the pricing of engineering installation business was implemented in accordance with the relevant policies and regulations on engineering installation fees of the provincial and municipal development and reform commissions.

4. Energy production

a) Coal

The Company owns the mining rights of Wangjiata Coal Mine, and entrusts a third party with the coal mining, washing and exporting. Wangjiata Coal Mine is characterized by the simple and stable geological structure and good coal quality. The type of its coal includes non-stick coal as the mainstay and few candle coal. The Company's main coal products include blended coal and cleaned 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 used as high-quality coal for some special purposes and as raw materials for coal chemical industry. We 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 and of the thermal coal around the Bohai Sea, as well as the coal sales prices of similar coal quality surrounding coal mines. The transaction mode of payment before delivery was adopted.

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 Erdos City, Inner Mongolia and its 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 and digital intelligence business

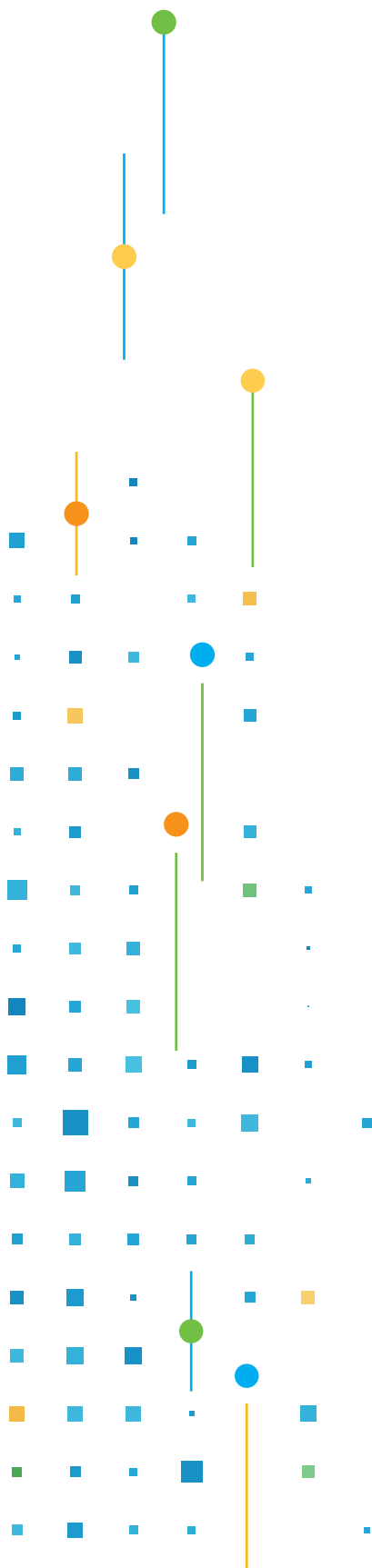
a) *Value-added business*

On the basis of performing safety gas services, the Company made continued efforts to innovate service models, provided more service product categories, and created a value-added product family that meets the diversified and differentiated needs of customers upon our core values for safety, low carbon and intelligence – a family including 360° kitchen products, concealed installation of pipes, heating products, security products, whole-house facilities for hardcover houses, LoRa digital intelligence IoT, NFC Huimin card, etc., further adding the value of extended services to gas users.

b) *Digital intelligence business*

By virtue of our own massive business data accumulated in all scenarios of energy and with reference to industry development trends, we comprehensively used the IoT, big data, artificial intelligence, edge computing, and joint learning technologies to build an all-scenario digital and industrial intelligence platform for energy. This platform can provide diversified “energy + carbon” transactions, cloud-based digital intelligence SaaS products, solutions, information consulting, information services, data services, operational services, financial services, and other derivative services.

Internally, the Company provided diversified energy + carbon + service product portfolio, intelligent transactions and intelligent delivery services to support our digital transformation and upgrading and improve the level of industrial intelligence; externally, capitalizing on the best practices of intelligent transaction + industry accumulation, the Company cooperated with ecological partners to provide platform-based SaaS products and solution services and work toward an industrial intelligent ecosystem.



IV. Analysis of Core Competitiveness during the Reporting Period

1. Deploy all scenarios of the natural gas industry and continue to promote business innovation and coordination to enhance competitiveness

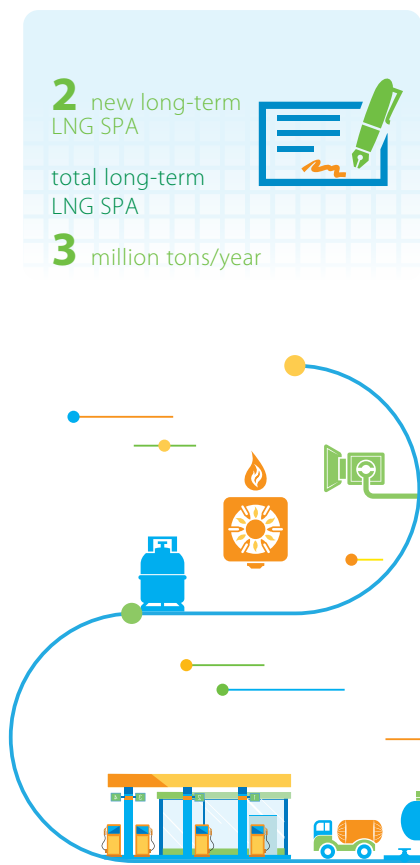
In 2021, the Company continued to advance a boarder and deeper layout of all scenarios in the natural gas industry, explore and innovate in terms of demand, resources, transportation and storage, etc. Also, we promoted synergy in various business scenarios to further amplify the effect of industrial aggregation.

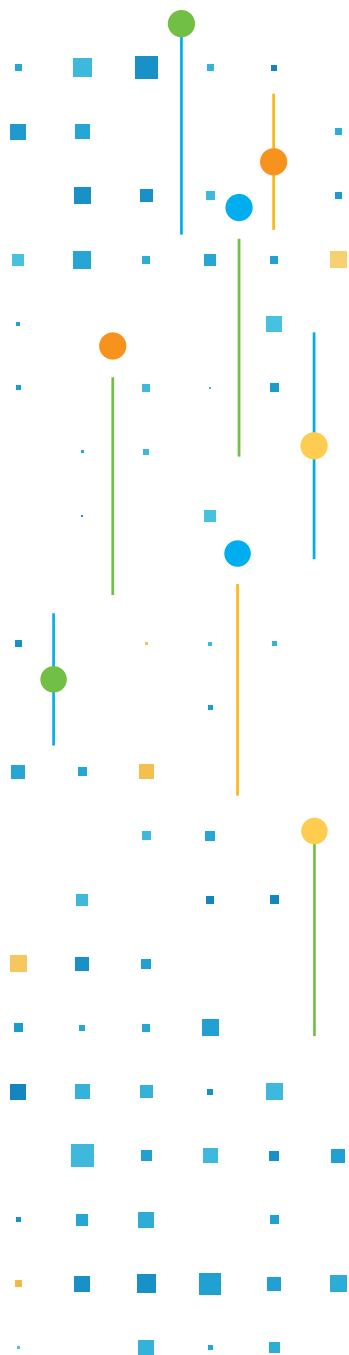
(1) Explore customer needs by innovative methods

Customers are a cornerstone of the stable growth of our business. Over the past year, capitalizing on over 20 years of experience in the downstream of natural gas, the Company accurately identified the energy consumption needs of customers in the fields of city-gas, industry, power plants, and transportation energy. We provided customers with personalized energy supply solutions based on customer demand for energy supply and affordability. For example, the Company provided new business such as transportation and mining agency for customers in Guangdong, subdivided customer needs and differentiated prices in Shandong, Jiangsu and other provinces through “basic volume + increments”, and directly supplied overseas resources to local major customers in Zhejiang. These innovative business models help to expand our customers and increase customer stickiness, laying a solid foundation for our natural gas sales growth.

(2) Conduct diversified development to optimize resource structure

In terms of resource acquisition, the Company continued to expand and optimize the composition of resources to meet the increasing downstream demand and continued to consolidate and enhance the strategic cooperation with three major oil companies with respect to the pipeline gas to obtain advantageous stocks and incremental resources. Meanwhile, taking advantage of the opportunity of the market-oriented reform of natural gas, the Company acquired unconventional resources in Xinjiang, Inner Mongolia, Shanxi and other provinces, and directly supplied inland resources to customers in eastern China including Hebei, Shandong, Zhejiang, and Fujian. In 2021, we acquired a total of nearly 500 million cubic meters of unconventional resources as a flexible resource supplement. In terms of international resources, the global natural gas market was turbulent and had many uncertainties in 2021. The Company obtained 1.5 million tons/year of resources under long-term agreements through calm forward-looking response.





We and Cheniere Energy signed a long-term agreement with respect to our first FOB (Free On Board) resources. We would deliver such resources to all over the world in the future based on the flexibility of FOB resources, laying a good foundation for us to expand international markets. The long-term agreement with Novatek provides that ENN Zhoushan LNG terminal shall be used as the unloading station, providing a long-term and stable foundation for safeguarding domestic supply. In 2021, the Company acquired up to 5 million tons of international resources. Meanwhile, the Company made continued efforts to conclude spot and paper trading to further lock in the cost of resources and reduce the risks between the procurement and sales. The spot and paper team boasts rich experience in international procurement, market research and judgment, derivative product design and trading. This team researched and developed its own energy trading and risk management system namely ETMO to provide accurate data support for the decision-making of spot and paper trading. In 2021, international LNG prices kept rising. JKM (Japan/Korea Marker) surged from US\$5/MMBtu, the lowest point, in February 2021 to over US\$50/MMBtu, which put huge cost pressures on all resource buyers. Our spot and paper team made an accurate judgment when the energy price was low and took approaches in advance to lock in the cost of the resources we purchased abroad. This successfully helped us resist the unfavorable factors caused by sharp rise in international resource prices and further safeguarding our stable profitability.

(3) Create a delivery network for both natural gas and LNG

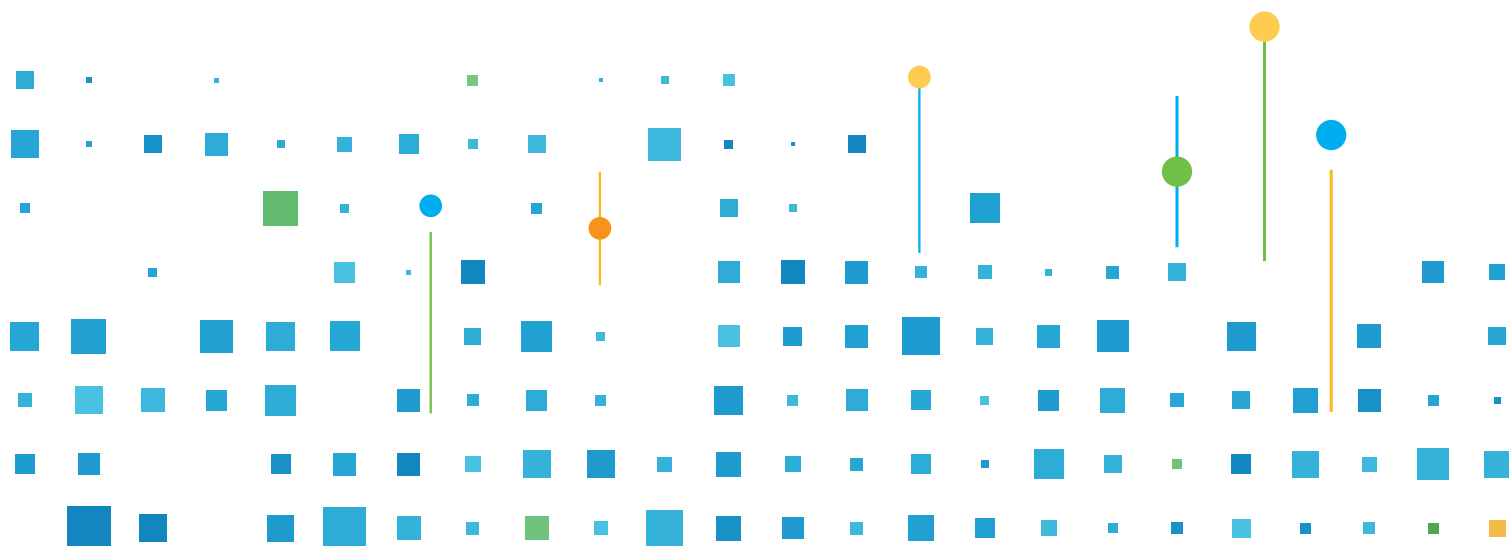
As PipeChina opens its infrastructure fairly to third parties, the Company, as a channel to link customers and resources, took this opportunity to explore potential resource transmission and storage. Domestically, in 2021, we rationally planned the flow of resources based on the location of upstream resources and successfully obtained the capacity of No. 1, No. 2 and Yuji lines of the West-East Gas Pipeline. The accumulated consignment capacity of the pipeline network acquired by us exceeded 2 million cubic meters per day, realizing flexible scheduling of resources across provinces and regions. To this end, the Company became the only operator with a nationwide inter-provincial onshore pipeline transmission network in addition to three major oil companies.

In terms of international resource delivery, the Company connected import channels of coastal terminals across the country by taking ENN Zhoushan LNG terminal as a fulcrum, obtaining incremental window periods from the terminals of PipeChina, and interchanging window periods with ecological partners. In 2021, we applied for and used 10 window periods of PipeChina's terminals. Besides three major oil companies, the Company is a shipper that uses the most window periods of PipeChina's terminals. The Company's outstanding ability to perform contracts also laid a good foundation for our future cooperation with PipeChina and other terminals.

(4) Take multiple measures to enhance peak load regulation capacity

In terms of resource reserves, as the only underground gas storage of PipeChina that is currently accessible to third parties, Wen 23 has also become an important factor for the Company to link resources and customers, adjust gas storage and regulate peak load and reduce the imbalance of the number of supplies with their need in the market. In 2021, the Company successfully obtained 50 million cubic meters of Wen 23's rental storage capacity. Leveraging our storage capacity and supporting management capacity, we connected unconventional resources and customer needs, and supplied more economical unconventional resources to Zhejiang for the first time in the context of high international LNG prices, thus reducing overall resource costs while ensuring customer supply. Further, the Company obtained the capacity of many storages in North China including Henan Storage Company, Hebei Jingao Company and Zibo Chengyi Company. In conjunction of our own resource storage capacity, we greatly reduced the mismatch between supplies and demands in the channels and resources and enhanced the adjustment ability. As of the end of the Reporting Period, the Company's own medium-distance and trunk pipelines exceeded 73,000 kilometers in length, and our own, entrusted and leased gas storage capacity exceeded 600 million cubic meters.

The continuous exploration and innovation in the whole industry chain helped us secure deeper and boarder achievements in the natural gas industry, and became the core driving force for the steady growth of our natural gas business.



2. Advance the high-quality development of integrated energy, driven by “dual-carbon” goals

The Company designed the best energy supply technology route according to the local resource conditions of the integrated energy projects, the energy demand of customers, and the load forecasting. For integrated energy projects put into operation in 2021, their schemes integrated the utilization of various low-carbon energy sources and technologies such as biomass, photovoltaics, geothermy, natural gas and energy storage. On this regard, in the project of Beijing Daxing International Airport Economic Zone, a national-level airport economic demonstration zone which has been put into operation since last year, a smart energy system has been built by relying on the smart city + “LoRa” IoT technology and the digital terminals to provide support for regional comprehensive energy management and “dual carbon” goals by comprehensively utilizing renewable energy such as geothermal energy and solar energy. After this project arrives at its full capacity, its annual energy consumption will be 44.31 million kwh, and 9,000 tons of standard coal will be saved, and 24,000 tons of carbon dioxide emissions reduced every year.

3. Start the major asset reorganization project of ENN Zhoushan LNG terminal

In order to introduce a better layout of the entire natural gas industry chain and become an intelligent ecological operator in the natural gas industry, the Company started the reorganization of ENN Zhoushan LNG terminal in 2021 after completing the major asset restructuring of ENN Energy in 2020. By utilizing ENN Zhoushan LNG terminal, the Company secured more business options and flexibility in terms of “international and domestic aspects, natural gas and LNG, self-owned and third-party resources, actuals and long-term contracts, spot and paper markets”. ENN Zhoushan LNG greatly contributes to the Company in safeguarding customer supply, flexibly adjust business strategies, and consolidate strategic positioning.



Phase II of Zhoushan LNG terminal under operation



Successful ventilation for Zhoushan's first large-scale industrial direct supply project-green petrochemical park



Hydrogen energy industrialization
application demonstration park in
Zhangjiakou



Hydrogen Production Project in
Liaoning



Coke Oven Gas to Hydrogen
Production in Henan

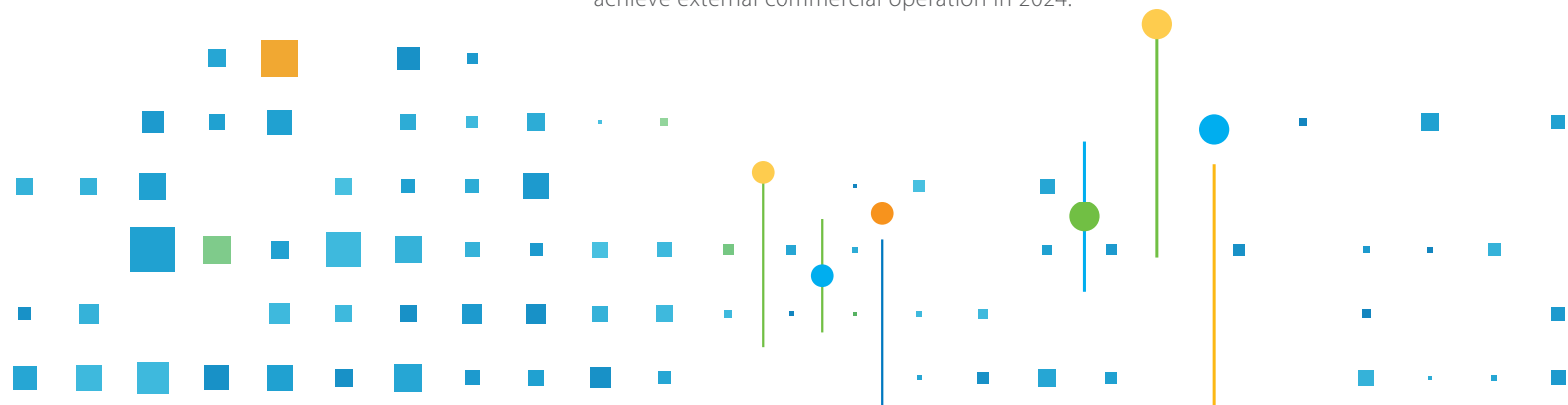
4. Accelerate the layout of new energy business

In terms of integrated energy business, the Company focused on developing four categories of customers, namely, low-carbon park, low-carbon factory, low-carbon building, and low-carbon transportation. In addition, the Company devoted more energy to developing energy consumption-side services such as terminal energy saving, process optimization, and energy facility trusteeship operations based on overall green/low-carbon solutions. Further, the Company took active approaches to lay out distributed photovoltaic resources by giving full play to the advantages of integrated energy solutions synergy. With these steps, the Company has been awarded contracts for an installed photovoltaic capacity of up to 380 MW in 2021. Meanwhile, we strategically deployed energy storage business, and explored the overall solutions of “load-power-grid-storage” to increase project revenue. Also, the Company, to facilitate the low-carbon transformation of the transportation industry, has involved in the construction of pilot battery charging and swapping facilities in Quanzhou and Shanghai with unified model, standard and data, of which 20 facilities have been put into operation and over 25 facilities are under construction.

As to hydrogen energy, the Company has a complete and in-depth layout in hydrogen energy production technology and engineering, etc., and boasts 14 patented hydrogen production technologies, which have been maturely applied in 21 projects. With a wealth of experience in hydrogen production, we undertook 32 hydrogen production projects that are either under construction or have been delivered to customers. Because of our strong hydrogen production engineering capacity, we established cooperation with 718th Research Institute of China Shipbuilding Industry Corporation (“718th Research Institute”) being a national-level scientific research unit in the military industry integrating scientific research and development, design, production and technical services with core advantages in hydrogen energy industry consulting, planning and design. The Company and 718th Research Institute worked in concert build a hydrogen energy industrialization application demonstration park and a supporting hydrogen refueling station project in Zhangjiakou, Hebei. This project started trial production in 2020 and was officially operated in 2021. It produced 2,000 standard cubic feet per hour and provided raw materials for more than 300 hydrogen-fueled buses in Zhangjiakou during and after the Beijing Winter Olympics. At the same time, the Company signed a strategic cooperation agreement with CSSC Peric Hydrogen Technologies Co., Ltd., a wholly-owned subsidiary of 718th Research Institute. In the future, the two parties will have more cooperation in such fields as hydrogen energy technology development, technology industrialization promotion and services to achieve resource sharing and win-win cooperation. In Huludao,

Liaoning, we used our own natural gas as raw material and adopted patented hydrogen production technologies to independently design and build a hydrogen production plant, which provides 12 million cubic meters of hydrogen per year for customers in the pharmaceutical and chemical industry. At the same time, in order to realize the better combination of the Company's natural gas business and hydrogen energy utilization, we also established cooperation with well-known colleges and universities in China to build a hydrogen energy laboratory in Shijiazhuang for carrying out technology R&D related to the entire hydrogen energy industry chain by relying on existing resources and giving full play to the advantages of all scenarios of energy.

In terms of energy storage research and development, capitalizing on our own rich natural gas resources and identifying the vacancy of solid oxide fuel cells (SOFC) in the domestic market, the Company has independently designed and developed a 6kW SOFC system, with 9 related technical patents having been applied therefor, the power generation efficiency of which system has reached 60% for the first time in China with stable operation. Owing to the leading core technology advantages, the Company has obtained the chance to undertake the R&D of the 30kW SOFC system for "SOFC Power Generation System Technology", a national key R&D project of the Ministry of Science and Technology in 2020. SOFC uses natural gas as raw material, and directly converts chemical energy into electrical energy through electrochemical reaction. This means that SOFC has higher power generation efficiency than traditional power generation technology using chemical energy-thermal energy-mechanical energy-electricity conversion. The research showed that the power generation efficiency of SOFC can exceed 60%, far higher than the power generation efficiency of proton exchange membrane fuel cells and traditional gas turbines, namely, less than 40%. SOFC features high power generation efficiency, quiet operation, and flexible modular design, so it has been widely used in Europe and the United States, with the customers mainly coming from data centers, large warehouses and medical centers. Its application projects include Apple headquarters in the United States, New York City Building, AT&T Data Center, and Nokia Office Building, etc. In China, SOFC has not yet reached the commercial scale due to high technical barriers. Our research on SOFC aims to meet the system output standards for commercial electricity, and to develop SOFC system integration technology with independent intellectual property rights. The Company plans to complete the 30kW system integration next year and strives to achieve external commercial operation in 2024.



5. Comprehensively promote the digital-intelligent transformation to empower industrial upgrading

During the Reporting Period, the Company basically realized the digital intelligence of core natural gas scenarios in business fields such as city-gas, natural gas trade, logistics transmission and distribution, infrastructure operation, design and construction, and safe operation. The Company made major headway in the upgrading and application of digital intelligence products such as city-gasdigital intelligence security system, intelligent matching of demand, supply, transportation and storage, safe transportation management and control, infrastructure intelligent operation, and factory network design platform.

After that, the Company will work toward a digital intelligence source ecosystem and promote business innovation and development. To be specific, we will use digital intelligence products in all scenarios of natural gas business, pursue the intelligent collaboration and value optimization of supply chain through intelligent matching of demand, supply, transportation and storage and intelligent transaction and delivery, and do more to transform and upgrade our business. Meanwhile, we will further promote the digital intelligence of security operations, consolidate and enhance industrial intelligence based on the IoT, iterate safe digital intelligence products, improve the digital intelligence security control system, build an industry safety brand, and energize ecological partners for operating safely.

MSCI ESG Rating:

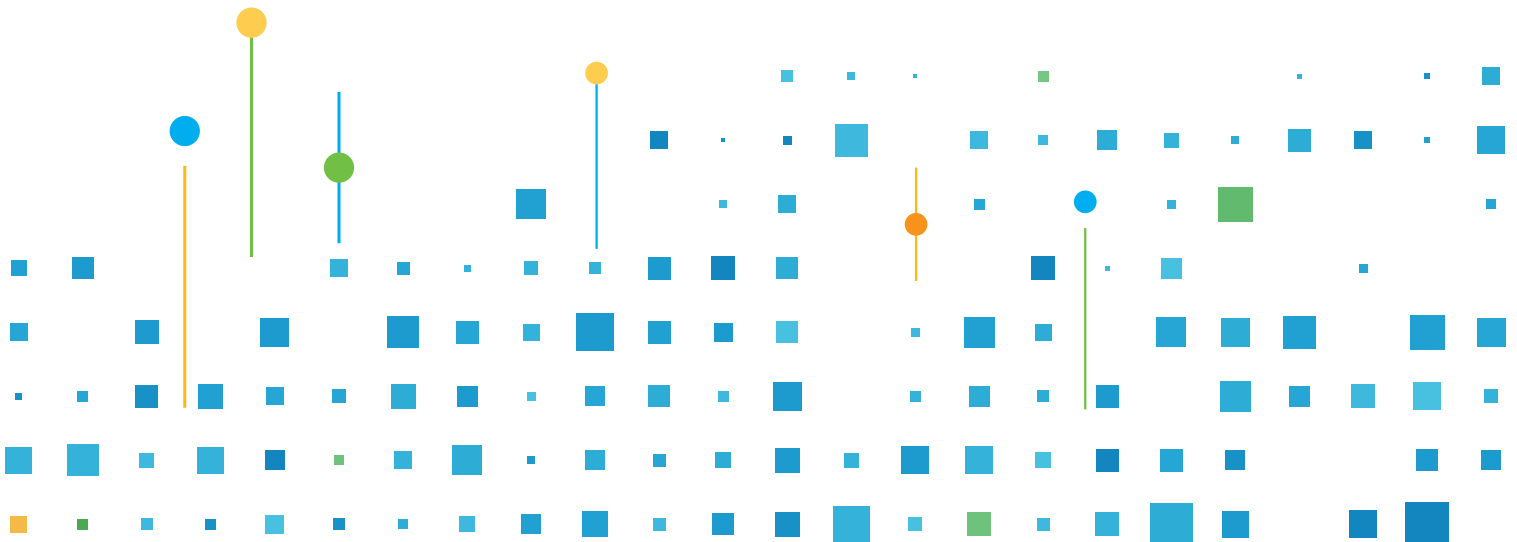
BB

6. Make continued efforts to improve the ESG governance

In 2021, the Company further implemented the sustainable development strategy, and established a complete governance structure and execution system with reference to international standards. We also set up an ESG committee and a management team to play the strategic leading role of ESG and root ESG elements in our core business and corporate culture. The Company released the 2020 Environmental, Social and Governance Report for the first time in early 2021 and was rated as BB in the ESG management level of MSCI. The Company was also included in the MSCI China A-Share Index and the Hang Seng A-Share Sustainable Development Enterprise Benchmark Index, a demonstration of the recognition of our ESG management level and long-term investment value by professional capital market institutions.

In order to actively respond to climate change and achieve the ambitious goal of “net zero emissions by 2050”, the Company released the Green Action 2030 – Carbon Neutral Path of ENN-NG or the Green Action 2030 – Carbon Neutral White Paper of ENN-NG (tentative) this month. This action plan fully covers our 2030 phased targets for Scope 1 and Scope 2 emissions in all business sectors and office levels, aiming to facilitate our progress in achieving net zero emissions and help the society make substantial progress in clean and low-carbon development.

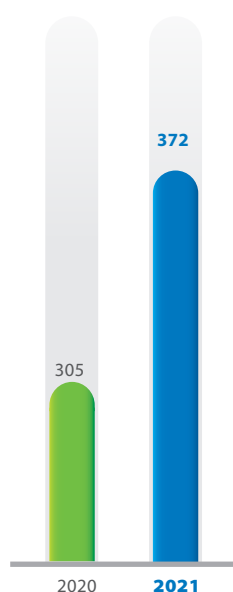
Looking ahead, ENN-NG will forge ahead to meet the challenges head on and make our best efforts to contribute to the sustainable development of economy, environment and society, and strive to pursue the efficient development of green and low-carbon energy and the social and economic growth in China and even the world, thus building a clean and beautiful new world together.



V. Major Operation Achievements during the Reporting Period

Natural Gas Sales Volume

unit: 100 million m³



(I) Operation analysis

1. Natural gas sales business

a) Natural gas direct sale

In 2021, relying on the huge downstream customers and with the business support from ENN Zhoushan, the Company made forward-looking layout and flexible decisions in resources, demands and spot-paper integration, supplying up to 4.1 billion cubic meters of gas annually through direct sale, an increase of 3.4 times year-on-year.

b) Natural gas retail

Seizing the opportunity of industrial consolidation, with keen market insight, excellent safety operation management and flexible project development strategy, and in light of the cutting-edge integrated energy concept, the Company obtained the exclusive right to operate 17 city-gas projects such as Henan Ruyang Industry Zone during the year. By the end of 2021, the Company had 252 city-gas projects in China, covering 20 provinces and autonomous regions including Anhui, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Jiangsu, Jiangxi, Liaoning, Shandong, Zhejiang, Shanghai and Tianjin. In 2021, the retail sales volume of natural gas reached 25.27 billion cubic meters, a year-on-year increase of 15.1%.

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

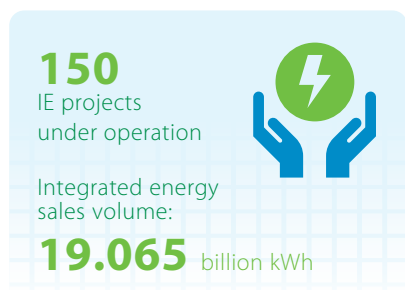
In the context of "dual carbon", the government has given high priority to green and low-carbon development, deepened prevention and control of air pollution, and accelerated green transformation in all sectors. As new commercial and industrial users gradually use gas and new projects are awarded, the Company's customer scale and gas distribution network will be further expanded. During the Reporting Period, the Company's retail gas sales volume to commercial and industrial users reached 19.9 billion cubic meters, a year-on-year increase of 17.9%, accounting for 78.8% of the total retail sales volume of natural gas.

2) Residential users

During the Reporting Period, owing to the gradual use of natural gas by new residential users, the Company's retail gas sales volume to residential users reached 4.7 billion cubic meters, a year-on-year increase of 12.4%, accounting for 18.6% of the total retail sales volume of natural gas.

c) Natural gas wholesale

During the Reporting Period, the Company supplied gas of up to 7.83 billion cubic meters through wholesale, a year-on-year increase of 2.8%.



2. Integrated energy business

In 2021, the Company grasped multiple opportunities on carbon neutrality, industrial transfer, clean heating and energy system reform promotion to actively develop the business of integrated energy by making full use of digital intelligence technology, strengthening the traction of integrated energy concept, paying close attention to the green and low-carbon needs of the government and customers, focusing on customers involving high pollution and high energy consumption as well as those of parks, and improving the energy and carbon integration. During the year, 31 integrated energy projects of the Company were completed and newly put into operation among a total of 150 integrated energy projects under operation, which aggregately brought 19.065 billion kwh of integrated energy sales in respect of cool, heat and electricity, among others, to the Company, with a year-on-year increase of 58.3%. In addition, there are also 42 integrated energy projects under construction, which will meet an integrated energy demand of up to 36 billion kwh when they arrive at full capacity.

3. Construction and installation business

During the Reporting Period, the Company developed 25,331 commercial and industrial users (gas appliances with a daily design gas supply of 21.036 million cubic meters have been installed). The maximum gas usages for new “coal-to-gas” users are estimated to be 5.68 million cubic meters per day, accounting for 27% of those for the new commercial and industrial users. By the end of 2021, the total number of commercial and industrial users served by the Company has reached 202,459 (gas appliances with a daily design gas supply of 163 million cubic meters have been installed).

During the Reporting Period, with stable real estate market in its locality, the Company completed engineering installations for 2.62 million newly developed residential users, a year-on-year increase of 329,000. Among them, users of new households, old households and “rural coal-to-gas” households account for 71%, 15% and 14% respectively, having an average installation cost per household of RMB2,536. By the end of 2021, the Company has developed 25.835 million residential users, with an average piped gas penetration rate of 62.4%.

2021 witnessed a gradual external transformation as to the construction business. During the Reporting Period, the Company successfully obtained the contract from JTB for the project of producing hydrogen by coke oven gas. The project has a designed production capacity of 14 tons per hour for LNG and 1 ton per hour for hydrogen, using coke oven gas to produce LNG and equipping PSA hydrogen generating and filling devices for production, which will effectively promote the comprehensive utilization of local coke oven gas. By using the effective components such as carbon monoxide and hydrogen in coke oven

2021
Piped gas penetration rate

62.4%



Coal sales volume

3.9 million tons

Methanol
sales volume

1.42 million tons



gas and removing harmful components such as sulfur therein, the project will achieve “two-way pollution reduction” and be built into a benchmark for the industry of producing hydrogen from coke oven gas. Meanwhile, the Company has undertaken the PMC project from CNOOC Chemical Engineering, dispatching various professional project managers in respect of civil engineering, installation, quality, safety, progress and cost control, among others, for the projects of terminal, petrochemical, crude oil reserve and so on where CNOOC Chemical Engineering acts as an EPC contractor. The PMC project represents the Company's first entry into the field of project management services, which will greatly improve the project management level of the Company in terms of the construction business and lay a good foundation for the Company to explore construction business opportunities in the future.

4. *Energy production business*

In 2021, the Company fully released the value of resources through lean operation. During the Reporting Period, the Company sold 3.9 million tons of commercial coal, 1.42 million tons of methanol and 400,000 tons of LNG from its own and entrusted liquid plants.

5. *Value-added and digital intelligence business*

Adhering to the customer-centered principle, the Company continues to deepen the understanding of customer needs, while ensuring gas safety services, constantly innovates service modes, and expands services and products thereby forming 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 Company launched a series of products and services including, among others, 360° kitchen products, concealed installation of pipes, heating products, security products, whole-house facilities for hardcover houses, LoRa digital intelligence IoT and NFC Huimin card, further adding the value of extended services to gas users. At present, the value-added services only have a penetration rate of 9% in the Company's existing customers, and of 21% in the newly developed customers during the year, which are in the stage of rapid development with great growth potential.

In terms of digital intelligence business, the Company keeps developing customers. In 2021, the number of registered business users of greatgas.cn have increased by more than 900. Additionally, the multi-user intelligent operation system for LNG terminals and chemical plants has also been successfully introduced to various external terminals and chemical parks. In terms of dangerous chemicals transportation, the Yuntuyun logistics platform added 2,703 sets of IoT dangerous chemicals transportation vehicles in 2021, and the coverage of LNG tankers in the industry was as high as 75%.

(II) Financial performance analysis

1. Financial resources and liquidity

The Company's capital mainly derived from cash inflow of its business operation, financing, investment income and share capital. The main factors influencing the Company's future cash balance are cash flow from operation, capital expenditure and repayment of debts.

The analysis of the Company's cash and financing is as follows:

Unit: RMB'0000

Item	31 December 2021	31 December 2020	Change
Bank balances and cash (excluding restricted bank deposits)	1,012,660	923,928	88,732
Lending funds ^{Note 1}	222,099	239,171	-17,072
Short-term debts	797,234	936,250	-139,016
Non-current liabilities due within one year	727,155	717,317	9,838
Long-term debts	569,828	471,804	98,024
Long-term payables	162,870	14,457	148,413
Bonds payable	984,096	1,078,424	-94,328
Total debts ^{Note 2}	3,055,841	3,209,161	-153,320
Net debts ^{Note 2}	1,821,082	2,046,062	-224,980
Total equity	4,616,554	3,527,180	1,089,374
Net debts/total equity	39.45%	58.01%	-18.56%
Unutilized bank facilities	4,246,041	1,960,246	2,285,795

Note 1: During the Reporting Period, the Company, by implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15, presented the business of financial companies within the consolidation scope of the listed company separately as per the requirements for financial enterprises on presenting financial statements. Some bank balances and cash were reclassified to lending funds, without restrictions thereon.

Note 2: Both the total debts and net debts at the end of 2021 exclude the portion of the long-term payables and the non-current liabilities due within one year that are not related to financing activities.

(1) Management of working capital

As of 31 December 2021, the Company's unrestricted bank balances and cash were RMB12.348 billion, an increase of RMB717 million from the beginning of the year, which is mainly from operating income. During the Reporting Period, the Company used operating income and bank facilities reasonably and efficiently, reducing the interest-bearing liabilities by RMB1.533 billion, and reserved unutilized bank facilities of RMB42.4 billion (2020: RMB19.6 billion) to meet its financing needs in all aspects. This showed that the Company did not need to rely too much on borrowings, rather maintained a moderate debt scale to provide capital for its operations.

(2) Debt scale

As of 31 December 2021, the Company's total debts amounted to RMB30.558 billion, a decrease of RMB1.533 billion compared with the beginning of last year, primarily due to the Company's stable free cash generating capacity, excellent liquidity management as well as strict and prudent financial policies. Meanwhile, affected by the Company's major asset restructuring projects, the Company's total equity in 2020 decreased compared with the same period in 2019. As of the end of the Reporting Period, the total equity has recovered and increased to RMB46.166 billion, resulting in a decrease of the net gearing ratio by 18.56% to 39.45% compared to the same period last year.

(3) Debt structure

As of 31 December 2021, the Company's financing amount denominated in foreign currency was US\$3.084 billion (US\$3.078 billion at the beginning of 2021), equivalent to RMB19.661 billion (equivalent to RMB20.085 billion at the beginning of 2021), of which 59.62% (2020: 54.34%) was long-term debt.

Debt structure by currency



The Company used foreign exchange derivatives products to manage the risk arising from its bonds payable and bank loans denominated in USD, so as to hedge the Company's exposure to fluctuations in the expected future cash flows arising from the repayment of bond payable and bank loans denominated in USD. In view of the existence of fluctuations in RMB/USD rate, the Company will continue to closely monitor the foreign exchange market and strive to use foreign currency derivatives contracts to mitigate the impact on its results when deemed appropriate.

The Company seeks to maintain strict control over the debt level and strike a balance between duration of debt and cost of financing. In managing borrowings, the Company will seek to spread the maturity dates evenly over different years in order to reduce short-term liquidity pressure. In 2021, the Company continued to control the scale of short-term debts as follows: during the Reporting Period, the Company completed the non-public issuance of A shares for major restructuring projects and paid the transaction price and replaced part of the previous self-owned and self-raised capital investment out of raised funds, effectively reducing financing needs. Further, it successfully issued US\$800 million USD bonds due after 5 years overseas and used all the raised funds to repay US\$500 million USD bonds and other loans due in the current year, reducing financial expenses and optimizing debt structure; it also used a 6-year loan of US\$227 million to complete the short-term M&A loan replacement work for its major restructuring projects, reducing financial costs. Meanwhile, it reasonably arranged future repayment plans to balance the repayment time in different years. The Company took several measures so that its short-term debt at the end of the year decreased by RMB1.426 billion compared with the beginning of the year. In 2022, the Company will continue to use its own funds and bank facilities to repay its maturing borrowings from the banks and other financing institutions. Therefore, the Company had forward-looking repayment plans and sufficient credit resource reserves to support loan repayments.

(4) Credit rating

During the Reporting Period, the international rating of the Company was upgraded. Specifically, Moody's upgraded the Company's international rating to Ba1 from Ba2 with a stable outlook in February 2021; Fitch maintained the Company's international rating of BBB- with a stable outlook. The rating of ENN Energy Holdings Limited, a subsidiary of the Company was also upgraded. To be specific, Moody's upgraded the international rating of ENN Energy to Baa1 from Baa2 with a stable outlook in February 2021; Fitch maintained ENN Energy's international rating of BBB with a stable outlook and in January 2022, upgraded the international rating of ENN Energy to BBB+ from BBB with a stable outlook; Standard & Poor's maintained ENN Energy's international rating of BBB with a stable outlook. For domestic ratings, United Credit Ratings Co., Ltd. assigned Xin Ao (China) Gas Investment Limited, a subsidiary of the Company, an AAA (stable) rating. These ratings reflected the Company's sound financial position, highly visible and stable operating cash flow generating capacity and sufficient financial resources from its strong financing capabilities.

(I) Analysis of principal business

1. Analysis of changes in related items in the profit and loss statement and the cash flow statement

Unit: RMB'0000

Item	Current period	Same period of the previous year	Change (%)
Operating incomes	11,591,963	8,809,877	31.58
Interest incomes	11,051		N/A
Operating costs	9,651,302	7,178,244	34.45
Interest expense	1,784		N/A
Sales expenses	144,589	121,019	19.48
Administration expenses	376,355	330,939	13.72
Financial expenses	50,504	37,710	33.93
R&D expenses	103,532	58,508	76.95
Investment gains (loss is shown as "-")	117,887	40,438	191.53
Including: gains on investments in associates and joint ventures	53,844	25,243	113.30
Gains on changes in fair value ("- means losses)	45,650	-8,104	-
Credit impairment losses (loss is shown as "-")	-13,470	-20,480	-
Impairment losses on assets (loss is shown as "-")	-45,016	-6,315	-
Gains on disposal of assets (loss is shown as "-")	-2,943	-12,543	-
Plus: non-operating incomes	16,457	8,320	97.80
1. Net profit attributable to owners of the parent company (loss is shown as "-")	410,165	210,696	94.67
VI. Other comprehensive incomes, net of taxes	41,385	8,173	406.36
Net cash flows from operating activities	1,351,038	1,244,768	8.54
Net cash flows from investing activities	-804,111	-720,906	-
Net cash flows from financing activities	-470,140	-420,967	-

Other notes:

1. In the Reporting Period, operating incomes increased by 31.58% and operating costs increased by 34.45%, in each case year-on-year, mainly due to the increase in gas volume and unit price with respect to the natural gas-related businesses (retail, wholesale and direct selling) of the Company's subsidiaries, as well as the rapid growth of the integrated energy business thereof during the Reporting Period.

2. In the Reporting Period, interest income increased by RMB111 million and interest expenses increased by RMB18 million year-on-year, mainly due to the separate presentation of the business of financial companies within the consolidation scope of the listed company as per the requirements for financial enterprises on presenting financial statements in response to the Company's implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15 in the Reporting Period.

3. R&D expenses in the Reporting Period increased by 76.95% year-on-year, mainly due to the increase in R&D investments of the Company's subsidiaries during the Reporting Period.

4. Financial expenses in the Reporting Period increased by 33.93% year-on-year, mainly due to the decrease in exchange gains of the Company's subsidiaries caused by the decrease in RMB appreciation compared with the same period of the previous year.

5. Investment gains in the Reporting Period increased by 191.53% year-on-year, mainly because: ① in the same period of the previous year, Santos, an important associate of the Company (who was disposed of on June 30, 2020), recognized investment losses due to the provision for impairment loss; ② during the Reporting Period, the Company recognized investment gains by disposing some associates; and ③ settlement income from derivatives of the Company's subsidiaries increased during the Reporting Period.

6. Gains on investments in associates and joint ventures in the Reporting Period increased by 113.30% year-on-year, mainly due to the recognition by Santos, an important associate of the Company (who was disposed of on June 30, 2020) of investment losses for the provision of impairment loss in the same period of the previous year.

7. Gains on changes in fair value in the Reporting Period increased by RMB538 million year-on-year, mainly driven by the increase in the fair value of derivatives held by subsidiaries of the Company during the Reporting Period.

8. Credit impairment losses in the Reporting Period decreased by RMB70 million year-on-year, which was mainly caused by the reversal of bad-debt provisions due to long-aged accounts receivable recovered by the Company's subsidiaries during the Reporting Period.

9. Impairment losses on assets in the Reporting Period increased by RMB387 million year-on-year, mainly due to the increase in provisions for decline in value of inventories made by subsidiaries of the Company during the Reporting Period.

10. Gains on disposal of assets in the Reporting Period increased by RMB96 million year-on-year, mainly due to the decrease in net losses from disposal of fixed assets of the Company's subsidiaries during the Reporting Period.

11. Non-operating income in the Reporting Period increased by 97.80% year-on-year, mainly due to the increase in compensation received by subsidiaries of the Company during the Reporting Period.

12. Net profit attributable to owners of the parent company in the Reporting Period increased by 94.67% year-on-year, for such main reasons as are detailed in "(I) Main accounting data" of "VII. Main Accounting Data and Financial Indicators in the Past Three Years" in Section II.

13. Other comprehensive income, net of taxes increased in the Reporting Period by 406.36% year-on-year, mainly due to the increase in the fair value of hedging instruments held by subsidiaries of the Company in the Reporting Period.

Detailed description of significant changes in the type of business and profit composition or source of the Company during the period

☐ Applicable ☒ N/A

2. Analysis of revenue and cost

Analysis of revenue and cost:

(1). Principal business by industry, by product, by region and by sales model

Unit: RMB'0000

Principal business by industry						
Industry	Operating income	Operating costs	Gross margin (%)	Change in operating income y-o-y (%)	Change in operating costs y-o-y (%)	Change in gross margin y-o-y (% point)
Retail gas sales	5,674,876	4,957,063	12.65	23.71	30.16	Decrease by 4.33% points
Wholesale of gas	2,456,143	2,416,966	1.60	39.47	40.28	Decrease by 0.56% points
Gas direct of sales	578,461	449,181	22.35	265.20	212.86	Increase by 12.99% points
Construction and installation	1,040,868	516,393	50.39	8.27	-4.61	Increase by 6.70% points
Integrated energy sales and services	872,560	714,877	18.07	52.74	54.77	Decrease by 1.08% points
Value-added business	228,428	49,308	78.41	43.57	86.38	Decrease by 4.96% points
Coal	220,682	67,183	69.56	43.34	-4.81	Increase by 15.40% points
Energy & chemicals	279,875	287,111	-2.59	40.07	52.38	Decrease by 8.29% points
Chemical trade	189,414	182,771	3.51	-7.66	-10.08	Increase by 2.60% points

Principal business by product						
Product	Operating income	Operating costs	Gross margin (%)	Change in operating income y-o-y (%)	Change in operating costs y-o-y (%)	Change in gross margin y-o-y (% point)
Natural gas	8,709,480	7,823,210	10.18	33.86	37.85	Decrease by 2.60% points
Construction and installation	1,040,868	516,393	50.39	8.27	-4.61	Increase by 6.70% points
Integrated energy sales and services	872,560	714,877	18.07	52.74	54.77	Decrease by 1.08% points
Self-produced coal	220,682	67,183	69.56	43.34	-4.81	Increase by 15.40% points
Self-produced methanol	279,875	287,111	-2.59	45.56	56.77	Decrease by 7.34% points
Chemical trade	189,414	182,771	3.51	-7.66	-10.08	Increase by 2.60% points
Other	228,428	49,308	78.41	37.07	55.34	Decrease by 2.54% points

Principal business by region						
Region	Operating income	Operating costs	Gross margin (%)	Change in operating income y-o-y (%)	Change in operating costs y-o-y (%)	Change in gross margin y-o-y (% point)
Domestic	11,362,754	9,483,770	16.54	31.35	33.87	Decrease by 1.57% points
International	178,553	157,083	12.02	67.17	90.21	Decrease by 10.66% points

Principal business by sales model						
Sales model	Operating income	Operating costs	Gross margin (%)	Change in operating income y-o-y (%)	Change in operating costs y-o-y (%)	Change in gross margin y-o-y (% point)
Direct sales	7,125,897	6,121,121	14.10	34.02	38.68	Decrease by 2.88% points
Distribution	3,374,542	3,003,339	11.00	36.12	35.79	Increase by 0.22% points
Others	1,040,868	516,393	50.39	8.27	-4.61	Increase by 6.70% points

Description of principal business by industry, by product, by region and by sales model

/

(2). Analysis of production and sales

Principal product	Unit	Production volume	Sales volume	Inventory levels	Change in Production volume y-o-y (%)	Change in sales volume y-o-y (%)	Change in inventory y-o-y (%)
Self-produced coal	10,000 tons	392	390	3	-38.07	-38.39	200.00
Self-produced methanol	10,000 tons	142	142	2	-4.05	-4.05	0.00
Self-produced LNG	10,000 m ³	16,204	16,080	159	11.78	10.80	354.38

Description of production and sales

1. In 2021, the production of self-produced coal decreased by 38.07% and the sales decreased by 38.39% over the previous year, mainly because: ① in 2021, the gangue rate increased as the underground parting became thicker, decreasing the conversion rate of commercial coal; ② in 2021, the extraction was appropriately slowed down in order to ensure safe production given the worsening of underground geological conditions; ③ at the beginning of 2021, the Company stopped production for rectification in order to further strengthen safety education and improve safety measures after an underground accident on the part of a third-party contractor entrusted by the Company. All of the foregoing led to a year-on-year decrease in the production and sales of commercial coal.

2. In 2021, inventories of self-produced LNG increased by 354.38% over the previous year, mainly because: 1. sufficient preparations were made for peak shaving of national city-gas storage in 2021; 2. the Spring Festival in 2021 is earlier than that in previous years, bringing forward holidays of downstream industrial enterprises; 3. the main sales areas were subject to COVID-19 outbreak. The above factors reduced the demand for self-produced LNG, resulting in lower sales and year-on-year increase in inventories after entering the traditional heating season.

(3). Performance of major purchase contracts and major sales contracts

□ Applicable √ N/A

(4). Cost analysis

Unit: RMB'0000

By industry							Description
Industry	Cost components	Cost for the reporting period	Percentage of total costs for the reporting period (%)	Cost for the corresponding period of the previous year	Percentage of total costs for the corresponding period of the previous year (%)	Change in amount y-o-y (%)	
Retail gas sales	Natural gas	4,863,834	98.12	3,702,654	97.22	31.36	
	Natural gas operation costs	93,229	1.88	105,811	2.78	-11.89	
	Total	4,957,063	100.00	3,808,465	100.00	30.16	
Wholesale of gas	Natural gas	2,416,966	100.00	1,723,016	100.00	40.28	
Gas direct sales	Natural gas	449,181	100.00	143,574	100.00	212.86	
Construction and installation	Materials	159,066	30.80	160,941	29.73	-1.17	
	Construction costs	357,327	69.20	380,403	70.27	-6.07	
	Total	516,393	100.00	541,344	100.00	-4.61	
Integrated energy sales and services	Integrated energy operating costs	714,877	100.00	461,890	100.00	54.77	
Value-added business	Value-added business cost	49,308	100.00	26,456	100.00	86.38	
Coal	Materials	546	0.81	485	0.69	12.58	
	Labor	8,270	12.31	8,633	12.23	-4.20	
	Depreciation	13,877	20.66	12,966	18.37	7.03	
	Energy	11,574	17.23	5,836	8.27	98.32	
	Manufacturing costs	32,916	48.99	42,658	60.44	-22.84	
	Total	67,183	100.00	70,578	100.00	-4.81	
Energy & chemicals	Materials	198,147	69.01	109,847	59.98	80.38	
	Labor	5,432	1.89	5,074	2.77	7.06	
	Depreciation	25,939	9.03	26,034	14.22	-0.36	
	Energy	42,545	14.82	25,189	13.75	68.90	
	Manufacturing costs	15,048	5.25	16,992	9.28	-11.44	
	Total	287,111	100.00	183,136	100.00	56.77	
Chemical trade	Cost of trading products	182,771	100.00	203,269.00	100.00	-10.08	

By product							
Product	Cost components	Cost for the reporting period	Percentage of total costs for the reporting period (%)	Cost for the corresponding period of the previous year	Percentage of total costs for the corresponding period of the previous year (%)	Change in amount y-o-y (%)	Description
Natural gas	Natural gas operation and transmission costs	7,823,210	100.00	5,675,055	100.00	37.85	
Construction and installation	Materials	159,066	30.80	160,941	29.73	-1.17	
	Construction costs	357,327	69.20	380,403	70.27	-6.07	
	Total	516,393	100.00	541,344	100.00	-4.61	
Integrated energy sales and services	Integrated energy operating costs	714,877	100.00	461,890	100.00	54.77	
Self-produced coal	Materials	546	0.81	485	0.69	12.58	
	Labor	8,270	12.31	8,633	12.23	-4.20	
	Depreciation	13,877	20.66	12,966	18.37	7.03	
	Energy	11,574	17.23	5,836	8.27	98.32	
	Manufacturing costs	32,916	48.99	42,658	60.44	-22.84	
	Total	67,183	100.00	70,578.00	100.00	-4.81	
Self-produced methanol	Materials	198,147	69.01	109,847	59.98	80.38	
	Labor	5,432	1.89	5,074	2.77	7.06	
	Depreciation	25,939	9.03	26,034	14.22	-0.36	
	Energy	42,545	14.82	25,189	13.75	68.90	
	Manufacturing costs	15,048	5.25	16,992	9.28	-11.44	
	Total	287,111	100.00	183,136	100.00	56.77	
Chemical trade	Trading coal	29,040	15.89	9,232	4.54	214.56	
	Trading methanol	89,543	48.99	82,487	40.58	8.55	
	Other trading products	64,188	35.12	111,550	54.88	-42.46	
	Total	182,771	100.00	203,269	100.00	-10.08	
Other	Other	49,308	100.00	26,456	100.00	86.38	

Other notes of cost analysis

1. The retail gas sales, wholesale of gas and gas direct sales businesses in the Reporting Period increased year-on-year, mainly due to the increase in sales volume and sales unit price.
2. The integrated energy sales and services business in the Reporting Period increased year-on-year, mainly caused by the rapid growth of integrated energy business.
3. The value-added business in the Reporting Period increased year-on-year, mainly due to the rapid growth of value-added business.
4. The energy & chemicals business in the Reporting Period increased year-on-year, mainly driven by the significant increase in the price of raw coal in this period.

(5). *Changes in the scope of combination due to changes in the shareholdings of major subsidiaries during the Reporting Period*

☐ Applicable ☒ N/A

(6). *Significant changes or adjustments in the Company's business, products or services during the Reporting Period*

☐ Applicable ☒ N/A

(7). *Major customers and suppliers*

A. Major customers

Sales to the top five customers amounted to RMB11,272.61 million, accounting for 9.72% of total annual sales, in which sales to related parties amounted to RMB0, accounting for 0% of total annual sales.

Circumstances where sales to a single customer exceeded 50% of total sales, there were new customers among the top 5 customers or there was heavy dependence on a few customers during the Reporting Period

☐ Applicable ☒ N/A

B. Major suppliers

Purchases from the top five suppliers amounted to RMB14.05782 billion, accounting for 14.58% of total annual purchases, in which purchases from related parties amounted to RMB0, accounting for 0% of total purchases.

Circumstances where purchases from a single supplier exceeded 50% of total purchases, there were new suppliers among the top 5 suppliers or there was heavy dependence on a few suppliers during the Reporting Period

☐ Applicable ☒ N/A

3. Expenses

(1) Sales expenses increased by 19.48% year-on-year, mainly due to the greater market development effort on energy distribution business and trade business, resulting in the increase in salaries of market developers and the meter maintenance expenses of energy distribution enterprises during the Reporting Period.

(2) Administrative expenses increased by 13.72% year-on-year, mainly due to the increase in remunerations of management personnel, amortization of share options, depreciation and amortization and shutdown losses during the Reporting Period.

(3) Financial expenses in the Reporting Period increased by 33.93% year-on-year, mainly due to the decrease in exchange gains of the Company's subsidiaries in the Reporting Period caused by the year-on-year decrease of RMB appreciation.

4. R&D investment

(1). R&D investment

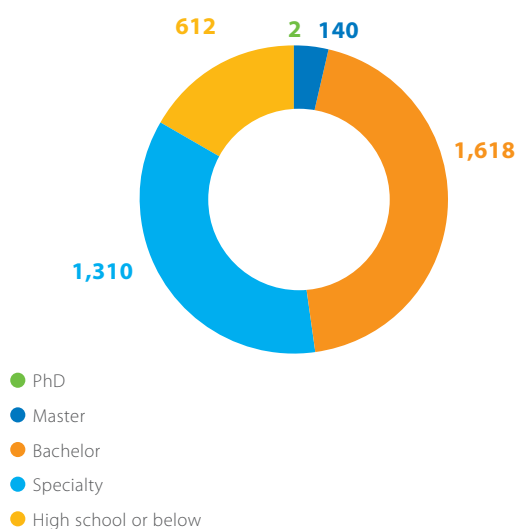
Unit: RMB'0000

R&D expenses	115,126
Capitalized R&D expenses	1,114
Total R&D investment	116,240
Total R&D investment as a percentage of operating income (%)	1.00
Capitalisation of R&D investment (%)	0.96

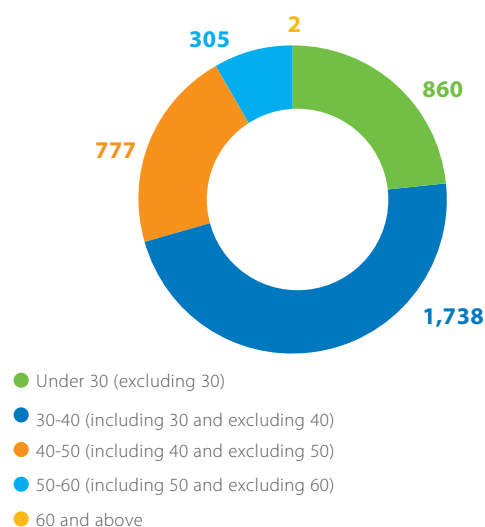
(2). R&D staff

Number of R&D staff	3,682
Number of R&D staff as a percentage of total headcount (%)	9.33

Academic structure of R&D staff



Age structure of R&D staff



(3). Notes

During the Reporting Period, the subsidiaries of the Company carried out technology development and digitalisation in the natural gas industry, chemical industry and engineering industry, covering research and application of such projects as technology of new catalysts for sulfur-resistant methanation, ultra-low sulfur dioxide emission technology, gas pipeline anti-corrosion technology, platform data integration and remote safety monitoring. Through the independent development of core technologies such as new methane synthesis catalysts and processes, we built a characteristic methane synthesis technology chain to maintain a leading position in technology and lead the development of the coal-to-gas industry; in terms of clean energy use, safe energy use and smart energy use, we built a clean energy ecosystem through research on ultra-low sulfur dioxide emission technology, gas pipeline anti-corrosion technology, smart operation dispatching system and other relevant technology systems, so as to achieve energy conservation, emission reduction, cost decrease and efficiency increase; in the areas of remote settlement, remote safety monitoring and digitalisation of distribution scenarios, we established data integration platform and prediction monitoring system to achieve data integration and optimize resource allocation using big data, artificial intelligence and other technologies in the light of timely deployment management offline. The above-mentioned R&D investment and related achievements have provided a constant impetus for innovation in the development of the Company, and also built the Company into a player of greater social contributions.

(4). *Reasons for significant changes in the composition of R&D staff and the impact on the future development of the Company*

☐ Applicable ☒ N/A

5. *Cash flow*

Unit: RMB'0000

Item	Current period	Same period of the previous year	Change (%)
Net increase of deposits from customers and interbank	4,604		N/A
Cash received from interest, handling charges and commissions	9,182		N/A
Net increase of repurchased business capital	31,228		N/A
Net decrease of customer lending and money advanced	1,448		N/A
Tax refunds received	49,351	14,367	243.50
Cash paid for purchasing goods and accepting labor services	10,737,019	8,077,452	32.93
Net cash received from disposal of subsidiaries and other business units	3,247	35,978	-90.98
Cash received from investment absorption	332,419	20,013	1,561.02
Including: Cash received by subsidiaries for investment from minority interests	7,758	20,013	-61.24
Other cash received related to financing activities	47,316	1,129,045	-95.81
Cash paid for debt repayment	2,826,484	2,068,084	36.67
Other cash paid related to financing activities	275,873	1,474,931	-81.30

Other descriptions:

1. In the Reporting Period, the net increase of deposits from customers and interbank increased by RMB46 million, the cash received from interest, handling charges and commissions increased by RMB92 million, the net increase of repurchased business capital increased by RMB312 million, and the net decrease of customer lending and money advanced increased by RMB14 million, in each case year-on-year, mainly due to the separate presentation of the business of financial companies within the consolidation scope of the listed company as per the requirements for financial enterprises on presenting financial statements in response to the Company's implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15 in the Reporting Period.

2. Tax refunds received in the Reporting Period increased by 243.50% year-on-year, mainly due to the increase in import value-added tax refunds received by subsidiaries of the Company during the Reporting Period.
3. Cash paid for purchasing goods and accepting labor services in the Reporting Period increased by 32.93% year-on-year, mainly due to the increase in gas volume and unit price with respect to the natural gas-related businesses (retail, wholesale and direct selling) of the Company's subsidiaries, as well as the rapid growth of the integrated energy business thereof during the Reporting Period.
4. Net cash received from disposal of subsidiaries and other business units in the Reporting Period decreased by 90.98% year-on-year, mainly due to the decrease in subsidiaries disposed during the Reporting Period.
5. Cash received from investment absorption in the Reporting Period increased by 1561.02% year-on-year, mainly due to the Company's receipt of supporting funds raised by private placement of shares for major asset restructuring during the Reporting Period.
6. Cash received by subsidiaries for investment from minority interests in the Reporting Period decreased by 61.24% year-on-year, mainly due to the decrease in minority interests' capital contributions received by subsidiaries of the Company during the Reporting Period.
7. Other cash received related to financing activities in the Reporting Period decreased by 95.81% year-on-year, mainly because the Company, by implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15 in the Reporting Period, presented the business of financial companies within the consolidation scope of the listed company on a net basis in the "net increase of funds borrowed from other financial institutions" in the operating cash flow as per the requirements for financial enterprises on presenting financial statements.
8. Cash paid for debt repayment in the Reporting Period increased by 36.67% year-on-year, mainly due to the increase in the repayment of due USD bonds and loans by the Company's subsidiaries during the Reporting Period.
9. Other cash paid related to financing activities in the Reporting Period decreased by 81.30% year-on-year, mainly because the Company, by implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15 in the Reporting Period, presented the business of financial companies within the consolidation scope of the listed company on a net basis in the "net increase of funds borrowed from other financial institutions" in the operating cash flow as per the requirements for financial enterprises on presenting financial statements.

(II) Explanation of significant changes in profit of non-principal business

☐ Applicable ☒ N/A

(III) Analysis of assets and liabilities

1. Asset and liability condition

Unit: RMB'0000

Item	Closing balance for the current period	Closing balance for the current period as a percentage of total assets (%)	Closing balance for the previous period	Closing balance for the previous period as a percentage of total assets (%)	Change in amount y-o-y (%)	Notes
Lending funds	222,099	1.74			N/A	
Trading financial assets	15,510	0.12	7,000	0.06	121.57	
Derivative financial assets	281,628	2.20	33,576	0.31	738.78	
Accounts receivable	669,802	5.23	380,591	3.47	75.99	
Loans and advances (current assets)	5,586	0.04			N/A	
Including: dividends receivable	21,708	0.17	34,314	0.31	-36.74	
Inventories	313,840	2.45	199,861	1.82	57.03	
Loans and advances (non-current assets)	1,097	0.01			N/A	
Debt investments	293	0.00	1,648	0.02	-82.22	
Long-term receivables	36,018	0.28	22,304	0.20	61.49	
Construction in progress	447,743	3.50	782,341	7.14	-42.77	
Right-of-use assets	42,302	0.33			N/A	
Intangible assets	1,060,407	8.29	814,510	7.44	30.19	
Development costs	1,437	0.01	323	0.00	344.89	

Item	Closing balance for the current period	Closing balance for the current period as a percentage of total assets (%)	Closing balance for the previous period	Closing balance for the previous period as a percentage of total assets (%)	Change in amount y-o-y (%)	Notes
Other non-current assets	14,770	0.12	4,584	0.04	222.21	
Derivative financial liabilities	209,051	1.63	40,493	0.37	416.26	
Financial assets sold for repurchase	55,490	0.43			N/A	
Deposits from customers and interbank	19,308	0.15			N/A	
Taxes payable	266,271	2.08	202,755	1.85	31.33	
Other payables	237,047	1.85	385,318	3.52	-38.48	
Including: dividends payable	24,669	0.19	10,513	0.10	134.65	
Lease liabilities	32,060	0.25			N/A	
Long-term accounts payable	162,870	1.27	14,457	0.13	1,026.58	
Capital reserves	285,538	2.23			N/A	
Treasury shares	12,545	0.10	19,958	0.18	-37.14	
Special reserves	4,291	0.03	8,449	0.08	-49.21	
Surplus reserves	22,415	0.18			N/A	
General risk reserves	17,464	0.14			N/A	
Retained profits	854,115	6.68	535,146	4.89	59.60	

Other descriptions

1. Compared with the end of the previous period, at the end of the Reporting Period, lending funds increased by RMB2.221 billion, loans and advances increased by RMB67 million, financial assets sold for repurchase increased by RMB555 million, deposits from customers and interbank increased by RMB193 million, and general risk reserves increased by RMB175 million, mainly due to the separate presentation of the business of financial companies within the consolidation scope of the listed company as per the requirements for financial enterprises on presenting financial statements in response to the Company's implementing the Interpretation of the Accounting Standards for Business Enterprises No. 15 in the Reporting Period.
2. At the end of the Reporting Period, trading financial assets increased by 121.57% compared with the end of the previous period, mainly due to the increase in structural deposits of the Company's subsidiaries during the Reporting Period.
3. Compared with the end of the previous period, at the end of the Reporting Period, derivative financial assets increased by 738.78%, and derivative financial liabilities increased by RMB416.26%, which was mainly caused by the increase in the volume of commodity derivatives contracts and the rise in the price of underlying assets on the part of the Company's subsidiaries during the Reporting Period with the increase of imported natural gas.
4. Accounts receivable at the end of the Reporting Period increased by 75.99% over the end of the previous period, mainly due to the increase in sales of natural gas by wholesale and direct selling as well as funds of construction and installation receivable by the Company's subsidiaries during the Reporting Period.
5. Dividends receivable at the end of the Reporting Period decreased by 36.74% over the end of the previous period, which was mainly due to the increase in the Company's recovery of the dividends declared by the associates during the Reporting Period.
6. Inventories at the end of the Reporting Period increased by 57.03% compared with the end of the previous period, mainly due to the increase in natural gas inventories of the Company's subsidiaries during the Reporting Period.
7. At the end of the Reporting Period, debt investments decreased by 82.22% compared with the end of the previous period, mainly due to the recovery of factoring funds and the reclassification of factoring funds and entrusted loans into non-current assets due within one year by the Company's subsidiaries.
8. Long-term receivables at the end of the Reporting Period increased by 61.49% compared with the end of the previous period, mainly due to the increase in financial leasing business of the Company's subsidiaries during the Reporting Period.
9. Construction in progress at the end of the Reporting Period decreased by 42.77% compared with the end of the previous period, mainly due to the transfer of some major construction in progress projects of the Company's subsidiaries into fixed assets during the Reporting Period.
10. Right-of-use assets at the end of the Reporting Period increased by RMB423 million compared with the end of the previous period, mainly due to the recognition of right-of-use assets by the Company in the Reporting Period after implementing the new leasing standards for the first time.
11. Intangible assets at the end of the Reporting Period increased by 30.19% compared with the end of the previous period, mainly due to the recognition of mine equity by the Company's subsidiaries during the Reporting Period.

12. Development costs at the end of the Reporting Period increased by 344.89% compared with the end of the previous period, mainly due to the increase of investments in such projects of the Company's subsidiaries as online LNG data platform and Yuntuyun logistics platform during the Reporting Period.

13. Other non-current assets at the end of the Reporting Period increased by 222.21% over the end of the previous period, mainly driven by the increase in prepayment for equipment works of the Company's subsidiaries during the Reporting Period.

14. Taxes payable at the end of the Reporting Period increased by 31.33% compared with the end of the previous period, mainly due to the increase in operating profit of the Company's subsidiaries resulting in corresponding increase of enterprise income tax and value-added tax payable during the Reporting Period.

15. Other payables at the end of the Reporting Period decreased by 38.48% compared with the end of the previous period, mainly due to the cash consideration paid by the Company for major asset restructuring during the Reporting Period.

16. Dividends payable at the end of the Reporting Period increased by 134.65% compared with the end of the previous period, mainly due to the distribution of dividends declared by the Company's subsidiaries resulting in the increase in dividends payable during the Reporting Period.

17. Lease liabilities at the end of the Reporting Period increased by RMB321 million compared with the end of the previous period, mainly due to the recognition of lease liabilities by the Company after implementing the new lease standards for the first time during the Reporting Period.

18. Long-term accounts payable at the end of the Reporting Period increased by 1,026.58% compared with the end of the previous period, mainly due to the phased payment for mine equity by the Company's subsidiaries during the Reporting Period.

19. Capital reserves at the end of the Reporting Period increased by RMB2.855 billion compared with the end of the previous period, mainly because the Company included the share capital premiums from private placing into capital reserves during the Reporting Period.

20. Treasury shares at the end of the Reporting Period decreased by 37.14% compared with the end of the previous period, mainly due to the reduction of treasury shares by the Company granting restricted stock incentives to incentive objects during the Reporting Period.

21. Special reserves at the end of the Reporting Period decreased by 49.21% compared with the end of the previous period, mainly due to the increase in safety expenditures invested by the Company's subsidiaries during the Reporting Period.

22. Surplus reserves at the end of the Reporting Period increased by RMB224 million compared with the end of the previous period, mainly due to the provision made by the Company for legal surplus during the Reporting Period.

23. Retained profits at the end of the Reporting Period increased by 59.60% compared with the end of the previous period, mainly due to the increase in the Company's net profit in the Reporting Period.

2. Offshore assets

(1) Asset size

Including: Offshore assets RMB12,421.89 million, accounting for 9.71% of total assets.

(2) Explanation of the high percentage of offshore assets

☐ Applicable ☒ N/A

3. Restrictions on major assets as at the end of the Reporting Period

Unit: RMB'0000

Item	31 December 2021	Reason for restriction
Monetary funds	131,361	Statutory reserves deposited in the central bank, and bank acceptance deposits, etc.,
Fixed assets	57,125	Pledge of finance leases and loans
Intangible assets	254	Loan mortgage
Held-for-trading financial assets	15,160	Pledge of structured deposits
Total	203,900	

Other descriptions

1. Restricted monetary funds are mainly represented by reserves and deposits of the Company in various financial institutions, primarily including statutory reserves deposited in the central bank amounting to RMB443 million and bank acceptance deposits amounting to RMB336 million.

2. Some subsidiaries' gas charging rights were pledged by the Company as security for obtaining credit facilities from banks.

4. Other notes

☐ Applicable ☒ N/A

(IV) Analysis of industry operation information

For details, please refer to "II Industry Where the Company Operates during the Reporting Period" in Section III of this Report.

(V) Analysis of investments

Overall analysis of foreign equity investments

Unit: RMB'0000

Total external equity investment in the Reporting Period	Total external equity investment in the same period of the previous year	Year-on-year change (%)
394,220	2,584,027	-84.74%

Note: The total external equity investment decreased by 84.74% compared with the same period of the previous year, mainly because the Company acquired 369,175,534 shares in ENN Energy from ENN International and Essential Investment through asset swap, share issuance and cash payment in the same period of the previous year.

1. *Significant equity investments*
☐ Applicable ☒ N/A
2. *Significant non-equity investments*

Unit: RMB'0000

Project	Amount	Progress (%)	Investment amount this year	Total actual investment amount	Project income	Details of major changes in funds
Langfang LNG Gas Storage Station Project	23,000	99.00		22,221	Partly under construction	Self-owned fund
Longping High-Tech Project	17,695	99.50	606	15,184	Partly under construction	Self-owned fund
High-Pressure Gas Pipeline Project from Minggao-Yichuan Luoyang to Song County to Luanchuan	32,000	99.00	3,900	30,949	Partly under construction	Self-owned fund and bank loans
High-Pressure Pipeline Project from Xiameimen Station to Taishang Pressure Control Station	17,256	99.00	6,436	17,522	Partly under construction	Self-owned fund
Intermediate Pressure Natural Gas Pipeline Network Project in Jinnan Area	11,248	99.00	542	12,732	Partly under construction	Self-owned fund
High-Pressure Natural Gas Pipeline Project from Taishang Pressure Control Station to Huianmen Station	21,267	15.00	4,749	4,749	Under construction	Self-owned fund

Project	Amount	Progress (%)	Investment amount this year	Total actual investment amount	Project income	Details of major changes in funds
Mamu-Yushan Intermediate Pressure Natural Gas Pipeline Project	18,000	80.22	3,134	14,440	Partly under construction	Self-owned fund and bank loans
Zhoushan DSIC 8,500m ³ LNG Ship Filling Construction Project	37,480	33.05	4,401	12,388	Under construction	Self-owned fund
Phase I Integrated Energy Micro-Network Project in Yangpu Economic Development Zone, Danzhou City, Hainan Province	19,523	99.00	1,567	17,879	Partly under construction	Self-owned fund and bank loans
Integrated Energy Micro-Network-No. 1 Integrated Energy Main Station Project in Daqing Linyuan Chemical Park	108,928	98.14	22,427	83,987	Partly under construction	Self-owned fund and bank loans
West Third Ring High-Pressure	11,900	60.05		7,146	Partly under construction	Self-owned fund and bank loans
Heating Project in West Zhengding County	28,322	34.49		9,769	Partly under construction	Self-owned fund and bank loans
High-Pressure Pipeline Project of ENN Gas Co., Ltd in Luquan District, Shijiazhuang	30,000	32.49		9,747	Partly under construction	Self-owned fund and bank loans
High-Pressure Natural Gas Pipeline Network Project in Yanjiang Highway, Shuixiang Avenue and Shawang Road, Dongguan City	16,100	99.00	4,390	19,343	Partly under construction	Self-owned fund
High-Pressure Natural Gas Pipeline Network Project in Beiwang Road & Guangshen Highway, Dongguan City	26,600	99.00	3,402	17,358	Partly under construction	Self-owned fund and bank loans
Production period expansion project	29,593	71.40	21,131	21,131	Partly under construction	Self-owned fund
Natural gasoline project with annual capacity of 200,000 tons	376,306	100.00	16,741	473,143	Transferred to the Company's overall income	Raised funds, self-owned fund and bank loans
Pulverized Coal Gasification Project	21,808	98.00	289	28,150	Under construction	Self-owned fund and bank loans
Environmental protection technology reform to water system	15,954	99.00	1,741	17,784	Partly under construction	Self-owned fund and bank loans
Total	862,980	/	95,456	835,622	/	/

3. Financial assets measured at fair value

Unit: RMB'0000

Project	Opening balance	Closing balance	Current change
Trading financial assets	7,000	15,510	8,510
Derivative financial assets			
Including: non-hedging derivatives	33,424	168,781	135,357
Hedging derivatives	152	112,847	112,695
Receivables financing	88,040	86,389	-1,651
Other equity instrument investments			
Including: Xinao (Inner Mongolia) Graphene Material Co., Ltd.	132	26	-106
Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd.	243	494	251
JiaXing Gas Group Co., Ltd.	6,179	11,293	5,114
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.	1,004	1,230	226
Shanghai Petroleum and Gas Exchange Co., Ltd.	4,397	4,362	-35
Chongqing Petroleum and Gas Exchange Co., Ltd.	5,408	5,474	66
Xiangtan Desheng Energy Distribution Co., Ltd.	152	144	-8
Sanmenxia Swan Power Co., Ltd.	1,176	1,177	1
Nanjing Jiangbei New District Power Distribution Co., Ltd.	461	464	3
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.	288	290	2
Zhejiang Hesen Energy Co., Ltd.	169	166	-3
Equity investment in Santos Limited	6,671		-6,671
Guangxi-Power Exchange Center Co., Ltd.		262	262
Dongguan Fengneng LNG Co., Ltd.		25	25
Dongguan Fengneng LNG Terminal Co., Ltd.		25	25
Other non-current financial assets			
Including: non-hedging derivatives	29,197	102,441	73,244
Hedging derivatives		9,804	9,804
Cdb Siyuan (Beijing) Investment Fund Co., Ltd.	5,881	5,445	-436
Sinopec Marketing Co., Ltd.	417,000	417,000	
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	24,369	18,072	-6,297
Hony USD Mezzanine Fund	28,709		-28,709
Chenzhou City Jingui Silver Industry Co., Ltd.		38	38

Project	Opening balance	Closing balance	Current change
Derivative financial liabilities			
Including: non-hedging derivatives	26,977	196,935	169,958
Hedging derivatives	13,516	12,116	-1,400
Other non-current liabilities			
Including: non-hedging derivatives	42,667	85,875	43,208
Hedging derivatives	10,479	49,260	38,781
Total	755,537	1,307,791	552,254

4. Progress of major assets restructuring during the Reporting Period

The transfer of ENN Energy's shares under the major asset restructuring was completed on 10 September 2020 and the registration of the additional shares for the issue of shares to ENN International for the purchase of assets was completed on 18 September 2020. The Company completed the registration formalities with China Securities Depository and Clearing Corporation Limited Shanghai Branch for the additional shares under the private placement for raising supporting funds. No material difference between the actual situation and the disclosed restructuring plan occurred during the implementation of this major asset restructuring. After the transfer of the target assets, the Company and the target company were consolidated with no risk.

Opinions from independent directors

Independent directors have no disagreement in this regard.

(VI) Disposal of major asset and equity

☐ Applicable ☒ N/A

(VII) Analysis of major controlled and invested companies

(1) ENN (Tianjin) Energy Investment Co., Ltd.

It is a wholly-owned subsidiary of the Company established on September 29, 2019 with a registered capital of RMB5,000,000,000 and is principally engaged in: "energy investment; asset management (except financial assets); clean energy management services; R&D, consulting and technical services of natural gas and clean energy; sales of chemical products (except hazardous chemicals); coal operation". As of the end of the Reporting Period, ENN (Tianjin) had total assets of RMB12,139,450,000 and net assets of RMB9,846,600,000, achieving operating income of RMB2,934,860,000, operating profit of RMB528,440,000 and net profit of RMB516,370,000 during the Reporting Period.

(2) *Xin Ao (China) Gas Investment Limited*

It is a holding subsidiary of the Company established on January 8, 2004 with a registered capital of USD431,778,124 and is principally engaged in investment in city-gas supply, electricity supply, water supply and other urban infrastructure fields; procurement and sale of materials, etc. As of the end of the Reporting Period, Xin Ao (China) had total assets of RMB34,015,510,000 and net assets of RMB16,876,720,000, achieving operating income of RMB674,090,000, operating profit of RMB1,521,490,000 and net profit of RMB1,512,240,000 during the reporting period.

(3) *ENN Energy Holdings Limited*

It is a wholly-owned subsidiary of the Company, incorporated in the Cayman Islands. Engaged in city piped gas business since 1992, it was listed on the GEM of the Hong Kong Stock Exchange on May 10, 2001 and transferred to the Main Board on June 3, 2002, with stock code of 2688.HK, its authorized share capital of HKD300,000,000 and the number of issued shares of 1,130,135,775 as at December 31, 2021. Currently, it is engaged in the business of, but not limited to, sales of piped gas, gas connection, construction and operation of vehicle gas refueling stations, wholesale of gas, sales of other energy resources, and sales of gas appliances and material. As of the end of the Reporting Period, ENN Energy had total assets of RMB16,642,770,000 and net assets of RMB120,170,000, achieving operating income of RMB8,890,000 and net profit of RMB980,300,000 during the Reporting Period.

(4) *Xinneng Mining Industry Co., Ltd.*

It is a wholly-owned subsidiary of the Company established in May 2008, and is principally engaged in “production and sale of coal”. Its registered capital is RMB790,000,000. As of the end of the Reporting Period, Xinneng Mining had total assets of RMB7,351,550,000 and net assets of RMB1,668,580,000, achieving operating income of RMB2,205,700,000, operating profit of RMB1,305,280,000 and net profit of RMB1,124,070,000 during the Reporting Period.

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

It is a wholly-owned subsidiary of the Company established in July 2006, and is principally engaged in “the production and sales of methanol, sulfur, liquid argon, liquid oxygen, liquid nitrogen, ammonia, water vapor, slag, ash, medium oil, heavy oil, crude pyrene oil, ammonium sulfate, industrial sodium chloride, industrial sodium sulfate and desalted water”, with a registered capital of USD325,160,000. As of the end of the Reporting Period, Xinneng Energy had total assets of RMB7,173,470,000 and net assets of RMB1,800,300,000, achieving operating income of RMB3,056,710,000, operating profit of RMB509,840,000 and net profit of RMB481,210,000 during the Reporting Period.

(6) *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 of the end of the Reporting Period, Xindi Engineering had total assets of RMB5,623,160,000 and net assets of RMB1,855,120,000, achieving operating income of RMB3,472,050,000, operating profits of RMB538,360,000 and net profit of RMB448,210,000 during the Reporting Period.

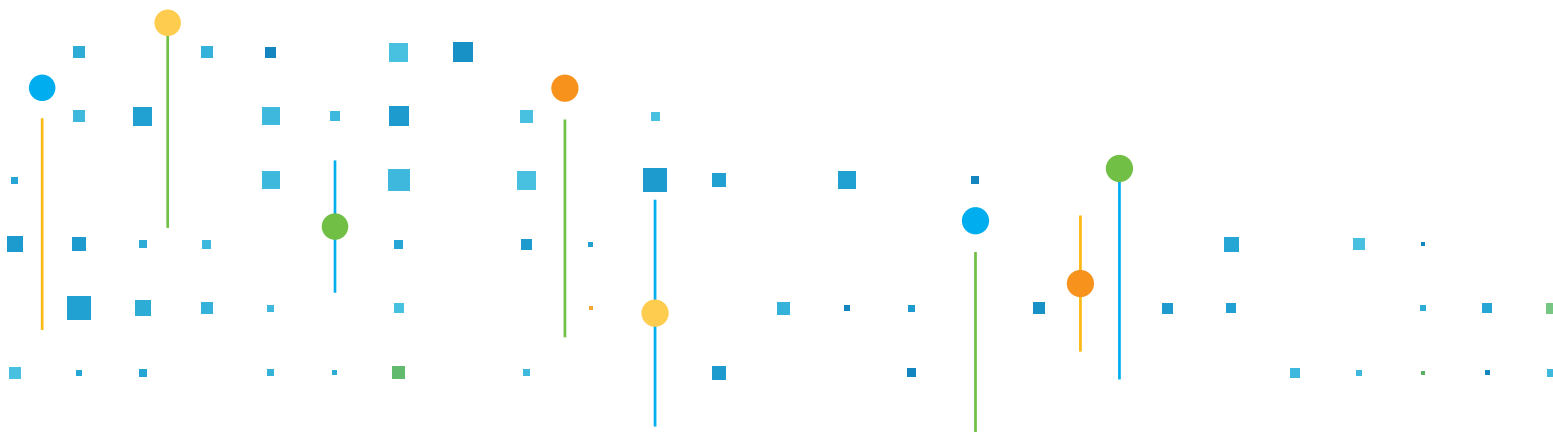
Subsidiaries and Associates Contributing More Than 10% of Profits

Unit: RMB'0000

Item	ENN Gas	Xinneng Mining
Operating income	67,409	220,570
Operating costs	28,777	67,569
Operating profit	152,149	130,528
Net profit	151,224	112,407
Total assets	3,401,551	735,155
Net assets	1,687,672	166,858

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ N/A



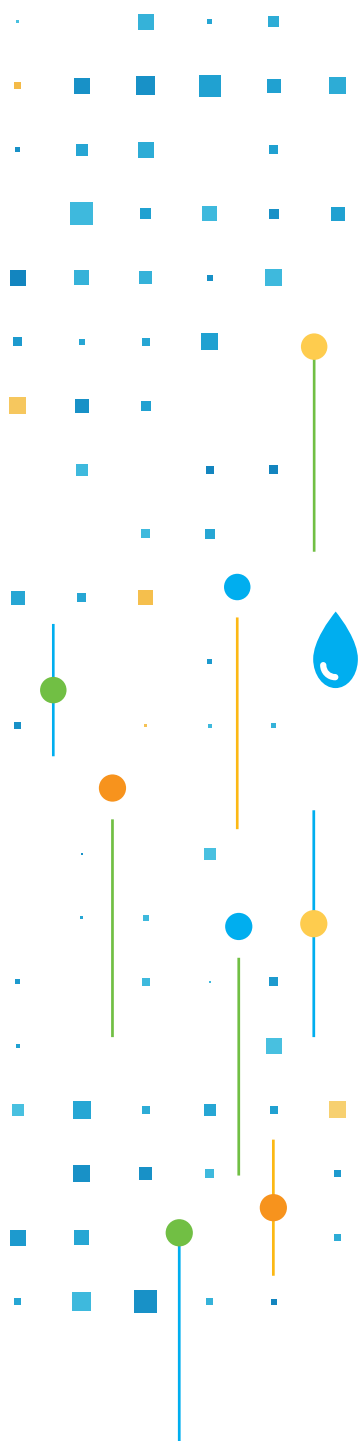
VI. Discussion and Analysis on the Future Development of the Company

(I) Industry patterns and trends

1. *Natural gas*

In the European Green Deal Investment Plan presented by the European Commission in February 2022, the natural gas-related infrastructure is also included into the scope of “green investment”, which further verifies the status of natural gas as a key transitional energy in the low-carbon transition path. Thus, natural gas will enjoy more room for development in the future. With the deepening of the carbon reduction target, the demand for LNG in Asia will remain strong, stabilizing and even stimulating the global LNG market. In 2022, with the commissioning of many LNG production lines around the world, natural gas supply will increase greatly. According to the data from FGE, the new LNG production capacity will exceed 27 million tons in the next two year, increasing the global supply to a certain extent.

Driven by China’s “dual carbon” goals, natural gas, as the first choice for energy transition, will maintain the rapid growth in terms of consumption in China. The Dual Control System of Total Energy Consumption and Energy Intensity and other policies will accelerate the growth of industrial gas consumption. In the field of city-gas, with China’s urbanization process and a more complete gas supply network, the total population of gas users throughout the country will continue to increase, creating incremental rigid demand. Meanwhile, the increase in the proportion of renewable energy power generation has also further driven the increase in the demand for gas-fired power generation with flexible start and stop and stable supply. Natural gas demand will increase steadily in the 14th Five-Year Plan and for a longer period of time in the future. There still exists a gap in domestic natural gas compared with the increasing demand in the natural gas market. Domestic upstream exploration and development capital expenditures are expected to increase, but affected by resource endowments, domestic gas will continue to increase by over 10 billion cubic meters in 2022 (data from Sia Energy). At the same time, China will continue to increase its natural gas imports. According to public statistics, in 2021, Chinese LNG buyers signed 27 new long-term contracts, with the contract volume reaching 28.13 million tons per year, registering a record. Further, China is continuing to expand its pipeline gas imports. has recently signed a Far East natural gas purchase and sales agreement with Russia, with the contract volume reaching up to 10 billion cubic meters per year. Meanwhile, China restarts negotiations with Turkmenistan with respect to Central Asia Line D. With the continuous advancement of China’s natural gas market-oriented reform, China’s natural gas industry will still be in a period of high-quality and rapid development.



2. *Engineering construction and installation*

As China's natural gas demand grows rapidly, it will become particularly important to optimize natural gas-related infrastructure such as natural gas pipeline network and gas storage. In terms of natural gas pipeline network, PipeChina plans to achieve the goal of fully interconnecting gas transmission trunk lines, forming a "fourth large (import) passage" and "five vertical and five horizontal" trunk pipe network structure by 2025. PipeChina also plans to achieve two-way transmission of trunk pipelines between regional gas load centers, dual gas sources and dual channels for municipalities and provincial capitals and dual-channel gas supply for prefecture-level cities with a million people or an annual gas supply of more than 300 million cubic meters. Gas storage facilities are an indispensable part of natural gas peak load regulation and supply guarantee. Thus, China will speed up the construction of two gas storage bases with tens of billion cubic meters in Northeast China and North China and LNG storage and transportation projects in key regions such as the Bohai Rim, which create opportunities for the Company's engineering construction business.

Meanwhile, China's State Council issued the Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Development Economic System in February 2021 which stresses that the green upgrading of infrastructure should be accelerated, the development of wind power and photovoltaic power generation should be supported and the use of water energy, geothermal energy, ocean energy, hydrogen, biomass, and solar thermal energy in power generation should be promoted and that the research, development and promotion of large-capacity energy storage technologies should be accelerated supporting the layout of the engineering business in new energy.

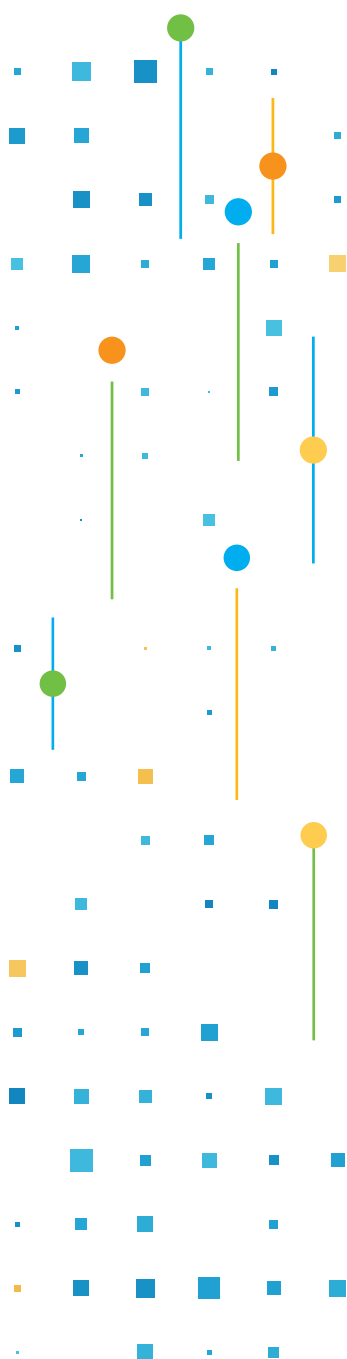
Data are important factors of production factor in the new era so digital intelligent transformation has also become the trend within the engineering construction industry. Pursuant to the "14th Five-Year" Plan for the Development of the Big Data Industry issued by the Ministry of Industry and Information Technology of the PRC, companies working in pipeline networks and hazardous chemicals should be supported to comprehensively use data associated with equipment, production and operations; the analysis models should be built and the level of intelligence in the entire process should be improved to achieve process optimization, energy savings, emission reduction and safe production. Also, according to the "14th Five-Year" Development Plan for Deep Integration of Informatization and Industrialization issued by the Ministry of Industry and Information Technology of the PRC, it is the hope that enterprises will promote the real-time collection

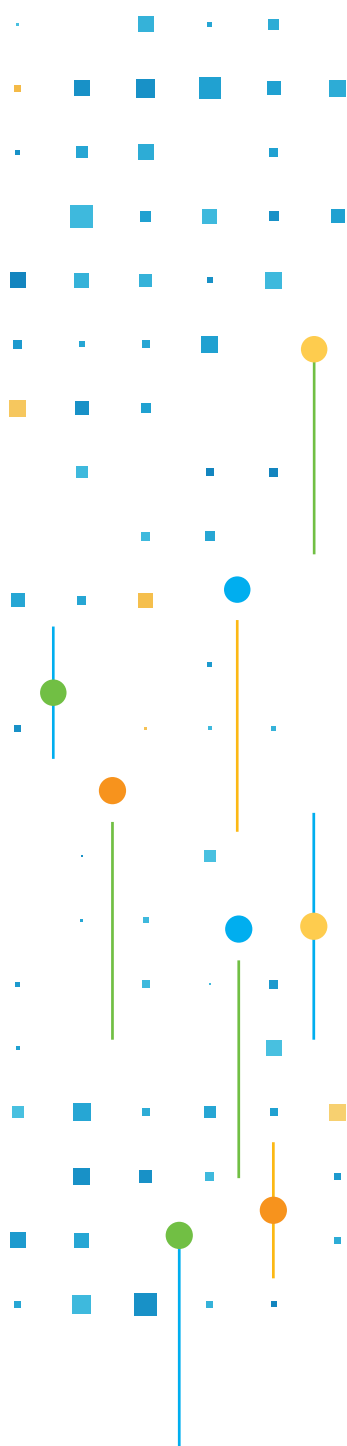
and comprehensive integration of data in the entire business chain by using technologies such as intelligent sensing and the IoT, building a digital supply chain management system and guiding enterprises towards building a digital cockpit. The strong guidance of national policies will provide a strong guarantee for the digital transformation and upgrading of the Company's engineering construction business.

In terms of engineering installation, China still has a lot of room for urbanization in the future as specified within the national plans and its level of urbanization will continue to increase gradually driving the steady growth of natural gas consumption population. Meanwhile, the China Natural Gas Development Report (2021) shows that China's city-gas will focus over the coming two decades on meeting the city-gas energy gap caused by the construction of new urbanization, the promotion of clean heating in the north and the release of heating demand in the Yangtze River Basin so industrial "coal-to-gas" conversion should be promoted on the basis of the construction of low-carbon industrial parks to help key industrial areas peak carbon dioxide emissions. The needs of the chemical industry should be met and the development of gas for chemical raw materials should be guided in a rational manner. The series of demands will further promote the growth of the Company's engineering installation business.

3. *Integrated energy*

China's carbon governance concepts and methods have witnessed profound changes which are reflected in the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy, the Action Plan for Carbon Dioxide Peaking Before 2030 of the State Council and other dual-carbon programmatic documents issued by the State Council. The government has proposed that the optimization of both energy supply side and energy consumption side should be accorded equal and great importance with the energy security and economic growth as the bottom line. In March 2021, the National Development and Reform Commission and the National Energy Administration of the PRC jointly issued the Guidance on Promoting the Integration of Power Sources, Grids, Loads and Storage and the Development of Multi-energy Complementarity, which stress that the integration of power sources, grids, loads and storage and the development of multi-energy complementarity are important measures to promote the transformation of energy industry and social and economic growth. On the one hand, the construction of an integrated energy system will integrate various energy resources such as renewable energy and natural gas in the region, realize coordinated planning, optimized operation,





collaborative management, interactive response and mutual complementarity among heterogeneous energy subsystems effectively improving energy utilization efficiency and promoting the energy sustainability. On the other hand, the multi-energy collaborative supply and comprehensive gradient utilization of energy can be realized to improve energy system efficiency and reduce energy production and consumption costs by relying on the integrated energy system, combined cooling, heating and power, distributed energy and energy smart microgrids in conjunction with digital intelligence technology. The gradual implementation of the national carbon governance idea also brings opportunities for the rapid development of the Company's integrated energy business.

In terms of new energy, the central government of China proposes to "build a new power system with new energy as the main body" for the first time in March 2021. On this basis, provincial governments have included photovoltaic, wind power and other installed capacity into the "14th Five-Year" Plan. For example, Shandong plans to achieve 25 GW of cumulative installed wind power capacity, over 57 GW of cumulative installed photovoltaics capacity and over 20 GW of large-scale development capacity of distributed photovoltaics in the county by 2025. Zhejiang plans to reach over 27.5 million kilowatts of installed photovoltaic capacity and over 12 million kilowatts (12 GW) of the newly installed capacity by the end of the "14th Five-Year". Guangdong plans to reach about 102.5 million kilowatts of an installed capacity of new energy power generation and 29.11 GW of the newly installed capacity of wind power, photovoltaics and biomass by 2025.

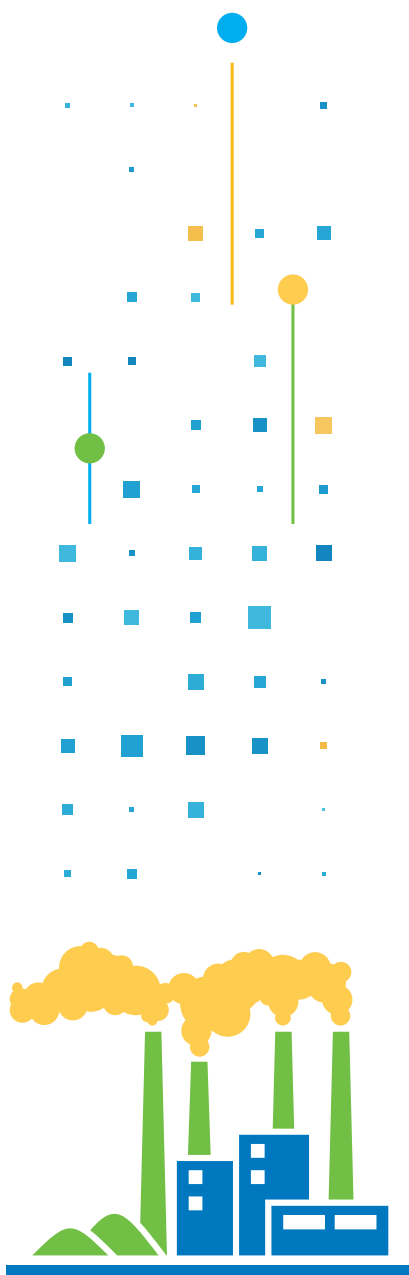
Regarding energy storage, the National Development and Reform Commission and the National Energy Administration of the PRC have issued "14th Five-Year" Plan for New Energy Storage Development Implementation" in February 2022 which states that new energy storage will enter the stage of large-scale development by 2025 from the initial stage of commercialization and will provide the basis for large-scale commercial application; the innovation capability of new energy storage technologies is further expected to improve, the level of independence and controllability of core technology and equipment is expected to increase greatly, a better basic standard system looks set to be introduced while the industrial system will become increasingly complete as the market environment and business model becomes mature; by 2030, new energy storage will be fully market-oriented.

Looking into the future, new energy power generation and energy storage business such as photovoltaics and wind power will still have great development opportunities which will also enhance the speed and strength of the Company's convergence of new energy in the integrated energy.

4. Energy production

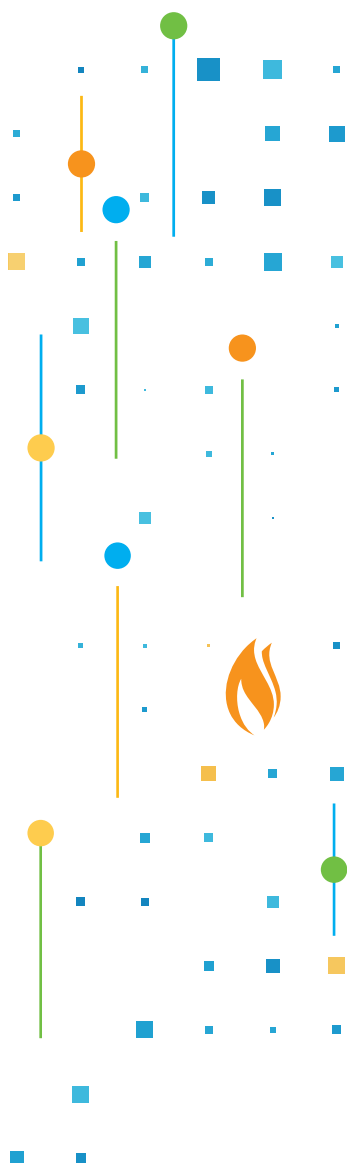
In 2022, the contradiction between coal supply and demand will be eased and coal supply will increase steadily as supported by policies. However, due to the frequent occurrence of extreme weather, the shortage of imported coal resources and the continuous growth of demand, seasonal and regional tensions between supply and demand still exist. On the demand side, due to the accelerated pace of China's economic restructuring and energy structure adjustment, decrease in investment in fixed assets will lead to a decline in the growth rate of energy-intensive industries such as electricity, metallurgy, building materials and chemicals resulting in the rapid development and of new energy and renewable energy. Thus, the proportion of consumption of new energy and renewable energy has increased and its effect for the substitution of coal has gradually enhanced. However, coal, as China's main energy source, will not have a great transformation nor be directly replaced in the short term. Regarding coal prices, the government resolutely guides coal prices to return to a reasonable range and a new long-term pricing mechanism will be implemented for medium and long-term thermal coal contracts in 2022 and other substantial measures such as the guidance of market coal prices in accordance with the Price Law have been taken. With these efforts, thermal coal prices in 2022 will gradually return to a reasonable range.

In 2022, the methanol industry will enter an orderly adjustment period, but the market is still uncertain, and the prices are expected to fluctuate widely. From the perspective of supply, the domestic supply is likely to shrink, and the international supply will also enter a stable period because of transportation capacity, warehousing and other issues. In terms of demand, change in overall downstream consumption of methanol is expected to be immaterial, namely in the consumption centers around traditional downstream, olefins and fuels. Traditional downstream demand may increase steadily, and some small varieties are worthy of attention. BDO, DMF, silicone and other high-profit downstream may become fluctuation points of market price changes in the future. The construction of new methanol-to-olefins projects may continue to drive the adjustment and optimization of China's methanol demand pattern. In addition to the fundamentals of methanol, with an increase in methanol derivatives transactions such as futures, options and swaps, it is expected that the methanol trading model may be further diversified in 2022.



(II) Development strategy of the Company

ENN-NG established its positioning as a smart ecological natural gas operator. The Company takes all scenarios of energy as “one body” and two innovative digital intelligence platforms as “two wings”. Driven by the concept of integrated energy, the Company continues to enhance its competitiveness through “demand and supply interoperability, multi-energy complementarity and intelligent matching”. With the help of huge distribution capabilities, the Company accomplishes the following tasks: further enhance customer awareness, exercise better management of customer demand and continue to expand demand ecology; give full play to the pivotal role of ENN Zhoushan LNG terminal, coordinate and optimize resources, improve resource controllability and work to build a long-term stable and competitive resource ecology; take multiple measures to build a multi-level reserve network including gas storage, terminals, city-gas storage tanks to strengthen the reserve ecology; build a gas-liquid complementary intelligent delivery network, accelerate the interconnection of regional infrastructure to strengthen the delivery ecology; accelerate the aggregation of natural gas demand/resource/reserve/delivery ecology and carry out the coordination and optimization of national resources, optimization of path intelligence and intelligent matching of supply, transportation and storage based on national dynamic and static industry data and intelligent algorithms to realize efficient interaction and precise empowerment of ecological partners. Further, the Company continues to accumulate industrial intelligence and build an intelligent platform for natural gas industry. Meanwhile, the Company expands the comprehensive energy form dominated by renewables from optimization of individual enterprises and parks to regional optimization and then to wide-area optimization based on the entire energy value chain accelerating the layout of the integrated energy industry and creating intelligent low-carbon solutions to achieve the highest energy efficiency and best value.



(III) Business plan

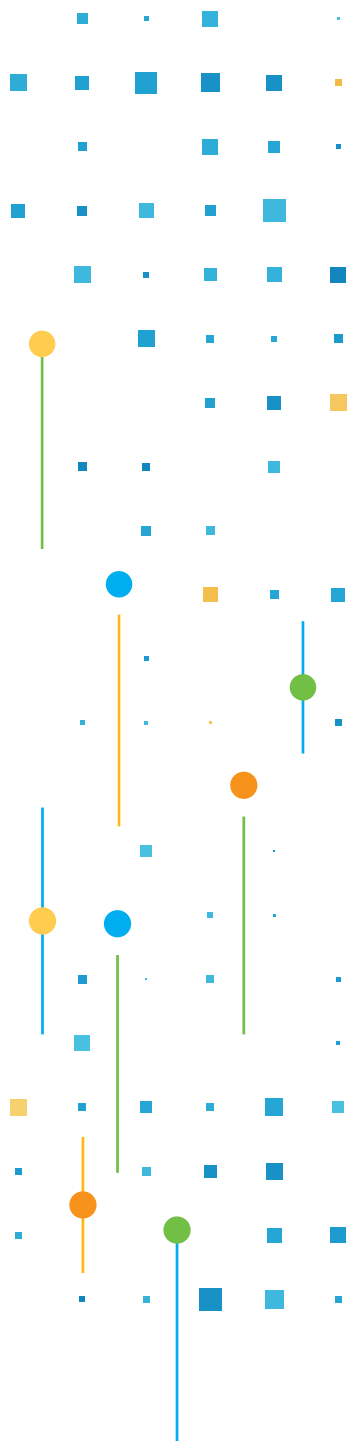
In 2022, the Company will actively seize the opportunity of low-carbon development and natural gas market-oriented reform and accelerate the integration of natural gas industry ecology through digital intelligence technology. The Company will focus on the following aspects in order to ensure the achievement of the above goals:

1. Accelerate the aggregation of natural gas industry ecology, innovate business models and promote industrial upgrading

The Company deeply explore customer needs, makes full use of digital intelligence technology, innovates business models, promotes the replacement of high-carbon energy with low-carbon energy such as renewable energy, natural gas and waste heat and provides customers with energy solutions with multiple product portfolios according to local conditions. Meanwhile, we will seize the window periods in this industry and rely on core capabilities to meet the needs of ecological partners for clean energy through safe brands, digital intelligence operations and flexible capital.

In terms of resource planning, the Company will, through ecological synergy, continue to deepen cooperation with three major oil companies and establish long-term cooperative relationships with partners such as unconventional resource providers and LNG liquid plants. Further, we will strengthen the ability to obtain short-, medium- and long-term LNG resources and strive to build a long-term stable, diversified and controllable resource ecology. Also, the Company will actively acquire the basic capabilities of key midstream facilities such as LNG terminals, pipe capacity, and resource upload and download points to achieve flexible combination and optimization of resources.

In terms of energy transportation and storage, the Company will take multiple measures to build a multi-level storage network based on underground storage, terminals and city-gas storage tanks. At the same time, we will speed up the interconnection of regional pipeline networks, create an efficient and convenient consignment network, realize high flexibility and optimal allocation of resources and meet customer needs and efficient linking of resources.



II. Seize the growth opportunities of integrated energy business to advance large-scale and high-quality development

China's "dual carbon" policies have been introduced intensively; the Dual Control System of Total Energy Consumption and Energy Intensity is implemented on an increasingly strict basis and the gas, electricity and carbon market-oriented reform has been further promoted. Therefore, the Company will accurately grasp the initiative of the low-carbon industry, seize market window periods and accelerate the expansion of customers from six aspects, including safety, thermal energy, photovoltaics, electric energy, carbon and digital intelligence according to local conditions. We will flexibly expand new customers in many ways, maintain existing customers, focus on the development of low-carbon factory and low-carbon park business, cultivate low-carbon building business and explore low-carbon transportation business.

The low-carbon factory business will focus on manufacturing and energy-consuming enterprises and expand from thermal hosting to electric energy services and from operation and maintenance to hosting to gradually integrate cooling, heating, electricity and gas and optimize the integration of consumption and supply. The Company will regard the industrial parks as the main position for energy conservation and carbon reduction, make different strategies according to local conditions to achieve high-quality growth with the help of low-carbon planning, low-carbon resources and energy-side services. At the same time, the Company will seize the opportunity of low-carbon and green development and quickly implement low-carbon building solutions. Our existing buildings will adopt platforms, schemes and facility leasing, and new buildings will expand from planning and design to energy hosting through energy conservation and low-carbon energy substitution. For low-carbon transportation business, the Company will focus on key cities, continue to promote the layout of battery swap stations and quickly implement a new model of transportation of integrated energy based on battery swaps.

III. Expand the category and scale of clean energy supply and improve service capabilities

Regarding energy production business, driven by the demand, the Company will improve energy production and service capabilities through efficient interaction of supply and demand. The Company will continue to improve lean operation level, stabilize production and improve efficiency in order to release asset value, build a national coal resource network by deepening the integration of industry and

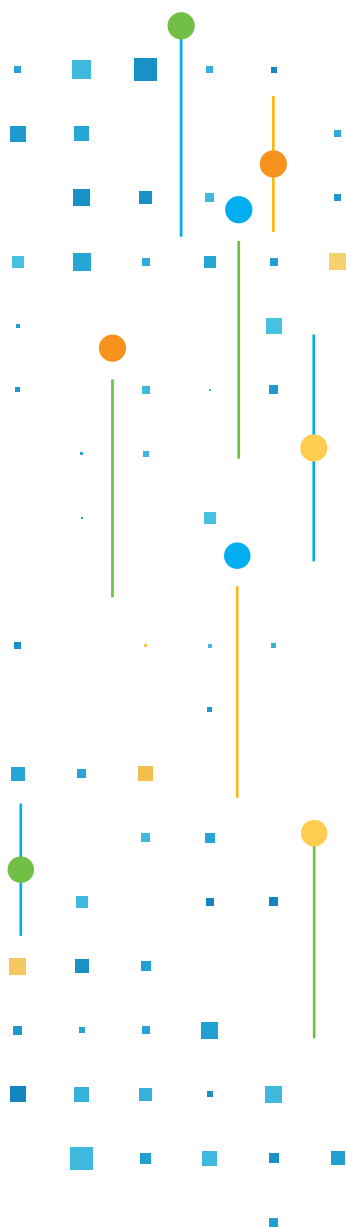
trade and focus on establishing important storage and transportation fulcrums in Northwest, East China and other regions to realize the rapid deployment and supply of multiple energy sources. Meanwhile, the Company will actively explore the potential markets of methanol in transportation, fuel, energy storage and other fields, further expand the supply category and scale of energy products and enhance product value.

IV. Transform and upgrade engineering construction business by virtue of technology

In terms of engineering construction business, the Company will quickly acquire core technologies, strengthen the engineering capability ecology, focus on natural gas advantageous fields such as LNG terminals, gas storages and large pipelines and accelerate regional layout through technology research and development, alliance cooperation or otherwise to realize the rapid and extended growth of natural gas construction. Further, the Company will give full play to the synergy advantages of all-scenario business and prioritize high-consumption and high-emission industries and parks, accelerate the deployment of photovoltaics, hydrogen energy, biomass and other integrated energy, innovate models internally and externally, implement benchmarking and demonstration projects and explore new projects.

V. Build an intelligent platform for the natural gas industry to help business transformation and upgrading

The Company will focus on three core business scenarios such as energy usage service, transaction and supply chain based on customer demand with a view to improving customer experience and continue to iterate core digital and intelligent products in terms of energy customer awareness, intelligent matching of demand, supply, transportation and storage, intelligent transaction delivery, intelligent city-gas pipeline network scheduling, multi-user operation of terminals and safe production. In addition, the Company will open up the closed loop of the business and accumulate industrial intelligence based on its own business scenarios and the application of all-scenario digital intelligence products. For example, we will deliver products via Expert Advisor thus realizing online natural gas purchase, capacity tracking and settlement payment. This guarantees flexible transactions and convenient delivery, improves customer service experience in energy usage and promotes the transformation and upgrading of the natural gas industry.



(IV) Possible risks

1. Risk of gas source acquisition and raw material price fluctuation

The Company's natural gas relies primarily on purchases from upstream suppliers and are highly dependent on them. Any shortage of supply from upstream gas suppliers would have an adverse impact on the Company's operations. Natural gas prices have been volatile in recent years due to the complex economic situation at home and abroad. If the Company fails to adopt a flexible pricing strategy in response to the natural gas price reform or the adjustment of natural gas selling price cannot offset the changes in the costs of raw materials and labor paid by the Company for its piped and non-piped gas sales business, fluctuations in raw material prices may affect the Company's operating results.

2. Risk of safe operation

Due to the flammable and explosive nature, the storage and distribution of natural gas proposes high requirements for safe operation. Although there were no safety incidents such as fires or explosions due to the accidental failure of storage and distribution transport equipment or improper operation of employees or suspension or overhaul required by the relevant authorities for the above reasons during the Reporting Period, if safety accidents such as fires or explosions occur due to the accidental failure of storage and distribution of transport equipment, improper operation of employees or natural disasters and threaten the health and safety of production personnel in the future, ENN Energy may be required by the safety authorities to suspend or overhaul activities which will cause losses to production and operations thus affecting the daily operations of the company.

3. Risk of exchange rate fluctuations

As of the date of this Report, the Company had a balance of US\$2.919 billion in financing facilities denominated in US dollars. With the increasing marketization of the RMB exchange rate regime, the value of RMB is subject to domestic and international economy and politics as well as the supply and demand of currency and the exchange rate of RMB against USD may be significantly different from the current rate in the future; therefore, the Company may be exposed to certain risks of exchange rate fluctuations. In response to the possible exchange rate risk, the Company intends to reduce the adverse impact of exchange rate fluctuations on the Company's performance by researching exchange rate trends, controlling the



receipt and payment of funds, matching the currency of receipt and payment, adopting favorable currency and settlement methods and using financial instruments for hedging in a timely manner according to the trend of exchange rate movements and agreeing on protective contract terms.

4. *Interest rate risk*

The Company's interest rate risk arises from interest bearing debt such as bank borrowings. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk and financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company adjusts the relative proportion of loans with fixed and floating rates according to market conditions and uses derivative products such as interest rate swaps to hedge its exposure.

5. *Derivative product 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. The foreign currency derivative contracts allow the Company to purchase US dollars at an agreed RMB/USD exchange rate on the maturity date and the vast majority of these contracts are designated as hedging instruments. The commodity derivative contracts hedge LNG contracts linked to crude oil, HH, TTF, JKM and other index to stabilize its future LNG purchase costs and some of these contracts are designated as hedging instruments. The Company's derivative products are mainly exposed to commodity price risk and operational risk. For commodity price risk, the Company will build positions at proper timing in batches according to market conditions as well as its upstream procurement and downstream sales needs and adjust positions flexibly subject to risk control. For operational risk, the Company mitigates the risk arising from the unsynchronized price fluctuations between the hedging instrument and the hedged product by carefully studying the changes in basis differences, reasonably selecting the forward instruments and adjusting the hedging operations in a timely manner when there may be significant adverse changes in basis differences. As for the operational risk arising from inadequate computer systems or internal control systems, the Company hedges this risk by reducing inappropriate manual intervention and improving electronic information systems.

(V) Others

☐ Applicable ☒ N/A

VII. Circumstances and Reasons for Not Making Disclosures in Accordance with the Standard due to Special Reasons Such as Non-Application of the Standard or State Secrets or Trade Secrets

☐ Applicable ☒ N/A



Corporate Governance

I. Details on Corporate Governance

In accordance with the requirements of the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies* and other relevant laws and regulations as well as the regulatory documents, the Company has established a corporate governance body and operating mechanism composed of the General Meeting, the Board of Directors, the Board of Supervisors and the management of the Company, and formed a corporate government system with clear powers and responsibilities, compliant operations and mutual cooperation among the decision-making body, supervisory body and the management. The Board of Directors is accountable to the General Meeting, deliberating the major issues in the Company's business activities and making decisions or submitting the same to the General Meeting for deliberation. The Board of Supervisors is the supervisory body of the Company, responsible for supervising the acts of the Company's directors and management and the finance. The Co-CEO, president and other officers of the Company are appointed by the Board of Directors, responsible for the Company's daily operation and management activities under the leadership of the Board of Directors.

In accordance with the relevant laws, regulations and regulatory documents, the Company has established and gradually improved the corporate government system based on its actual operation demands with the focus on the Articles of Association including the *Rules of Procedure for the General Meeting*, the *Rules of Procedure for the Board of Directors*, the *Rules of Procedure for the Board of Supervisors* and the implementing rules of the special committee, providing the institutional guarantee for the Company's compliant operations.

(I) Operation of the General Meetings

In 2021, the Company convened a total of 4 general meetings, approving the related-party transactions, guarantees, Restricted Stock Incentive Plan and other issues. The Company fully protected its shareholders' legal exercise of rights and interests, respected the rights and interests of minority shareholders, and there was no damage to rights and interests of minority shareholders.

(II) Operation of the Board of Directors

The Board of Directors is composed of twelve directors, including four independent directors, which complies with the provisions of laws, regulations and regulatory documents. The Company's directors have different professional backgrounds and relevant experience in the energy industry, financing, law, finance and corporate governance, giving valuable advice with regard to the growth of the Company. The directors of the Company ages from 46 to 60, with an average age of 52. They perform their duties and obligations diligently in accordance with the laws, regulations and the *Articles of Association*.

In 2021, the Company established an Environmental, Social and Governance Committee (the "ESG Committee") to fully implement ESG-related work. The Board of Directors has six special committees, including the Strategy Committee, Nomination Committee, Remuneration and Appraisal Committee, Audit Committee, Related-party Transaction Control Committee and ESG Committee, which perform their respective duties to ensure the objectivity and scientificity of the decision-making of the Board of Directors.

In 2021, the Company held 18 Board Meetings passing 68 proposals on such matters as equity incentive plan, major asset restructuring, asset sale, external guarantee, related party transaction, internal control report and periodic report. The directors have deliberated the proposals carefully and responsibly, and performed their duties diligently and faithfully in strict accordance with the *Articles of Association* and other relevant provisions to safeguard interests of shareholders.

(III) Operation of Board of Supervisors

During the Reporting Period, the Company convened a total of 10 meetings of the Board of Supervisors. The supervisors deliberated the Company's Restricted Stock Incentive Plan, use of raised funds, changes in accounting policy, periodic reports and other matters in accordance with the provisions of the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*.

(IV) Information disclosure and transparency

The Company has disclosed the Company's important information and maintained the interests of small and medium investors in a truthful, accurate, complete and timely manner in accordance with the relevant provisions of applicable laws, regulations and the *Articles of Association*.

(V) Insider management

The Company has formulated the *Insider Management System*, and pursuant to the relevant requirements, registered the insiders in the process of reporting, transmission, preparation, approval and disclosure prior to the publicity of inside information, and made the list of relevant insiders for filing in accordance with the regulatory requirements.

Are there any significant differences between the Company's governance status and the provisions of laws, administrative regulations and CSRC on the governance of listed companies? If any, please state the reasons.

☐ Applicable ☒ N/A

II. Specific Measures Taken by the Controlling Shareholder and the Actual Controller of the Company to Ensure the Independence of the Company's Assets, Personnel, Finance, Institutions and Business, as well as the Solutions, Work Progress and Follow-Up Work Plan Taken due to the Impact on the Independence of the Company

☐ Applicable ☒ N/A

Circumstances where the controlling shareholder, the actual controller and other units under their control engaged in the same or similar business as the Company, and the impact of competition or significant changes in the competition in the same industry on the Company, the measures taken to resolve the situation, the progress of the resolution and the follow-up resolution plan

☐ Applicable ☒ N/A

III. Introduction to the General Meeting

Meeting	Convening Date	Inquiry index of the website designated to publish resolutions	Disclosure date	Resolution
2021 First Extraordinary General Meeting	26 March 2021	Website of the Shanghai Stock Exchange (www.sse.com.cn)	27 March 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary</i> 2. Deliberated and approved the <i>Proposal on Administrative Measures on Evaluation for the Implementation of the Company's 2021 Restricted Stock Incentive Plan</i> 3. Deliberated and approved the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Stock Incentive-related Matters</i>
2021 Second Extraordinary General Meeting	15 April 2021	Website of the Shanghai Stock Exchange (www.sse.com.cn)	16 April 2021	Deliberated and approved the <i>Proposal on Signing the Equity Transfer Agreement and Related-party Transaction in respect of the Equity Sale of Tengzhou Company</i>
2020 Annual General Meeting	24 June 2021	Website of the Shanghai Stock Exchange (www.sse.com.cn)	25 June 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>2020 Work Report of the Board</i> 2. Deliberated and approved the <i>2020 Supervisors' Report</i> 3. Deliberated and approved the <i>2020 Annual Report and its Summary</i> 4. Deliberated and approved the <i>2020 Final Accounting Report</i> 5. Deliberated and approved the <i>2020 Profit Distribution Plan</i> 6. Deliberated and approved the <i>Proposal on Renewing the Appointment of the Accounting Firm</i> 7. Deliberated and approved the <i>Proposal on Directors' Remuneration for 2020</i> 8. Deliberated and approved the <i>Proposal on Supervisors' Remuneration for 2020</i> 9. Deliberated and approved the <i>Special Report on Deposit and Use of Raised Funds for 2020</i> 10. Deliberated and approved the <i>Proposal on Controlled Subsidiaries' Provision of Guarantee and Related-party Transaction</i>

Meeting	Convening Date	Inquiry index of the website designated to publish resolutions	Disclosure date	Resolution
2021 Third Extraordinary General Meeting	28 December 2021	Website of the Shanghai Stock Exchange (www.sse.com.cn)	29 December 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Prediction of Daily Related-party Transactions in 2022-2023</i> 2. Deliberated and approved the <i>Proposal on the Estimated Quota of Guarantee in 2022</i> 3. Deliberated and approved the <i>Proposal on Estimated Quota of Entrusted Wealth Management in 2022</i> 4. Deliberated and approved the <i>Proposal on the Estimated Quota of Commodity Hedging in 2022</i> 5. Deliberated and approved the <i>Proposal on the Estimated Quota of Foreign Exchange Hedging in 2022</i>

Preferred stockholders whose voting rights have been restored request an extraordinary general meeting

☐ Applicable ☒ N/A

Explanations on the General Meeting

☐ Applicable ☒ N/A

IV. Directors, Supervisors and Officers

(I) Changes in shares held by incumbent and resigned directors, supervisors and officers during the Reporting Period and their remunerations

Unit: share

Name	Title (note)	Gender	Age	Start date	End date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease for the current year	Reasons for increase or decrease	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Receive the remuneration from the Company's related parties?
Wang Yusuo	Board Chairman	Male	57	2008/11/26	2022/7/25	1,911,750	1,911,750	0	—	290	Yes
Yu Jianchao	Vice Chairman of the Board	Male	53	2017/11/30	2022/7/25	0	1,400,000	+1,400,000	RSI	330	No
	Director			2017/2/8	2022/7/25						
	Co-CEO			2020/9/29	2022/7/25						
Han Jishen	Director	Male	57	2020/9/29	2022/7/25	0	1,400,000	+1,400,000	RSI	330	No
	Co-CEO			2020/9/29	2022/7/25						
Zheng Hongtao	Director	Male	46	2020/9/29	2022/7/25	0	1,000,000	+1,000,000	RSI	478	Yes
	President			2020/9/13	2022/7/25						
Jiang Chenghong	Director	Male	46	2020/11/30	2022/7/25	0	910,068	+910,068	RSI	0	Yes
Zhang Jin	Director	Female	48	2020/11/30	2022/7/25	0	600,000	+600,000	RSI	50	No
Wang Zizheng	Director	Male	33	2018/6/26	2022/7/25	0	0	0	—	50	No
Zhao John Huan	Director	Male	58	2017/12/18	2022/7/25	0	0	0	—	11.2	No
Li Xingang	Independent director	Male	60	2016/10/18	2022/7/25	0	0	0	—	11.2	No
Qiao Gangliang	Independent director	Male	60	2019/7/26	2022/7/25	0	0	0	—	11.2	No
Tang Jiasong	Independent director	Male	47	2019/7/26	2022/7/25	0	0	0	—	11.2	No
Zhang Yu	Independent director	Male	63	2020/11/30	2022/7/25	0	0	0	—	11.2	No
Cai Fuying	Chairman of the Board of Supervisors	Female	55	2013/6/29	2022/7/25	0	0	0	—	0	No
Wang Xi	Supervisor	Female	49	2013/6/29	2022/7/25	0	0	0	—	0	No
Dong Yuwu	Employee Supervisor	Male	59	2013/6/29	2022/7/25	0	0	0	—	43.06	No
Wang Dongzhi	Chief Financial Officer	Male	53	2020/9/13	2022/7/25	0	800,000	+800,000	RSI	330	No
Su Li	Senior Vice President	Female	49	2021/3/26	2021/12/20	0	500,000	+500,000	RSI	180	No
	Executive Vice President			2021/12/20	2022/7/25						
Liang Hongyu	Board Secretary	Female	42	2021/6/18	2022/7/25	0	100,000	+100,000	RSI	65	No
Zheng Wenping	Executive Vice President	Male	52	2021/2/3	2021/12/20	0	600,000	+600,000	RSI	160	No
	Vice President			2021/12/20	2022/7/25						
Wang Shihong	Vice President	Male	57	2021/2/3	2022/7/25	0	200,000	+200,000	RSI	150	No

Name	Title (note)	Gender	Age	Start date	End date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease for the current year	Reasons for increase or decrease	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Receive the remuneration from the Company's related parties?
Wang Guiqi	Vice President	Male	59	2017/12/22	2022/7/25	0	400,000	+400,000	RSI	172	No
Huang Baoguang	Vice President	Male	51	2018/12/25	2022/7/25	0	250,000	+250,000	RSI	153	No
Zhang Xiaoyang	Vice President	Male	46	2019/12/27	2022/7/25	10	600,010	+600,000	RSI	155	No
Men Jijun	Assistant President	Male	42	2019/12/27	2022/7/25	0	500,000	+500,000	RSI	123	No
Liu Jianjun	Chief Accountant (Resigned)	Male	57	2013/7/1	2022/1/24	0	400,000	+400,000	RSI	130	No
Wang Shuo	Board Secretary (Resigned)	Female	42	2019/3/8	2021/6/18	0	200,000	+200,000	RSI	60	No
Total	/	/	/	/	/	1,911,760	11,771,828	+9,860,068	/	3,305.06	/



Name	Work experience
 <p data-bbox="236 698 368 724">Wang Yusuo</p>	<p>Mr. Wang Yusuo, born in 1964, holds a Doctorate Degree. As a founder of ENN Group, he served as the member of the 12th National Committee of the Chinese People's Political Consultative Conference, vice chairman of the 9th All-China Federation of Industry & Commerce, vice chairman of the China Private Chamber of Commerce, member of the Standing Committee of the 12th Chinese People's Political Consultative Conference Hebei, vice chairman of Hebei Federation of Industry & Commerce and vice chairman of Langfang Chinese People's Political Consultative Conference. He has more than 30 years of experience in gas business investment and management. Currently, he serves as the Chairman of the Board of Directors in ENN Group, Director of ENN International, Chairman of the Board of Director of ENN Holdings, Director of ENC Digital Technology Co.,Ltd., Chairman of the Board of Directors of Langfang Natural Gas Co., Ltd., Chairman of the Board of Directors of Langfang ENN Energy Development Co., Ltd., Chairman of the Board of Directors of ENN Science and Technology Development Co., Ltd., Chairman of the Board of Directors and Executive Director of ENN Energy and independent Director of DiDi Global Inc.; he has worked as the Chairman of the Board of Directors of the Company since November 2008.</p>
 <p data-bbox="236 1138 368 1164">Yu Jianchao</p>	<p>Mr. Yu Jianchao, born in 1968, holds an MBA Degree conferred by China Europe International Business School and an EMBA Degree at Tsinghua PBCSF. He was the Deputy Chief Accountant, Chief Accountant, Chairman of the Supervision Committee, Chief Financial Officer, Chairman of the Finance and Audit Committee and Vice President of ENN Group, Vice President of ENN Energy, Vice President of the Company and the CEO of the Company, etc. Mr. YU Jianchao has extensive experience in company management and capital operation. Currently, he works as the Chairman of the Board of Directors of Hebei Weiyuan Group Co., Ltd. and ENN (Zhoushan) LNG Co., Ltd. He has served as the Director of the Company since February 2017, Vice Chairman of the Board of Directors of the Company since November 2017, and Co-CEO of the Company since September 2020.</p>
 <p data-bbox="244 1530 360 1556">Han Jishen</p>	<p>Mr. Han Jishen, born in 1964, holds an EMBA Degree conferred by Nanyang Technological University, Singapore. He joined ENN Energy in 1993, served as senior executive officer in different subsidiary companies under ENN Energy. He was also the President, CEO, Co-vice Chairman and Executive Director of ENN Energy. He has extensive experience in market research, business development and operation management in energy industry. He has served as the Co-CEO and Director of the Company since September 2020.</p>
 <p data-bbox="220 1888 389 1914">Zheng Hongtao</p>	<p>Mr. Zheng Hongtao, born in 1975, graduated from Tsinghua University with a Doctorate Degree. He served as the Deputy General Manager and Executive Deputy General Manager in CNOOC Gas & Power Group Co., Ltd. International Trade Branch. He joined ENN Group in January 2019, responsible for international and domestic natural gas trade, and worked as Chief Gas Business Director of ENN Group. Mr. ZHENG Hongtao has extensive experience in international LNG resource procurement and trading, LNG shipping, domestic natural gas sales and related asset M&As. Currently, he works as the Vice Chairman and Executive Director of ENN Energy, and the Director of ENN (Zhoushan) LNG Co., Ltd. He has served as the President and Director of the Company since September 2020.</p>

Name	Work experience
 <p data-bbox="209 698 397 724">Jiang Chenghong</p>	<p data-bbox="461 357 1441 610">Mr. Jiang Chenghong, born in 1975, holds an EMBA Degree conferred by Xiamen University. He served as the Deputy General Manager and General Manager of the Capital Department and the Director of the Finance Department in Sinochem Group Co., Ltd.; Director of Sinochem Finance Co., Ltd and China Foreign Economy and Trade Trust Co., Ltd. He has extensive experience in the financial management and asset M&As. He joined ENN Group in September 2017 and worked as the Director of ENN International. Currently, he works as the CFO of ENN Group and the Director of Tibet Tourism Co Ltd.; and he has worked as the Director of the Company since November 2020.</p>
 <p data-bbox="248 1084 352 1110">Zhang Jin</p>	<p data-bbox="461 741 1441 1026">Ms. Zhang Jin, born in 1973, graduated from Renmin University of China with a Master's Degree in Management and a Bachelor's Degree in Economics. She served as Senior Vice President of Shanda Network Group, Vice President of Human Resources of Shanda Group, and Vice President of Human Resources of Lenovo Group. She has extensive experience in the talent stimulation and corporate management. She joined ENN Group in September 2016. At present, she works as the Executive Vice President and Chief Human Resources Officer of ENN Group, Chief Human Resources Officer of ENN Energy and Director of ENC Digital Technology Co., Ltd.. She has worked as the Director of the Company since November 2020.</p>
 <p data-bbox="225 1468 381 1494">Wang Zizheng</p>	<p data-bbox="461 1125 1441 1532">Mr. Wang Zizheng, born in 1988, graduated from Tongji University with a Bachelor's Degree in Urban Planning. He served as the Assistant to the President of ENN Group Intelligent Energy Co., Ltd., Director of Green Transportation Energy Strategic Planning of Transfuels. LLC in U.S., Deputy General Manager of ENN Science & Technology Development Co., Ltd., Vice President of ENN Energy, Chairman of the Board of Directors of ENC Digital Technology Co., Ltd, Director of ENN International, etc. He has extensive experience in investment, M&As and operation management of overseas LNG refueling stations. At present, he works as the Director of ENN Group, Non-executive Director of ENN Energy, Director of ENN Shuneng Technology Co., Ltd., member of Hebei Chinese People's Political Consultative Conference, member of the Executive Committee of Hebei Federation of Industry and Commerce, member of the Standing Committee of Langfang Chinese People's Political Consultative Conference and Vice Chairman of Langfang Federation of Industry & Commerce. He has worked as the Director of the Company since June 2018.</p>
 <p data-bbox="217 1882 389 1908">Zhao John Huan</p>	<p data-bbox="461 1554 1441 1774">Mr. Zhao John Huan, born in 1963, graduated from Nanjing University with a Degree in Physics, a Master's Degree in Electrical Engineering and a Master's Degree in Physics from Northern Illinois University in the United States, and a Master's Degree in Business Administration from the Kellogg School of Management at Northwestern University, United States. At present, he works as the Chairman of the Board of Directors of Hony Capital. He has extensive experience in project investment and corporate management. He has worked as the Director of the Company since December 2017.</p>

Name	Work experience
Li Xingang	Mr. Li Xingang, born in 1961, holds a Doctorate Degree. He served as a lecturer and associate professor at Tianjin University, and Deputy Director of the National Engineering Research Center of Distillation Technology of Tianjin University. He has extensive experience in basic applied research in chemical separation processes and environmental separation technologies, and has obtained more than 30 patents and applied them in large scale projects, and he has won several technological awards in technological innovation. At present, he works as a professor at Tianjin University, Director of the National Engineering Research Center of Distillation Technology of Tianjin University, and General Manager of Pei-yang National Distillation Technology Corporation Limited. He has worked as an Independent Director of the Company since October 2016.
Qiao Gangliang	Mr. Qiao Gangliang, born in 1961, graduated from Georgetown University Law Centre in Washington, D.C., U.S. with a Juris Doctor. He is admitted to practice law in Washington, D.C. and China. He is a foreign arbitrator of Beijing Arbitration Commission, China International Economic and Trade Arbitration Commission, Shenzhen Court of International Arbitration, Hainan International Arbitration Court and Dalian Arbitration Commission respectively. From 2000 to 2013, he served as Vice President and General Counsel for General Electric ("GE") Healthcare Greater China and GE Capital Greater China; Executive Vice President and General Counsel for Siemens North East Asia. He worked as the Vice President of Danaher Group and the General Counsel of Danaher China and North Asia from November 2013 to November 2019 and has worked as the Vice President and General Counsel for Global High Growth Markets of Danaher Group since November 2019. Mr. QIAO Gangliang has extensive experience in legal risk identification and prevention and control, and improvement of anti-corruption mechanism. He has worked as the Independent Director of the Company since July 2019.
Tang Jiasong	Mr. Tang Jiasong, born in 1974, is qualified as a Certified Public Accountant. He performed the audits of consolidated statement, A-share and H-share IPO for many state-owned, private and multinational companies. From September 1995 to August 2015, he worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP, and was promoted to partner in June 2007. Mr. TANG Jiasong has extensive experience in the audit of statements and financial risk identification and prevention and control, and has provided many valuable suggestions for the company's audit and internal control. He has worked as the Independent Director of the Company since July 2019.
Zhang Yu	Mr. Zhang Yu, born in 1958, holds an EMBA Degree conferred by Peking University. He has long been engaged in oil production technology research, oil and gas field development, oil and gas storage and transportation production management and natural gas pipeline construction, etc.. Zhang Yu has rich experience in corporate management and project infrastructure management and has obtained the title of Senior Engineer. He served as Deputy General Manager, Safety Director, General Manager and Director of PetroChina Beijing Gas Pipeline Co., Ltd. He has worked as an Independent Director of the Company since November 2020.
Cai Fuying	Ms. Cai Fuying, born in 1966, holds an EMBA Degree conferred by China Europe International Business School. She served as the Deputy General Manager and Vice President of ENN Gas Holdings Co., Ltd. and Deputy Chairman of the Supervisory Committee of ENN Group's Board of Directors. Currently, she works as the member of ENN Group's Shareholder Council, Supervisor of Hebei Weiyuan Group Co., Ltd. and the Chairman of the Board of Supervisors of ENC Digital Technology Co., Ltd.. She has worked as the Chairman of the Board of Supervisors of the Company since July 2013.

Name	Work experience
Wang Xi	Ms. Wang Xi, born in 1972, holds an EMBA Degree conferred by Peking University. She served as a senior management in ENN Group and its subsidiaries, Deputy General Manager of Changsha Xinao Gas Co., Ltd., General Manager of Financial Management Department and Chief Financial Officer of ENN Group and the Chairman of the Board of Supervisors of Tibet Tourism Co Ltd.. Currently, she works as Executive Vice President and Director of ENC Digital Technology Co., Ltd. and Supervisor of ENN Holdings; she has worked as the Supervisor of the Company since July 2013.
Dong Yuwu	Mr. Dong Yuwu, born in 1962, served as the CFO and Deputy General Manager of Xinneng Mining Industry Co., Ltd.. He has served as the Director of the Audit and Risk Management Department of the Company since July 2014 and had extensive experience in internal control audit and operational compliance risk prevention and control. He has served as the Supervisor of the Company since 29 June 2013.
Wang Dongzhi	Mr. Wang Dongzhi, born in 1968, holds a Master's Degree and obtained the qualifications of Certified Accountant in China. He received an EMBA Degree from China Europe International Business School in 2016. He joined ENN Group in August 2000, and served as the Deputy Director of the Finance Department of ENN Group, General Manager of Financial Management Department and CFO of ENN Group, and CFO of ENN Energy. He has extensive experience in finance and financial management. Currently, he works as the Director of ENN International, Director of ENN Holdings and Executive Director of ENN Energy. He has worked as the CFO of the Company since September 2020.
Su Li	Ms. Su Li, born in 1972, holds an EMBA Degree conferred by Shanghai Jiao Tong University. She joined ENN Energy in 2002 and has served as Deputy General Manager and General Manager of several member companies of ENN Energy. She has extensive experience in energy business operations and market development. Currently, she works as the Regional General Manager of ENN Energy, responsible for marketing and sales in Zhejiang and business development of the park. She was the Senior Vice President of the Company and has worked as the Executive Vice President of the Company since December 2021.
Liang Hongyu	Ms. Liang Hongyu, born in 1979, holds a Master Degree in International Trade and Company Law from Lancaster University, UK and a Master Degree in Business Administration from the Chinese University of Hong Kong, and is qualified in law. She has over 15 years of experience in capital market transactions and legal work. She joined ENN Energy in 2011 and has been the Deputy General Manager and Legal Director of ENN Finance Limited Liability Company, and the Co-Finance Director and Company Secretary of ENN Energy. She has worked as the Secretary of the Board of Directors of ENN-NG since June 2021.

Name	Work experience
Zheng Wenping	Mr. Zheng Wenping, born in 1969, holds an EMBA Degree conferred by the University of International Business and Economics. He served as Deputy Director of Project Management Department of Beijing Petrochemical Engineering Co., Ltd., PMC Project Director of Engineering Construction Company under SINOPEC Group, Deputy Chief Engineer and General Manager of Project Management Center of Sinopec Engineering(Group) Co., Ltd., Deputy General Manager of Beijing Petrochemical Engineering Co., Ltd. of Yanchang Petroleum Group, and General Manager of Beijing Zhonghui Technology Co., Ltd. Mr. ZHENG Wenping has extensive experience in business development, project operations, and corporate operations in energy industry. He joined ENN-NG in October 2020 and served as the Executive Vice President of the Company. He has worked as the Vice President of the Company since December 2021.
Wang Shihong	Mr. Wang Shihong, born in 1964, holds a Bachelor Degree and graduated from Renmin University of China with a Major in Industrial and Economic Management. He worked in the State Economic Commission Enterprise Administration, General Office of the State Planning Commission and the Advisory Office of the National Development and Reform Commission, and served as the General Manager Assistant of China Gaoxin Investment Group and Deputy General Manager of Shandong Chenming Paper Group. Mr. Wang Shihong has extensive experience in corporate strategic planning and corporate operations. He joined ENN Group in September 2012 and served as Senior Vice President of ENN Group. He has worked as the Vice President of the Company since February 2021.
Wang Guiqi	Mr. Wang Guiqi, born in 1962, holds an EMBA Degree conferred by Tsinghua University. He served as the Chief Economist of a branch of China Light Industry Construction Co., Ltd., and the General Manager of Xindi Energy Engineering Technology Co., Ltd.. He has extensive experience in energy engineering market development, engineering project management and business operations. He has worked as the Chairman of the Board of Directors of Xindi Energy Engineering Technology Co., Ltd. since January 2021, and has served as the Vice President of the Company since December 2017.
Huang Baoguang	Mr. Huang Baoguang, born in 1970, holds a Master Degree. He served as the Contract Supervisor of Legal Department, Head (Cooperation Manager) of Cooperation Division, Head (Consulting Manager) of Consulting Division of Legal Department of CNOOC; General Manager of Legal Department of CNOOC Gas & Power Group Co., Ltd.; General Counsel and General Manager of the Legal Department and General Manager of the Equity Management Department of CNOOC Gas & Power Group Co., Ltd. He has extensive experience in energy project M&As, legal risk control, etc. From July 2016 to December 2018, he served as the Vice President and Executive Vice President of ENN Energy. He has worked as the Vice President of the Company since December 2018.

Name	Work experience
Zhang Xiaoyang	Mr. Zhang Xiaoyang, born in 1975, graduated from Wuhan University with a Major in Industrial Engineering and holds a Master's Degree. He served as the Assistant to the General Manager and Member of the Party Committee of Shanxi Zhangshan Power Generation Co., Ltd.. He served as the Deputy Director and Director of Chemical Market and Strategic Performance Department of ENN Energy; General Manager of Xinneng Mining Industry Co., Ltd. and General Manager of Zhuzhou Xinao Gas Co., Ltd.. Mr. Zhang Xiaoyang has rich experience in chemical industry research, chemical assets and corporate management. He has worked as the Vice President of the Company since 27 December 2019.
Men Jijun	Mr. MEN Jijun, born in 1979, holds a Bachelor's Degree and has more than 17 years of engineering and project management experience. He served as the Project Manager and Head of Material Management Department of Xinao Gas Engineering Co., Ltd.; Deputy General Manager of Material Procurement Branch of Xindi Energy Engineering Technology Co., Ltd.; Deputy General Manager of Chuanyue Branch and Deputy General Manager of Project Management Branch; General Manager of Hunan Branch of Xinao Gas Engineering Co., Ltd., and General Manager of the Project Market Development Department of the Company. He has served as the Assistant to the President of the Company since 27 December 2019.
Liu Jianjun	Mr. Liu Jianjun, born in 1964, holds a Bachelor's Degree and is a Chief Accountant. He served as the Deputy Head of the Accounting and Finance Department of Kaifeng Xinao Gas Co., Ltd., Chief Accountant and Head of the Accounting and Finance Department of Xinxiang Xinao Gas Co., Ltd.; Deputy CFO of ENN Energy Service Co., Ltd.; Head of Finance Department and Deputy Finance Director of Energy and Chemical Group under ENN Group. He has extensive experience in the financial management and statement auditing. He worked as the Chief Accountant of the Company from July 2013 to January 2022.
Wang Shuo	Ms. Wang Shuo, born in 1979, holds a Dual Master's Degree conferred by the Middlebury Institute of International Studies at Monterey in the U.S. and the University of Westminster in the United Kingdom. She served as a lecturer at Renmin University of China. From 2006 to February 2013, she supported the Sino-US government energy cooperation project as the contractor of the Energy Ministry of the U.S., and served as the North American Business Director, Investment Director and Senior Overseas Affairs Director of ENN Group as well as the Investor Relations Director of ENN-NG. Ms. Wang Shuo has extensive experience in energy industry research, project investment and M&As, investor relationship management and corporate compliance management. She worked as the Board Secretary of the Company from March 2019 June 2021.

Other information

☐ Applicable ☒ N/A

(II) Positions held by incumbent and resigned directors, supervisors and officers during the Reporting Period

1. Positions held at companies where shareholders worked

Name of personnel	Name of shareholder's company	Positions held at shareholder's company	Start date	End date
Wang Yusuo	ENN Group International Investment Limited	Director	2000-8-1	—
Wang Dongzhi	ENN Group International Investment Limited	Director	2020-2-28	—
Jiang Chenghong	ENN Group International Investment Limited	Director	2020-2-28	2021-5-14
Wang Zizheng	ENN Group International Investment Limited	Director	2014-2-28	2021-5-14
Wang Yusuo	ENN Investment Holdings Co., Ltd.	Board Chairman, General Manager	2000-1-13	—
Wang Zizheng	ENN Investment Holdings Co., Ltd.	Director	2015-7-30	—
Wang Dongzhi	ENN Investment Holdings Co., Ltd.	Director	2020-8-4	—
Wang Xi	ENN Investment Holdings Co., Ltd.	Supervisor	2018-6-25	—
Yu Jianchao	Hebei Weiyuan Group Co., Ltd.	Board Chairman	2010-7-19	—
Cai Fuying	Hebei Weiyuan Group Co., Ltd.	Supervisor	2016-3-4	—
Zhao John Huan	Legend Holdings Corporation	Non-executive Director	2020-01-01	—
Explanation on the positions held at shareholder's company	None			

2. Positions held at other companies

Name of personnel	Name of other company	Positions held at other company	Start date	End date
Wang Yusuo	ENN Group Co., Ltd.	Chairman of the Board of Directors	1998-12	—
Wang Yusuo	ENC Digital Technology Co., Ltd.	Director	2010-12-20	2023-3-15
Wang Yusuo	Langfang Natural Gas Co., Ltd.	Board Chairman	1992-12	—
Wang Yusuo	Langfang ENN Energy Development Co., Ltd.	Board Chairman	2010-1	—
Wang Yusuo	ENN Science and Technology Development Co., Ltd.	Board Chairman	2010-1	—
Wang Yusuo	DiDi Global Inc.	Independent Director	2021-7	—
Yu Jianchao	ENN (Zhoushan) LNG Co., Ltd.	Board Chairman	2019-7	—
Yu Jianchao	ENN Insurance Brokerage Co., Ltd.	Board Chairman	2016-5	—
Wang Zizheng	Xinzhi Holding Investment Co., Ltd.	Director	2015-6	—
Wang Zizheng	E-Cheng E-Jia Network Technology Co., Ltd.	Board Chairman and General Manager	2014-10	—
Wang Zizheng	ENN Shuneng Technology Co., Ltd.	Director	2018-3	—
Wang Zizheng	Shanghai 3040 Technology Co., Ltd.	Executive Director and General Manager	2021-4-30	—
Zheng Hongtao	ENN (Zhoushan) LNG Co., Ltd.	Director	2019-7	—
Jiang Chenghong	ENN Group Co., Ltd.	Chief Financial Officer	2020-3	—
Jiang Chenghong	Tibet Tourism Co., Ltd.	Director	2018-7-30	2024-6-22
Jiang Chenghong	ENN (Zhoushan) LNG Co., Ltd.	Director	2020-07-28	—
Zhang Jin	ENN Group Co., Ltd.	Executive Vice President and Chief Talent Inspiration Officer	2019-1	—
Zhang Jin	ENC Digital Technology Co., Ltd.	Director	2020-3-16	2023-3-15
Cai Fuying	ENN Group Co., Ltd.	Assistant to Chairman of the Shareholders Council	2018-2	—
Cai Fuying	ENC Digital Technology Co., Ltd.	Chairman of the Board of Supervisors	2013-12-19	2023-3-15

Name of personnel	Name of other company	Positions held at other company	Start date	End date
Wang Xi	ENC Digital Technology Co., Ltd.	Director and Executive Vice President	2020-3-16	2023-3-15
Wang Xi	Tibet Tourism Co., Ltd.	Chairman of the Board of Supervisors	2018-7-30	2021-5-23
Li Xingang	Tianjin University	Professor	1999	—
Qiao Gangliang	Danaher Group	Vice President	2013-11	—
Explanation on the positions held at other company	The above only lists the main positions held by directors and supervisors.			

(III) Remunerations for directors, supervisors and officers

Decision-making procedures for remunerations of directors, supervisors and officers	Pursuant to the relevant provisions of the Articles of Association, the remunerations for the directors, independent directors and supervisors of the Company shall be decided by the Company's Shareholder's General Meeting, and those for officers shall be determined by the Board of Directors.
Basis for determining the remunerations for directors, supervisors and officers	<ul style="list-style-type: none"> (1) The salary level of similar enterprises in the main business premises where the Company and its controlled subsidiaries operate; (2) The salary level of similar job responsibilities in the same industry to which their respective job responsibilities belong; and (3) The annual assessment completion, including performance indicator achievement, ESG work assessment (e.g. low carbon development, safety, anti-corruption, compliance, employee and customer satisfaction).
Actual payment of the remunerations for directors, supervisors and officers	During the Reporting Period, the Company paid remunerations to its directors, supervisors and officers in accordance with the regulations and has no any violation of remuneration management system.
Total remunerations actually received by all directors, supervisors and officers at the end of the Reporting Period	RMB33.0506 million

(IV) Changes in directors, supervisors and officers of the Company

Name	Title	Change	Reason
Guan Yu	Vice President	Resigned	Work change
Zheng Wenping	Executive Vice President	Appointed	Newly appoint
Zheng Wenping	Vice President	Appointed	Work adjustment
Wang Shihong	Vice President	Appointed	Newly appoint
Su Li	Senior Vice President	Appointed	Work adjustment
Su Li	Executive Vice President	Appointed	Work adjustment
Liang Hongyu	Board Secretary	Appointed	Newly appoint
Wang Shuo	Board Secretary	Resigned	Work adjustment

(V) Explanations on penalties imposed by Securities Regulatory Authorities in the past three years

☐ Applicable ☒ N/A

(VI) Others

☐ Applicable ☒ N/A

V. Information on Board Meetings Held During the Reporting Period

Meeting	Date	Resolution
The 23rd meeting of the ninth Board of Directors	20 January 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary</i> 2. Deliberated and approved the <i>Proposal on Administrative Measures on Evaluation for the Implementation of the Company's 2021 Restricted Stock Incentive Plan</i> 3. Deliberated and approved the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Stock Incentive-related Matters</i> 4. Deliberated and approved the <i>Proposal on Not Requesting to Convene an Extraordinary General Meeting</i>

Meeting	Date	Resolution
The 24th meeting of the ninth Board of Directors	3 February 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Replacing Self-owned and Self-financed Funds Pre-invested in the Fund-raising Project with Raised Funds</i> 2. Deliberated and approved the <i>Proposal on the Appointment of Senior Officers of the Company</i> 3. Deliberated and approved the <i>Proposal on the Appointment of Securities Representative</i> 4. Deliberated and approved the <i>Proposal on Requesting to Convene an Extraordinary General Meeting</i>
The 25th meeting of the ninth Board of Directors	18 February 2021	Deliberated and approved the <i>Proposal on Signing the Equity Transfer Agreement and Related-party Transaction in Respect of the Equity Sale of Tengzhou Company</i>
The 26th meeting of the ninth Board of Directors	22 March 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>2020 Work Report of the Board</i> 2. Deliberated and approved the <i>2020 Annual Report</i> and its Summary 3. Deliberated and approved the <i>2020 Annual Internal Control Evaluation Report</i> 4. Deliberated and approved the <i>2020 Final Accounting Report</i> 5. Deliberated and approved the <i>2020 Profit Distribution Plan</i> 6. Deliberated and approved the <i>Proposal on the Re-appointment of the Accounting Firm</i> 7. Deliberated and approved the <i>Proposal on Senior Officers' Remuneration for 2020</i> 8. Deliberated and approved the <i>Proposal on Directors' Remuneration for 2020</i> 9. Deliberated and approved the <i>Special Report on Deposit and Use of Raised Funds for 2020</i> 10. Deliberated and approved the <i>Proposal on Not Requesting to Convene the 2020 Annual General Meeting</i>
The 27th meeting of the ninth Board of Directors	26 March 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Matters Relating to Adjusting the 2021 Restricted Stock Incentive Plan</i> 2. Deliberated and approved the <i>Proposal on the First Grant of Restricted Stocks to Incentive Grantees</i> 3. Deliberated and approved the <i>Proposal on the Appointment of Senior Officers of the Company</i>
The 28th meeting of the ninth Board of Directors	29 March 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Signing the Equity Transfer Agreement and Related-party Transaction in respect of the Equity Sale of Tengzhou Company</i> 2. Deliberated and approved the <i>Proposal on Requesting to Convene an Extraordinary General Meeting</i>

Meeting	Date	Resolution
The 29th meeting of the ninth Board of Directors	28 April 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Company's First Quarterly Report for 2021</i> 2. Deliberated and approved the <i>Proposal on Amending the Information Disclosure Management System of ENN-NG and the Rules of Procedure of Specialized Committees of the Board of Directors</i> 3. Deliberated and approved the <i>Proposal on Establishing the Environmental, Social and Governance Committee and Developing its Rules of Procedure</i> 4. Deliberated and approved the <i>Proposal on Adjusting the Estimated Quota of Daily Related Transactions for 2021</i> 5. Deliberated and approved the <i>Proposal on Changes in Accounting Policy</i>
The 30th meeting of the ninth Board of Directors	1 June 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Provision of Guarantee and Related-party Transaction for a Controlled Subsidiary</i> 2. Deliberated and approved the <i>Proposal on Requesting to Convene the 2020 Annual General Meeting</i>
The 31st meeting of the ninth Board of Directors	18 June 2021	Deliberated and approved the <i>Proposal on the Appointment of the Board Secretary</i>
The 32nd meeting of the ninth Board of Directors	25 June 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>2020 Environmental, Social and Governance Report of the Company</i> 2. Deliberated and approved the <i>2019-2020 Sustainability Report of the Company</i>
The 33rd meeting of the ninth Board of Directors	23 August 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>2021 Half-Year Report of the Company</i> and its Summary 2. Deliberated and approved the <i>Special Report on Deposit and Use of Raised Funds of the Company for the Half Year 2021 (Allotment of Shares)</i> 3. Deliberated and approved the <i>Special Report on Deposit and Use of Raised Funds of the Company for the Half Year 2021 (Non-Public Offering of Shares)</i> 4. Deliberated and approved the <i>Proposal on Adjusting the Estimated Quota of Daily Related Transactions for 2021</i> 5. Deliberated and approved the <i>Proposal on Carrying out Hedging Business of Polypropylene and Plastics by Subsidiaries</i>
The 34th meeting of the ninth Board of Directors	22 September 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan</i> 2. Deliberated and approved the <i>Proposal on the Grant of Reserved Portion of Restricted Stocks to Incentive Grantees</i>

Meeting	Date	Resolution
The 35th meeting of the ninth Board of Directors	26 October 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Company's Compliance with the Conditions for Issuing Shares and Paying Cash to Purchase Assets</i> 2. Deliberated and approved, item by item, the <i>Proposal on the Company's Issuance of Shares and Payment of Cash for the Purchase of Assets and Related Transactions</i> 3. Deliberated and approved the <i>Proposal on the Company's Issuance of Shares and Payment of Cash for the Purchase of Assets Constituting a Related Transaction</i> 4. Deliberated and approved the <i>Proposal on Issuing Shares and Paying Cash to Purchase Assets and Related Transactions by ENN Natural Gas Co., Ltd. and its Summary</i> 5. Deliberated and approved the <i>Proposal on the Compliance of the Transaction with the Provisions of Article 4 of the Regulations on Certain Issues Relating to the Regulation of Major Asset Reorganization of Listed Companies</i> 6. Deliberated and approved the <i>Proposal on the Compliance of the Transaction with the Provisions of Article 11 of the Measures for the Administration of Major Assets Reorganization of Listed Companies</i> 7. Deliberated and approved the <i>Proposal on the Compliance of the Transaction with the Provisions of Article 43 of the Measures for the Administration of Major Assets Reorganization of Listed Companies</i> 8. Deliberated and approved the <i>Proposal on the Transaction Not Constituting a Reorganization for Listing under Article 13 of the Measures for the Administration of Major Assets Reorganization of Listed Companies</i> 9. Deliberated and approved the <i>Proposal on Whether the Fluctuation of the Company's Share Price Meets the Relevant Criteria of Article 5 of the Notice on the Regulation of Information Disclosure by Listed Companies and the Conduct of Related Parties</i> 10. Deliberated and approved the <i>Proposal on the Explanation on the Completeness and Compliance of the Legal Procedures and the Validity of the Legal Documents Submitted for the Transaction</i> 11. Deliberated and approved the <i>Proposal on Signing the Agreement with Precedent Conditions on the Issuance of Shares and Payment of Cash for the Purchase of Assets by ENN Natural Gas Co., Ltd.</i> 12. Deliberated and approved the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle the Transaction-related Matters</i> 13. Deliberated and approved the <i>Proposal on Engaging a Securities Service Provider in connection with the Transaction</i> 14. Deliberated and approved the <i>Proposal on Not Convening a General Meeting to Consider Matters Relating to the Transaction</i>

Meeting	Date	Resolution
The 36th meeting of the ninth Board of Directors	28 October 2021	Deliberated and approved the <i>Company's Third Quarterly Report for 2021</i>
The 37th meeting of the ninth Board of Directors	17 November 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Estimated Daily Related Transactions for 2022-2023</i> 2. Deliberated and approved the <i>Proposal on the Purchase of Equity Interests in a Controlled Subsidiary and Related Transactions</i> 3. Deliberated and approved the <i>Proposal on Not Requesting to Convene an Extraordinary General Meeting</i>
The 38th meeting of the ninth Board of Directors	9 December 2021	<ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on Estimated Guarantee Amount for 2022</i> 2. Deliberated and approved the <i>Proposal on Estimated Amount of Entrusted Financial Management for 2022</i> 3. Deliberated and approved the <i>Proposal on Estimated Amount of Commodity Hedging for 2022</i> 4. Deliberated and approved the <i>Proposal on Estimated Hedging Amount of Coal Chemical Products for 2022</i> 5. Deliberated and approved the <i>Proposal on Estimated Amount of Foreign Exchange Hedging for 2022</i> 6. Deliberated and approved the <i>Proposal on Changing the Functional Currency of Subsidiaries</i> 7. Deliberated and approved the <i>Proposal on Requesting to Convene the Third Extraordinary General Meeting in 2021</i>
The 39th meeting of the ninth Board of Directors	20 December 2021	Deliberated and approved the <i>Proposal on the Adjustment of Certain Senior Officers of the Company</i>
The 40th meeting of the ninth Board of Directors	24 December 2021	Deliberated and approved the <i>Proposal on Increasing the Estimated Quota of Daily Related Transactions of the Company for 2021</i>

VI. Performance of Duties by Directors

(I) Attendance by the directors of the meetings of the Board of Directors and General Meetings

Director	Independent director?	Attendance of the meetings of the Board of Directors					Attendance of the General Meetings	
		Meetings the director should have attended in the year	Meetings attended in person	Meetings attended through communication equipment	Meetings attended by proxy	Meetings from which the director was absent	Whether the director has been absent from two consecutive meetings	General Meetings attended
Wang Yusuo	No	18	18	17	0	0	No	0
Wang Zizheng	No	18	18	18	0	0	No	0
Yu Jianchao	No	18	18	14	0	0	No	4
Zheng Hongtao	No	18	18	15	0	0	No	0
Han Jishen	No	18	18	17	0	0	No	0
Jiang Chenghong	No	18	18	17	0	0	No	0
Zhang Jin	No	18	18	17	0	0	No	0
Zhao John Huan	No	18	18	18	0	0	No	0
Qiao Gangliang	Yes	18	17	17	1	0	No	0
Li Xingang	Yes	18	18	18	0	0	No	0
Tang Jiasong	Yes	18	18	17	0	0	No	0
Zhang Yu	Yes	18	18	18	0	0	No	0

Explanations on directors who have been absent from two consecutive meetings of the Board of Directors

☐ Applicable ☒ N/A

Board meetings held during the year	18
Among which: Number of on-site meetings	0
Number of meetings held by teleconference	14
Number of meetings held both on-site and via tele-communications	4

During the year, the directors proactively performed their duties and attended 100% of the meetings of the Board of Directors, of which QIAO Gangliang attended one meeting by proxy, while all other directors attended the meetings in person (in the form of on-site and via tele-communications).

(II) Details on directors objecting to relevant events

☐ Applicable ☒ N/A

(III) Others

☐ Applicable ☒ N/A

VII. Special Committees Affiliated to the Board of Directors

(1). Members of special committees affiliated to the Board of Directors

Category	Member name
Audit Committee	Tang Jiasong, Han Jishen, Jiang Chenghong, Qiao Gangliang, Zhang Yu
Nomination Committee	Qiao Gangliang, Yu Jianchao, Zhang Jin, Tang Jiasong, Zhang Yu
Remuneration and Appraisal Committee	Qiao Gangliang, Wang Zizheng, Zhang Jin, Tang Jiasong, Zhang Yu
Strategy Committee	Wang Yusuo, Yu Jianchao, Han Jishen, Wang Zizheng, Zhao John Huan, Zheng Hongtao, Zhang Jin, Jiang Chenghong, Li Xingang, Qiao Gangliang, Tang Jiasong, Zhang Yu
Related-party Transaction Control Committee	Tang Jiasong, Jiang Chenghong, Li Xingang, Qiao Gangliang, Zhang Yu
Environmental, Social and Governance Committee (ESG Committee)	Qiao Gangliang, Yu Jianchao, Zhang Hongtao, Li Xingang, Zhang Yu

(2). The Audit Committee held 7 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
3 February 2021	Deliberated the <i>Proposal on Replacing Self-owned and Self-financed Funds Pre-invested in the Fund-raising Project with Raised Funds</i>	Review and supervise the use of the raised funds, and deliberate and approve the proposal at the meeting.	None
19 March 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>2020 Annual Report</i> and its Summary 2. Deliberated the <i>2020 Annual Internal Control Evaluation Report</i> 3. Deliberated the <i>2020 Final Accounting Report</i> 4. Deliberated the <i>2020 Profit Distribution Plan</i> 5. Deliberated the <i>Proposal on the Re-appointment of the Accounting Firm</i> 6. Deliberated the <i>Special Report on Deposit and Use of Raised Funds for 2020</i> 7. Deliberated the <i>Report on Duty-performance of the Audit Committee of the Board of Directors for 2020</i> 	Review and supervise the audit of the Company's annual report, the engagement of external auditors, and the use of raised funds, and agree and support the Company's development strategy and priorities for the next year.	None

Date	Content	Important comments and suggestions	Other performance of duties
28 April 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Company's First Quarterly Report for 2021</i> 2. Deliberated the <i>Proposal on Changes in Accounting Policy</i> 	Learn more about the Company's financial situation and operations, and deliberate and approve the Company's first quarterly report and changes in accounting policy.	None
23 August 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>2021 Half-Year Report of the Company</i> and its Summary 2. Deliberated the <i>Special Report on Deposit and Use of Raised Funds of the Company for the Half Year 2021 (Allotment of Shares)</i> 3. Deliberated the <i>Special Report on Deposit and Use of Raised Funds of the Company for the Half Year 2021 (Non-Public Offering of Shares)</i> 	Review the financial status of the Company and the use of raised funds, and deliberate and approve the proposal at the meeting.	None
28 October 2021	Deliberated the <i>Company's Third Quarterly Report for 2021</i>	Deliberate and approve the Company's third quarterly report	None
17 November 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on Estimated Daily Related Transactions for 2022-2023</i> 2. Deliberated the <i>Proposal on the Purchase of Equity Interests in a Controlled Subsidiary and Related Transactions</i> 	Focus on understanding and reviewing the fairness and necessity of related transactions, and deliberate and approve the proposal at the meeting.	None
9 December 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on Estimated Guarantee Amount for 2022</i> 2. Deliberated the <i>Proposal on Estimated Amount of Entrusted Financial Management for 2022</i> 3. Deliberated the <i>Proposal on Estimated Amount of Commodity Hedging for 2022</i> 4. Deliberated the <i>Proposal on Estimated Hedging Amount of Coal Chemical Products for 2022</i> 5. Deliberated the <i>Proposal on Estimated Amount of Foreign Exchange Hedging for 2022</i> 6. Deliberated the <i>Proposal on Changing the Functional Currency of Subsidiaries</i> 	Propose requirements for the measurement of the hedging amount, the basis for the measurement of the entrusted financial management amount and the risk prevention and control of each business, and require explaining the expected product types of entrusted finance. Based on the feedback from the Company, deliberate and approve the proposal at the meeting.	None

(3). The Nomination Committee held 4 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
3 February 2021	1. Deliberated the <i>Proposal on the Appointment of Senior Officers of the Company</i> 2. Deliberated the <i>Proposal on the Appointment of Securities Representative</i>	Review the qualifications and appointment procedures of senior officers and securities representatives, and agree to appoint senior officers and securities representatives.	None
26 March 2021	Deliberated the <i>Proposal on the Appointment of Senior Officers of the Company</i>	Review the senior officers' qualifications and appointment procedures to effectively fulfill their responsibilities and obligations, and agree to appoint senior officers.	None
18 June 2021	Deliberated the <i>Proposal on the Appointment of the Board Secretary</i>	Review the qualifications and appointment procedures of the Board Secretary, and agree to appoint the Board Secretary.	None
20 December 2021	Deliberated the <i>Proposal on the Adjustment of Certain Senior Officers of the Company</i>	Review the qualifications of senior officers and the adjustment procedures, and agree to adjust senior officers.	None

(4). The Remuneration and Appraisal Committee held 4 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
20 January 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Summary</i> 2. Deliberated the <i>Proposal on Administrative Measures on Evaluation for the Implementation of the Company's 2021 Restricted Stock Incentive Plan</i> 3. Deliberated the <i>Proposal on Verifying the List of Incentive Grantees of the Company's 2021 Restricted Stock Incentive Plan</i> 	Review the Restricted Stock Incentive Plan, the implementation assessment method and the list of incentive grantees, and agree with the Restricted Stock Incentive Plan.	None
22 March 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on Senior Officers' Remuneration for 2020</i> 2. Deliberated the <i>Proposal on Directors' Remuneration for 2020</i> 	Assess the work of the senior officers of the Company during the Reporting Period in compliance with the <i>Rules of Procedure of the Remuneration and Appraisal Committee</i> , agree with the performance appraisal of the senior officers of the Company, and make recommendations on the remuneration packages of the non-independent directors, supervisors and senior officers of the Company based on the appraisal indicators of the Company's operating conditions, the scope of management positions and the importance of their duties.	None
26 March 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on Matters Relating to Adjusting the 2021 Restricted Stock Incentive Plan</i> 2. Deliberated the <i>Proposal on the First Grant of Restricted Stocks to Incentive Grantees</i> 	Agree to adjust the Restricted Stock Incentive Plan; verify the conditions of the first grant and agree with the first grant.	None
22 September 2021	<ol style="list-style-type: none"> 1. Deliberated the <i>Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan</i> 2. Deliberated the <i>Proposal on the Grant of Reserved Portion of Restricted Stocks to Incentive Grantees</i> 	Verify the adjustment of the reserved grant price, agree with the price adjustment, and agree with the grant of the reserved shares.	None

(5). The Strategy Committee held 3 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
22 March 2021	Deliberated the <i>2020 Annual Report</i> and its Summary	Deliberate and approve the <i>2020 Annual Report</i> and its Summary	None
28 April 2021	Deliberated the <i>Proposal on Establishing the Environmental, Social and Governance Committee and Developing its Rules of Procedure</i>	Support the establishment of the ESG Committee and clarify the responsibilities of the ESG Committee.	None
23 August 2021	Deliberated the <i>2021 Half-Year Report of the Company</i> and its Summary	Agree to disclose the <i>2021 Half-Year Report of the Company</i> and its Summary after reviewing the operation for the first half of 2021.	None

(6). The Related-party Transaction Control Committee held 7 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
18 February 2021	Deliberated the <i>Proposal on Signing the Equity Transfer Agreement and Related-party Transaction in respect of the Equity Sale of Tengzhou Company</i>	Agreed to sign the framework agreement.	None
29 March 2021	Deliberated the <i>Proposal on Signing the Equity Transfer Agreement and Related-party Transaction in respect of the Equity Sale of Tengzhou Company</i>	Strictly scrutinize the reasonableness of the agreement, the fairness of the price and the compliance of the procedures of this Related-party Transaction and agree with this equity sale.	None
28 April 2021	Deliberated the <i>Proposal on Adjusting the Estimated Quota of Daily Related Transactions for 2021</i>	Strictly scrutinize the reasonableness, fairness of price and procedural compliance of the daily related transactions of the new amounts and agree to adjust the amount of related transactions.	None
1 June 2021	Deliberated the <i>Proposal on the Provision of Guarantee and Related-party Transaction for a Controlled Subsidiary</i>	Agree with the guarantee.	None
23 August 2021	Deliberated the <i>Proposal on Adjusting the Estimated Quota of Daily Related Transactions for 2021</i>	Agree with the adjustment of the amount of related transactions.	None
17 November 2021	1. Deliberated the <i>Proposal on Estimated Daily Related Transactions for 2022-2023</i> 2. Deliberated the <i>Proposal on the Purchase of Equity Interests in a Controlled Subsidiary and Related Transactions</i>	Review the necessity and fairness of the related transactions, and deliberate and approve the proposal at the meeting.	None
24 December 2021	Deliberated the <i>Proposal on Increasing the Estimated Quota of Daily Related Transactions of the Company for 2021</i>	Agreed with the increase in this related transaction.	None

(7). The ESG Committee held 2 meetings during the Reporting Period

Date	Content	Important comments and suggestions	Other performance of duties
24 June 2021	Deliberated the <i>2020 Environmental, Social and Governance Report of the Company</i>	Review the <i>2020 Environmental, Social and Governance Report of the Company</i> and make recommendations on the future direction of the Company's ESG work and the specific issues to be carried out.	None
6 December 2021	Deliberated the <i>ESG Work in 2021 and Work Plan for 2022</i>	Review the ESG development for the current year and the work plan for the following year, make suggestions and recommendations in anti-corruption and whistleblower protection, and promote and supervise the implementation and development of the Company's ESG work.	None

(8). Details of objecting relevant events

☐ Applicable ☒ N/A

VIII. Explanations on Risks Found in the Company by the Board of Supervisors

☐ Applicable ☒ N/A

The Board of Supervisors has no objection to the supervision matters during the Reporting Period.

IX. Employees of Parent Company and Major Subsidiaries at the end of the Reporting Period

(I) Employees

Number of current employees in the parent company	375
Number of current employees in major subsidiaries	39,099
Total	39,474
Number of retired employees for which the parent company and major subsidiaries have to bear expenses	0

Specialty Composition	
Category	Number
Production personnel	24,537
Sales personnel	2,548
Technician	7,615
Financial personnel	2,033
Administrative personnel	2,741
Total	39,474

Educational Background	
Level	Number (persons)
Master or above	898
Undergraduate	11,310
Junior college	12,601
Below junior college	14,665
Total	39,474

(II) Remuneration policy

The Company has formulated different remuneration policies for personnel in different positions based on the market supply by comprehensively considering development and actual payment capabilities. Through comprehensive assessment for remunerations of directors and senior officers, it formulated the remuneration strategies based on performance indicators and ESG-linked indicators (including low-carbon development, safety, anti-corruption, compliance, employee and customer satisfaction, etc.). It adopted the market-leading remuneration strategies for core personnel and scarce talents, and market-following strategies for sufficient staff. With these efforts, it not only avoided the loss of key talents but also effectively controlled and saved labor costs, providing a strong guarantee for its growth.

(III) Training plan

The Company has established a hierarchical and classified training system with the focus on internal training supplemented by the external training and has developed the training plan suitable for the growth of employees and the enterprise so as to promote the rapid improvement of employee capabilities and the sound and stable development of enterprise.

(IV) Outsourced workers

☐ Applicable ☒ N/A

X. Proposal for Profit Distribution or Capitalization of Capital Reserve

(I) Formulation, implementation or adjustment of cash dividend policy

As provided for in the Articles of Association of ENN-NG, save as such circumstances under which the Company may not distribute dividends, the annual cash dividends of the Company shall not be less than 10% of its distributable profits realized in the corresponding year and the accumulated profits distributed in cash in the latest three years shall not be less than 30% of the average annual distributable profits realized in the corresponding three years. The Company held the 8th meeting of the ninth Board of Directors on 21 November 2019 and the sixth Extraordinary General Meeting in 2019 on 9 December 2019, deliberating and approving the *Plan for Return on Dividend of the Company in the Next Three Years (2019 – 2021)*, whereby it is specified that from 2019 to 2021, the Company can distribute dividends in cash, stock or a combination of both or other ways to the extent permitted by laws and regulations, with the main distribution to be made by cash dividends. Unless circumstances arise where the Company may not distribute dividends, the cash dividends shall, as to the proportion, be subject to the provisions of the Articles of Association.

The Company held its 2020 Annual General Meeting on 24 June 2021, at which its *Profit Distribution Proposal for 2020* was deliberated and passed to distribute profits on the basis of the shares available for distribution registered on the equity registration date, and the shares repurchased by

way of centralized competitive trading will not participate in the profit distribution. Under the Profit Distribution Proposal for 2020, a total of RMB540,497,474.69 will be distributed as cash dividends to all shareholders at RMB1.9 (tax included) per 10 shares based on 2,844,723,551 shares representing the Company's total share capital of 2,845,853,619 shares after deduction of the repurchased stock of 1,130,068 shares not participating in profit distribution, with the retained profits to be accumulated in the next year. In this profit distribution, no capital reserve will be converted into share capital nor will bonus shares be given. As the Company actually paid RMB2,794,640,000, representing significant investment amounts, for the equity transaction to acquire 369,175,534 shares of ENN Energy Holdings Limited through a major asset swap, issuance of shares and cash payment, which made the ratio of cash dividends for the year lower than 30% of the net profit attributable to shareholders of the listed company, the Company held a cash dividend briefing in strict accordance with the *Guidelines for Cash Dividends for Companies Listed on the Shanghai Stock Exchange* to inform its investors of its cash dividends and operations. On August 23, 2021, the Company distributed cash dividends for 2020 to all its shareholders registered with the Shanghai branch of China Securities Depository and Clearing Corporation Limited after the closing of Shanghai Stock Exchange on August 20, 2021.

The accumulated profits distributed by the Company in cash in the past three years have reached 30% of the average annual distributable profits realized in those years, which is in line with the relevant provisions of the *Articles of Association* and the *Plan for Return on Equity in the Next Three Years (2019 – 2021)*.

(II) Special note on cash dividend policy

Whether it complies with the provisions of the <i>Articles of Association</i> or the resolutions of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria for and percentage of dividends are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and played their proper roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the parent company is profitable and has positive profit available for distribution to shareholders but has not proposed a cash profit distribution plan during the Reporting Period, the Company shall disclose in detail the reasons and the use and plan for the use of the undistributed profit

☐ Applicable ☒ N/A

XI. Information on and Effects from the Company's Equity Incentive Plan, Employee Stock Ownership Plans or Other Employee Incentive Measures

(I) The relevant incentive items have been disclosed in the interim announcement and there is no progress or change in the follow-up implementation

Summary	Query Index
On 20 January 2021, the Company held the 23rd meeting of the ninth Board of Directors, deliberating and approving the <i>Proposal on the Company's 2021 Restricted Stock Incentive Plan (Draft) and Its Abstract</i> , among other related matters.	For details, please refer to the <i>2021 Restricted Stock Incentive Plan (Draft)</i> and relevant announcements (Announcement No.: Lin 2021-004, 005, 006) disclosed on the official website of Shanghai Stock Exchange on 21 January 2021
On 3 February 2021, the Company held the 24th meeting of the ninth Board of Directors, proposing to hold a General Meeting to review the restricted stock-related issues.	For details, please refer to the Company's interim announcements (Announcement No.: Lin 2021-012, 014, 015) disclosed on the official website of Shanghai Stock Exchange on 4 February 2021
From 27 January 2021 to 8 February 2021, the Company internally publicized the names and positions of the proposed incentive grantees. Upon verification, the Board of Supervisors of the Company considered that the personnel in the List of Incentive Grantees meet the conditions specified in relevant laws, regulations and normative documents, as well as the conditions of incentive grantees provided for in the Incentive Plan (Draft), who are thus legally and effectively eligible for being incentive grantees under this restricted stock incentive plan.	For details, please refer to the <i>Descriptions and Verification Opinions of ENN-NG's Board of Supervisors on the List of Incentive Grantees under the Company's 2021 Restricted Stock Incentive Plan</i> disclosed on the official website of Shanghai Stock Exchange on 9 February 2021 (Announcement No.: Lin 2021-017)

Summary	Query Index
<p>The Company held the 1st Extraordinary General Meeting of 2021 on 26 March 2021, deliberating the restricted stock-related matters. On the same day, the Company held the 27th meeting of the ninth Board of Directors and the 15th meeting of the ninth Board of Supervisors, deliberating and approving the <i>Proposal on Matters Relating to Adjusting the 2021 Restricted Stock Incentive Plan</i> and the <i>Proposal on the First Grant of Restricted Stock to the Incentive Grantees</i>. The Board of Supervisors of the Company re-verified the adjusted list of the incentive grantees under the first grant and expressed their opinions for consent. The independent directors of the Company expressed their independent opinion on this issue, and considered that the qualification of the incentive grantees was legal and valid, and the grant date determined by the Board of Directors was in accordance with the relevant regulations.</p>	<p>For details, please refer to the Company's interim announcements (Announcement No.: Lin 2021-025, 026, 027, 028, 029, 030) disclosed on the official website of Shanghai Stock Exchange on 27 March 2021</p>
<p>The Company applied for registration with the Shanghai branch of China Securities Depository and Clearing Corporation Limited for the 17.21 million restricted stocks granted for the first time, and confirmed with the Shanghai Stock Exchange and the Shanghai branch of China Securities Depository and Clearing Corporation Limited that the 17.21 million restricted stocks to be granted will be changed from tradable shares to non-tradable shares.</p>	<p>For details, please refer to the <i>Announcement of ENN-NG on the Completion of the Change of Share Nature and the Progress of the First Grant under the 2021 Restricted Stock Incentive Plan</i> as set out in the Company's interim announcement disclosed on the official website of Shanghai Stock Exchange on 11 June 2021 (Announcement No.: Lin 2021-047)</p>
<p>The Company completed the registration of the first grant under the Company's 2021 Restricted Stock Incentive Plan on 16 June 2021 and received the <i>Certificate of Registration of Change of Securities</i> issued by the Shanghai branch of China Securities Depository and Clearing Corporation Limited on 17 June 2021.</p>	<p>For details, please refer to the <i>Announcement of ENN-NG on the Results of the First Grant under the 2021 Restricted Stock Incentive Plan</i> as set out in the Company's interim announcement disclosed on the official website of the Shanghai Stock Exchange on 18 June 2021 (Announcement No.: Lin 2021-048)</p>
<p>The Company held the 34th meeting of the ninth Board of Directors and the 18th meeting of the ninth Board of Supervisors on 22 September 2021, deliberating and approving the <i>Proposal on Adjusting the Reserved Grant Price of the 2021 Restricted Stock Incentive Plan</i> and the <i>Proposal on the Grant of Reserved Portion of Restricted Stocks to Incentive Grantees</i>. The Board of Supervisors of the Company re-verified the adjusted list of the incentive grantees and expressed their opinions for consent. The independent directors of the Company expressed their independent opinion on this issue, and considered that the qualification of the incentive grantees was legal and valid, and the grant date determined by the Board of Directors was in accordance with the relevant regulations.</p>	<p>For details, please refer to the Company's interim announcements (Announcement No.: Lin 2021-069, 070, 071, 072) disclosed on the official website of Shanghai Stock Exchange on 23 September 2021</p>

Summary	Query Index
From 23 September 2021 to 11 October 2021, the Company internally publicized the names and positions of the proposed incentive grantees. Upon verification, the Board of Supervisors of the Company considered that the personnel in the List of Incentive Grantees meet the conditions specified in relevant laws, regulations and normative documents, as well as the conditions of incentive grantees provided for in the Incentive Plan (Draft), who are thus legally and effectively eligible for being incentive grantees under this restricted stock incentive plan.	For details, please refer to the <i>Descriptions and Verification Opinions of ENN-NG's Board of Supervisors on the List of Reserved Stocks Incentive Grantees under the Company's 2021 Restricted Stock Incentive Plan</i> disclosed on the official website of Shanghai Stock Exchange on 12 October 2021 (Announcement No.: Lin 2021-073)
The Company applied for registration with the Shanghai branch of China Securities Depository and Clearing Corporation Limited for the 1,130,068 reserved restricted stocks to be granted, and confirmed with the Shanghai Stock Exchange and the Shanghai branch of China Securities Depository and Clearing Corporation Limited that the 1,130,068 restricted stocks to be granted will be changed from tradable shares to non-tradable shares.	For details, please refer to the <i>Announcement of ENN-NG on the Change of Share Nature and the Progress of the Grant of Reserved Stocks under the 2021 Restricted Stock Incentive Plan</i> as set out in the Company's interim announcement disclosed on the official website of Shanghai Stock Exchange on 1 December 2021 (Announcement No.: Lin 2021-089)
The Company completed the registration of the grant of reserved stocks under the Company's 2021 Restricted Stock Incentive Plan on 3 December 2021 and received the <i>Certificate of Registration of Change of Securities</i> issued by the Shanghai branch of China Securities Depository and Clearing Corporation Limited on 6 December 2021.	For details, please refer to the <i>Announcement of ENN-NG on the Results of the Grant of Reserved Stocks under the 2021 Restricted Stock Incentive Plan</i> as set out in the Company's interim announcement disclosed on the official website of the Shanghai Stock Exchange on 7 December 2021 (Announcement No.: Lin 2021-090)

(II) Incentives not disclosed in the interim announcement or with follow-up progress

On equity incentive

☐ Applicable ☒ N/A

Other description

☐ Applicable ☒ N/A

On employee stock ownership plan

☐ Applicable ☒ N/A

On other incentives

☐ Applicable ☒ N/A

(III) Equity incentives granted to directors and senior officers during the Reporting Period

Unit: share

Name	Position	Number of restricted stocks held at the beginning of the year	Number of new restricted stocks granted during the Reporting Period	Grant price of restricted stock (RMB)	Unlocked stocks	Locked stocks	Number of restricted stocks held at the end of the period	Market price at the end of the Reporting Period (RMB)
Yu Jianchao	Director	0	1,400,000	7.03	0	1,400,000	1,400,000	25,704,000
Han Jishen	Director	0	1,400,000	7.03	0	1,400,000	1,400,000	25,704,000
Zheng Hongtao	Director	0	1,000,000	7.03	0	1,000,000	1,000,000	18,360,000
Zhang Jin	Director	0	600,000	7.03	0	600,000	600,000	11,016,000
Jiang Chenghong	Director	0	700,000	7.03	0	700,000	700,000	12,852,000
Jiang Chenghong	Director	0	210,068	6.84	0	210,068	210,068	3,856,848
Zheng Wenping	Senior Officer	0	600,000	7.03	0	600,000	600,000	11,016,000
Wang Dongzhi	Senior Officer	0	800,000	7.03	0	800,000	800,000	14,688,000
Su Li	Senior Officer	0	500,000	7.03	0	500,000	500,000	9,180,000
Wang Shihong	Senior Officer	0	200,000	7.03	0	200,000	200,000	3,672,000
Wang Guiqi	Senior Officer	0	400,000	7.03	0	400,000	400,000	7,344,000
Zhang Xiaoyang	Senior Officer	0	600,000	7.03	0	600,000	600,000	11,016,000
Huang Baoguang	Senior Officer	0	250,000	7.03	0	250,000	250,000	4,590,000
Men Jijun	Senior Officer	0	500,000	7.03	0	500,000	500,000	9,180,000
Liu Jianjun	Senior Officer	0	400,000	7.03	0	400,000	400,000	7,344,000
Wang Shuo	Senior Officer	0	200,000	7.03	0	200,000	200,000	3,672,000
Liang Hongyu	Senior Officer	0	100,000	6.84	0	100,000	100,000	1,836,000
Total	/	0	9,860,068	/	0	9,860,068	9,860,068	/

(IV) Establishment and implementation of assessment and incentive mechanisms for senior officers during the Reporting Period

During the Reporting Period, the Company's Remuneration and Appraisal Committee of the Board of Directors conducted the comprehensive evaluation of the performance of senior officers pursuant to the *Code of Corporate Governance of Listed Companies*, the *Articles of Association*, the *Working Rules for the Remuneration and Appraisal Committee of the Board of Directors* and other provisions. The remunerations for senior officers of the Company disclosed in this Report were evaluated and paid in strict accordance with the relevant performance appraisal standards and procedures.

In 2021, the Company formulated and implemented the Restricted Stock Incentive Plan, and the incentive grantees are directors, senior officers and core management/business personnel serving in the Company (including branches and subsidiaries). The Company also formulated the *Administrative Measures on Evaluation for the Implementation of the 2021 Restricted Stock Incentive Plan of ENN Natural Gas Co., Ltd.*, which provides clear performance evaluation indicators and criteria, and sets evaluation and unlocking criteria in three aspects, including performance at the company level, performance at the business level for which the incentive grantees are responsible, and performance at the individual level of the incentive grantees. For details, please refer to relevant documents disclosed on the website of Shanghai Stock Exchange on 21 January 2021.

XII. Construction and Implementation of Internal Control System during the Reporting Period

Investors can read the *Appraisal Report on Internal Controls in 2021* and this Report disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on the same day.

Explanations on material loopholes found in internal controls during the Reporting Period

☐ Applicable ☒ N/A

XIII. Management and Control over Subsidiaries during the Reporting Period

During the Reporting Period, with the principle of risk prevention and for the purpose of improving management effectiveness, the Company enhanced the execution of internal control system and the effectiveness of internal control management and developed a management closed loop of risk prevention and control, monitoring and early warning, and evaluation and optimization, to establish a systematic internal control system and a long-term internal control supervision mechanism from management to business operation. Meanwhile, taking comprehensive budget as the grip, we improved financial early-warning capability, focused on financial data analysis, strengthened the supervision of fund use, and established a comprehensive risk management system, so as to further consolidate our comprehensive risk management capability.

The Company strengthened the selection, appointment, dismissal and assessment of personnel in important positions in subsidiaries and established the *Internal Reporting System for Material Information* and other systems, to strengthen the management and synergy of subsidiaries and improve its overall compliance and operational management capability.

XIV. Details on Audit Report on Internal Controls

For details, please see the *2021 Audit Report on Internal Control Appraisal of ENN-NG* disclosed by the Company on 19 March 2022.

Whether to disclose the audit report on internal controls:
Yes

Type of opinion in the audit report on internal controls:
Standard unqualified opinion

XV. Rectification of Self-inspected Problems under the Special Action on Governance of Listed Companies

Not involved

XVI. Others

☐ Applicable ☒ N/A



Environmental and Social Responsibility

I. Environmental Information

(I) Environmental protection information of the Company and its major subsidiaries that are identified as major polluters by the environmental protection authority

1. Pollution discharge

Company name	Pollutant name	Discharge method	Number of discharge outlets	Locations of discharge outlets	Name of main pollutants and characteristic pollutants	Pollutant discharge standards implemented	Discharge concentration limited by national or local standards	Discharge concentration	Total discharges (t)	Total approved discharges/ discharge concentration	Excessive discharges
Xinneng Energy Co., Ltd.	Exhaust gas	Centralized discharge	2	West side of Phase I Plant, East side of Phase II Plant	Sulfur dioxide	<i>Emission Standards of Air Pollutants for Thermal Power Plants</i> (GB 13223-2011)	50mg/m ³	13.04mg/m ³	42.42	116t/50mg/m ³	None
			2		Smoke and dust		20mg/m ³	4.57mg/m ³	13.225	46t/20mg/m ³	None
			2		Nitrogen oxide		100mg/m ³	39.39mg/m ³	135.428	231t/100mg/m ³	None
	General solid waste	Centralized storage	—	Landfill of slag yard	Gasification slag	<i>Standards on Control of General Industrial Solid Waste Storage and Disposal Site Pollution</i> (GB 18599-2001)	—	—	290,286.66	—	None
					Boiler ash		—	—	35,674.4	—	None
					Coal Slim		—	—	235,515.22	—	None
					Fly ash		—	—	109,426.48	—	None
					Sludge at water purification station		—	—	19,074.88	—	None
					Desulfurization gypsum		—	—	14,592.98	—	None
	Hazardous waste	Disposal by itself	—	Filter press outlet	Phase I biochemical sludge	<i>Standards on Control of Hazardous Waste Pollution Storage</i> (GB18597-2001)	—	—	41	—	None
				Recovery tower outlet	Fusel oil		—	—	3,448.99	—	None
				Oil tank	Waste mineral oil		—	—	24.4567	—	None
				Filter press outlet	Phase II Biochemical sludge		—	—	28.38	—	None
				Synthesis tower bottom outlet	Phase I synthesis waste catalyst		—	—	95.42	—	None
				Transformer bottom outlet	Phase I conversion spent catalysts		—	—	91.26	—	None
	Noise	—	—	Boundary of the Plant	—	<i>Standards on Noise Emissions at the Boundaries of Industrial Plants</i> (GB12348-2008)	Daytime 65dB(A) Night 55dB(A)	Daytime 60.96dB(A) Night 52.21dB(A)	—	Daytime 65dB(A) Night 55dB(A)	None

2. *Construction and operation of pollution prevention facilities*

(1) *Air pollution control measures*

Xinneng Energy Phase I used 3 sets of 160t/h circulating fluidized bed boilers and used limestone-gypsum method and out-of-furnace flue gas desulfurization. Xinneng Energy Phase II used 2 sets of 260t/h circulating fluidized bed boilers with high temperature and pressure and used in-furnace limestone method + out-of-furnace ammonia desulfurization. As each boiler of Xinneng Energy Phase I and Phase II is equipped with a high-efficiency electric bag dust remover with low-nitrogen combustion technology control and SNCR denitrification system, the boiler flue gas emissions can meet the requirements of the *Emission Standards on Air Pollutant for Thermal Power Plants* (GB13223-2011). The emission concentration of substances including exhaust gas SO₂, particulates and methanol from the production system can meet the requirements of the *Level 2 Standards on Comprehensive Air Pollutant Emissions* (GB16297-1996) through pollution control measures during the production process.

(2) *Water pollutant treatment measures*

Xinneng Energy improved water reuse rate by strictly adhering to the principles of "separating clean water from sewage, separating rainwater from sewage, and using water for multiple purposes". SBR biochemical process was used to treat the wastewater from production, which contains substance including methanol, ammonia nitrogen, sulfide, cyanide and SS for production and reuse. The recycle technology solely developed by Yongxin Environmental Protection was adopted to treat the brine produced during the process, to achieve "zero discharge" of wastewater.

(3) *Noise control measures*

The main sources of noise generated by Xinneng Energy included coal mills, air compressors, fans and various kinds of pumps. On the premise of meeting the technological requirements, in addition to selecting low-noise products, it installed the mufflers at the outlets of boiler safety valve vent tube, dust remover fan and blower as well as the inlet and outlet of the air compressor. Xinneng Energy placed equipment with greater noise inside the room for sound insulation and used sound insulation and sound-absorbing materials for doors, windows, masonry, etc., to prevent noise from spreading and disseminating. To prevent noise generation by vibration, the fan, mill and other equipment with larger vibration were separately set up to prevent the spread out of noise generated by vibration.

(4) *Solid waste treatment measures*

As for the substances generated during the production process of Xinneng Energy such as methanol synthesis spent catalysts, conversion spent catalysts, waste mineral oil, and waste oil drums, they were entrusted to a qualified unit for disposal according to the disposal agreement signed; the gasification slag and boiler ash were transported to the slag yard designated by Dalad Economic and Technological Development Zone for disposal.

3. *Environmental impact assessment of construction projects and other environmental protection administrative permits*

In strict compliance with the *Environmental Impact Assessment Law* and *Environmental Protection Management Regulations of Construction Projects*, Xinneng Energy conducted environmental impact assessments on the construction projects and actively completed the approval and acceptance procedures of the environmental protection authorities. The environmental protection facilities and main structure were designed, constructed and commenced production at the same time.

Xinneng Energy verified the initial discharge right of existing pollutants within the autonomous region pursuant to the requirements of *Notice of the Inner Mongolia Autonomous Region's Environmental Protection Department on Verification of Major Pollutant Emission Right* (Nei Huan Ban [2015] No. 242) and was allowed to discharge a certain amount of pollutant after verification and obtained the amount of pollutant discharge through the paid method. It obtained the pollutant discharge permit on 10 September 2021. At present, Xinneng Energy monitors pollutants in real-time through the online monitoring equipment in pollutant discharge outlets and uploads data to the management platform of the Ecology and Environment Bureau and pay pollution taxes to the taxation authorities based on the discharge amount calculated on the basis of the pollution discharge concentration.

4. *Emergency plan for abrupt environmental pollution accidents*

Xinneng Energy completed the registration with the Dalad Banner Branch of Ordos City Ecological Environment Bureau on 2 August 2021 for the *Emergency Plan for Abrupt Environmental Pollution Accidents of Xinneng Energy Co., Ltd.* formulated by it. The plan was approved and issued on 3 August 2021 and came into force on the same day. Xinneng Energy conducted a comprehensive emergency drill for production accident of leaking flange in front of V9101B entrance of methanol finished products tank area in Phase I on 23 June 2021, an emergency drill for waste mineral oil leakage on 29 October 2021, and an emergency drill for radioactive source fire on 30 October 2021. Through these drills, the employees are familiar with emergency treatment procedures and methods and their ability to respond to abrupt environmental pollution accidents was also improved.



Launched the first joint tabletop exercise for emergency response and crisis management

5. *Environmental self-monitoring program*

Pursuant to the requirements of the *Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (for Trial Implementation)* (Huan Fa [2013] No. 81) issued by the Ministry of Environmental Protection, Xinneng Energy entrusted Inner Mongolia Gengtai Environmental Technology Co., Ltd. to carry out self-monitoring.

6. *Administrative penalties imposed for environmental issues during the Reporting Period*

The Dalate Qi Branch of the Ordos City Ecological Environment Bureau issued an *Administrative Penalty Decision* against Xinneng Energy Phase I on 1 February 2021 for excessive SO₂ emissions in 2020 and imposed a fine of RMB312,000 thereon. Xinneng Energy has paid the fine and completed the Phase I boiler flue gas ultra-low emission transformation on 1 January 2021, which solved the problem of excessive SO₂ emissions.

7. *Other environmental information to be disclosed*

☐ Applicable ☒ N/A

(II) Explanations on environmental protection of companies other than the major polluters

1. Administrative penalties imposed for environmental issues

During the year, certain subsidiaries of the Company were subject to six administrative penalties for individual projects' violation of local environmental protection policies due to ineffective dust suppression and failure of oil and gas recovery devices. One penalty was imposed with a fine of RMB100,000 or more, and cumulative

penalties amounted to approximately RMB470,000. So far, all projects have been rectified and the fines have been paid in accordance with the law.

2. Disclosing other environmental information with reference to major polluters

During the Reporting Period, there were discharges from Xinneng Mining and Qinshui Xinao, its subsidiaries other than major polluters, and the specific discharge information and prevention and control measures are as follows:

(1) Discharge information

Company name	Pollutant	Discharge/treatment method	Number of discharge outlets	Locations of discharge outlets	Name of main pollutants and characteristic pollutants	Pollutant discharge standards implemented	Discharge concentration limited by national or local standards	Discharge concentration	Total discharges (t)	Total approved discharges/discharge concentration	Excessive discharges
Xinneng Mining	Exhaust gas	Centralized discharge	1	Boiler Room of Industrial Plant	Particulates	<i>Emission Standards of Air Pollutants for Boilers</i> GB13271-2014	80mg/m ³	15.8mg/m ³	2.78145	9.242535t/a	None
					Sulfur dioxide		400mg/m ³	13mg/m ³	3.62425	36.970140t/a	None
					Nitrogen oxide		400mg/m ³	225mg/m ³	26.78565	46.212674t/a	None
	Solid waste	Centralized disposal	—	—	Gangue	<i>Standards on Control of General Industrial Solid Waste Storage and Disposal Site Pollution</i> (GB18599-2001)	—	—	1,411,744.92	—	None
		Comprehensive utilization (Underground paving)	—	—	Boiler ash	—	—	—	584.3	—	None
	Noise	—	—	Boundary of the Plant	—	<i>Standard on Noise at the Boundaries of Industrial Plants</i> (GB12348-2008)	Daytime 65dB(A) Night 55dB(A)	Daytime 45.8dB(A) Night 43.2dB(A)	—	Daytime 65dB(A) Night 55dB(A)	None
	Hazardous waste	Treatment by agreement	—	—	Waste mineral oil	<i>Standards on Control of Hazardous Waste Storage Pollution</i> (GB18597-2001)	—	—	28.7525	—	None
			—	—	Waste oil drum		—	—	222	—	None

Company name	Pollutant	Discharge/ treatment method	Number of discharge outlets	Locations of discharge outlets	Name of main pollutants and characteristic pollutants	Pollutant discharge standards implemented	Discharge concentration limited by national or local standards	Discharge concentration	Total discharges (t)	Total approved discharges/ discharge concentration	Excessive discharges
Shanxi Qinshui	Waste water	Centralized discharge	1	Southwest corner of plant	COD	DB141928-2019 Comprehensive Wastewater Discharge Standard (Shanxi Province)	40mg/L	Q1: 18mg/L Q2: 26mg/L Q3: 18mg/L Q4: 38mg/L	0.063966	0.077t	None
					Ammonia nitrogen		2.0mg/L	Q1: 1.44mg/L Q2: 1.4mg/L Q3: 1.8mg/L Q4: 1.4mg/L	0.0038598	0.021t	None
	Exhaust gas	Centralized discharge	2	Thermal oil heater	Sulfur dioxide	<i>Emission Standard of Air Pollutants for Boilers</i> (DB14/1929-2019)	50mg/m ³	1H: 1#: 14mg/m ³ 2#: 19mg/m ³ 2H: 1#: 13mg/m ³ 2#: 12mg/m ³	0.296769096	—	None
					Nitrogen oxide		35mg/m ³	1H: 1#: 23mg/m ³ 2#: 26mg/m ³ 2H: 1#: 30mg/m ³ 2#: 33mg/m ³	0.747090864	1.22t	None
					Particulates		5mg/m ³	1H: 1#: 1.9mg/m ³ 2#: 1.7mg/m ³ 2H: 1#: 2.3mg/m ³ 2#: 3.2mg/m ³	0.0651335256	0.56t	None
					Waste oil drum		—	—	2.98	—	None
					Mercury containing activated carbon		—	—	15.12	—	None
					—		—	—	—	—	—
					—		—	—	—	—	—
	Noise	—	—	Boundary of the plant	—	<i>Standards on Noise at the Boundaries of Industrial Plants</i> (GB12348 – 2008)	Daytime 60dB(A) Night 50dB(A)	Daytime 55.7dB(A) Night 41.3dB(A)	—	Daytime 60dB(A) Night 50dB(A)	None

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

Wastewater treatment measures:

During the construction period, Xinneng Mining established a mine water treatment station with the mine water treatment capacity of 13,000m³/d and the reverse osmosis treatment capacity of 10,000m³/d, and the water quality reached the surface Class III standard. The designed domestic wastewater treatment capacity was 954m³/d.

1) Domestic wastewater treatment process

We adopted two-stage contact oxidation + two-stage filtration + disinfection treatment process.

The domestic wastewater discharged from the industrial site is collected through various septic tanks and then enters into the domestic wastewater regulating tank respectively after the mechanical grille retains large impurities and floating materials; then the domestic wastewater is automatically lifted by the wastewater lift pump to the A/O biological contact oxidation combination tank according to the liquid level of the inlet tank. The A/O biological contact oxidation combination tank consists of anoxic tank, aerobic tank, sedimentation tank, intermediate tank and disinfection reuse tank. The sewage flows through the anoxic tank, aerobic tank, sedimentation tank, and finally collects to the intermediate tank; the water stored in the intermediate tank is automatically lifted by the lifting pump to the multi-media filter and activated carbon filter in series according to the liquid level of the inlet tank, and the water from the filter is sent to the disinfection tank, and the disinfected water flows to the reuse tank; the sludge from the sedimentation tank is discharged to the sludge tank, and finally discharged to the sludge treatment system for treatment.

2) Underground dewatering

Treatment capacity: pre-treatment capacity is 13,000m³/d; depth treatment capacity is 10,000m³/d.

Mine water treatment process: we adopted the pre-treatment of advection sedimentation regulating tank + coagulation sedimentation filtration integrated treatment device + self-cleaning filter + ultra-filtration + two-stage reverse osmosis treatment process. The mine sewage is collected at the sewage treatment station through the pipeline network or underground ditch in the mine, and enters the advection sedimentation regulating tank for homogenization and adjustment, while removing most of the cinder and suspended matter; the effluent from the regulating tank enters the high-efficiency sedimentation filtration integrated water purification device by pipeline pump, and the sewage is flocculated in the pipeline mixer by adding flocculant PAC and coagulant PAM to accelerate the sedimentation and flocculation of the sewage. The water after dosing enters into the high efficiency sedimentation and filtration integrated water purification device and is then collected to the intermediate tank after a series of treatment such as sedimentation and filtration.

Both domestic sewage and mine water were treated in compliance with standards with zero discharge. Meanwhile, winter storage and summer irrigation were adopted for mine water. Three ecological reservoirs were built outside the plant with a total capacity of 314,000 m³.

The sewage of Qinshui Xinao mainly comes from domestic water and the sewage treatment facility was completed and put into operation in January 2008. In June 2015, the sewage treatment facility was transformed and the advanced A2O treatment system was used to better remove the chemical oxygen demand and ammonia nitrogen in the water. The designed treatment capacity was: 24 t/day (the actual treatment situation: 5-10 t/day), and wastewater was discharged after reaching the domestic sewage discharge standard as stated in Comprehensive Wastewater Discharge Standard (DB141928-2019) of Shanxi Province. In May 2021, in order to cooperate with the local government to carry out ecological protection of the Qinhe River and achieve "zero discharge" of sewage from the river protection zone, the Company actively responded to the call of the

government and completed the renovation project of the sewage connection to the sewage network of Jiafeng Town in time, achieving “zero discharge” of sewage from the plant.

Exhaust gas treatment measures:

Xinneng Mining supplies heat to the plant through four sets of coal-fired boilers, including three sets of SZL14-1.0 – 110/70 20t/h high-temperature hot water chain boilers, in which two sets of the boilers are put into operation while another set is served as a backup, and one set of SZL7-1.0 – 110/70 10t/h high temperature hot water chain boiler. Four boilers share a chimney with a height of 50m and an upper opening diameter of 1.7m. The dust collectors are all gas box pulse bag dust collectors (the designed dust removal efficiency is 98%) and the desulfurization process is single-alkali desulfurisation.

Qinshui Xinao’s thermal oil heater phase I was completed and put into operation in January 2008 while thermal oil heater phase II was completed and put into operation in June 2011 adopting two sets of YY(Q)W-1400(125) Y(Q) gas boilers in total. In June 2019, the low-nitrogen burner renovation was completed, effectively reducing the environmental air pollution caused by the flue gas pollutants from the boilers.

Solid waste treatment measures:

The gangues washed by the Coal Preparation Plant of Xinneng Mining were discharged into the land restoration project on comprehensive utilization of coal gangue of Wangjiata Coal Mine of Xinneng Mining Industry Co., Ltd. in the northeast of the industrial plant. The project was approved by the Ordos Ecological Environment Bureau in accordance with the *Official Reply of Ordos Ecological Environment Bureau to the Environmental Impact Report on Comprehensive Utilization Project of Coal Gangue from Wangjiata Coal Mine of Xinneng Mining Industry Co., Ltd.* (E Huan Shen Zi [2020] No. 302). The slag produced from the boilers was used for underground formation in order

to allow the concrete to harden the underground. Xinneng Mining signed disposal agreements with qualified units for the treatment of hazardous wastes, including waste mineral oil and waste oil drums.

Qinshui Xinao signed disposal agreements with qualified companies for the treatment of hazardous wastes, including waste mineral oil, waste oil drums and waste MDEA solution.

Noise treatment measures:

Xinneng Mining rationally planned its business strategies. To control industrial noise, Xinneng Mining selected low-noise equipment and took measures to reduce and insulate noise to ensure the noise at the boundaries of the plant meets the *Standard on Noise at the Boundaries of Industrial Plants*, which requires the noise at the boundaries of the plant lower than Class III standard as stated in the *Standard on Noise at the Boundaries of Industrial Plants* (GB 12348-2008) (Daytime 65 dB(A), Night 55dB(A)) under operation. The construction of the sound insulation enclosure for the fans in the south and north wind wells was completed and put into use, greatly reducing the noise of the south and north wind wells at the boundaries of the industrial plaza.

The main sources of noise from Qinshui Xinao 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 selecting low-noise products, it equipped silencer cotton at the booster end of the expander and a muffler at the inlet and outlet of air compressor and placed louder equipment in the room for sound insulation and used sound insulation and sound-absorbing materials to make doors, windows, masonry, etc., so as to prevent noise from spreading and dissemination. Qinshui Xinao transformed the circulating water-cooling tower and changed the original open cooling water tower to a closed cooling water tower, greatly reducing the impact of noise on the residents around the plant.

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

In strict accordance with the *Environmental Impact Assessment Law* and the *Environmental Protection Management Regulations of Construction Projects*, Xinneng Mining and Qinshui Xinao conducted environmental impact assessments on the construction projects and actively completed the approval and acceptance procedures of environmental protection authorities. The environmental protection facilities and main project were designed, constructed and put into production at the same time.

Xinneng Mining applied for the total permitted emissions of air pollutants at the "National Pollution Permit Management Information Platform" on 30 September 2019, and finally obtained the approval of the Company's total emissions of air pollutants: particulates 9.242535t/a, SO₂ 36.970140t/a, NO_x 46.212674t/a. At present, Xinneng Mining monitors pollutants in real time through the online monitoring equipment of pollutant discharge outlets and uploads them to the management platform of the Ecology and Environment Bureau and pays pollution taxes to the tax authorities based on the discharge amount calculated on the basis of the pollution discharge concentration.

The Environmental Protection Bureau of Jincheng City, Shanxi Province gave an official reply by issuing the *Environmental Impact Report on 150,000 Nm³/d LNG Project in Jincheng, Shanxi of Xin Ao (China) Gas Investment Limited* (Jin Huan Han [2008] No. 139) on 4 February 2008 and the *Environmental Impact Report on 250,000 Nm³/d LNG Expansion Project of Shanxi Xinao Gas Co., Ltd.* (Jin Shi Huan Han [2010] No. 112) on 1 September 2010 (the total scale is 400,000 Nm³/d). The Environmental Protection Bureau of Jincheng City conducted the environmental protection acceptance inspection for the completion of the

project respectively with the Circulate (Huan Yan [2010] No. 16) dated 15 March 2010 and the Circulate (Jin Shi Huan Han [2013] No. 386) dated 22 October 2013. On 13 April 2020, it registered with the National Pollution Discharge Permit Management Information System Platform with No.: 9114052167018913XQ001X, and the term expires on 12 April 2025.

(4) *Emergency plan for abrupt environmental pollution accidents*

The revised *Emergency Plan for Abrupt Environmental Pollution Accidents* of Xinneng Mining was approved for execution on 2 February 2021 and formally implemented on the same day. Such a plan has been recorded at the Ejia Huoluo Qi Branch of Ordos Ecological Environment Bureau on 5 February 2021. Xinneng Mining established the emergency system for abrupt environmental pollution accidents and equipped itself with the relevant emergency materials and equipment. It organized an emergency drill in June 2020 so that the employees could be familiar with the emergency response procedures and methods and their ability to respond to abrupt environmental pollution accidents was improved.

Qinshui Xinao approved and released the *Emergency Plan for Abrupt Environmental Pollution Accidents of Shanxi Qinshui Xinao Clean Energy Co., Ltd.* on 20 May 2019, and implemented it on the same day; and it completed the filing with the Qinshui Branch of the Ecological Environment Bureau of Jincheng City (No.: 140521 – 2019-013-M) on 20 May 2019. On 24 June 2021, Qinshui Xinao organized a comprehensive emergency drill for the leakage of the root valve of the remote pressure gauge on the liquid inlet pipeline of the Phase I storage tank. Through the drill, the employees were more familiar with the emergency response procedures and methods and their ability to respond to abrupt environmental pollution accidents was improved.

(5) Environmental self-monitoring program

Pursuant to the requirements of the notice of Ordos Environmental Protection Bureau on the *Rectification Plan for Coal-fired Boilers with over 10 t/h in Ordos City*, Xinneng Mining installed the four sets (20 tons for each of three sets and 10 tons for one set) of coal-fired boilers for domestic heating in the plant with online monitoring system of the boiler flue gas, which is connected with the networks of the banner and the city. The online monitoring equipment was upgraded in August 2020 and passed the inspection and acceptance by the Ecological Environmental Bureau of the relevant Qi and city in November 2020. Xinneng Mining appointed Ordos Environmental Protection Investment Co., Ltd. for the routine maintenance. In the first half of 2021, the third-party qualified units Inner Mongolia Zhongzheng Inspection and Testing Co., Ltd. was entrusted with the routine monitoring of boiler flue gas and the test results were all qualified. The pollutants discharged were published on the "Pollution Source Monitoring Data Management and Information Sharing Platform of Inner Mongolia".

Pursuant to the requirements of the *General Rules for the Self-monitoring Technical Guidelines for Polluters (Release Version)* (HJ819-2017) and the *Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State (for Trial Implementation)* (Huan Fa [2013] No. 81) issued by the Ministry of Environmental Protection, Qinshui Xinao organized self-monitoring and information disclosure of pollutants discharged, and formulated self-monitoring plans. The self-monitoring was conducted by entrusted qualified third parties, and the internal monitoring was carried out by such company's personnel of the laboratory using its own equipment at its own site.

3. Reason for failure to disclose other environmental information

☐ Applicable ☒ N/A

(III) Information on those conducive to the protection of ecology, pollution prevention and control, and the fulfillment of environmental responsibility

1. ENN Energy

ENN Energy ensures that all companies in which it has a controlling interest conduct biodiversity assessment related to their business operations, implement initiatives to promote ecosystem restoration, take a series of initiatives to reduce carbon emissions, protect natural resources and reduce harmful chemical substances, etc., and integrate energy conservation and environmental protection concepts and initiatives throughout their business chain. The main measures are as follows:

- (1) Conduct environmental impact assessment in preliminary period of large projects to comprehensively assess the species of flora and fauna around the project site and the possible impact of the project on land, water sources, natural resources and surrounding communities, adopt non-excavation methods for pipeline construction as far as possible to avoid damage to flora, fauna and land, and choose environmental-friendly PE pipes and snap-on plastic coated steel pipes as natural gas pipeline network materials to mitigate potential pollution of land that may be caused by traditional steel pipes and galvanized pipes.

- (2) Give priority to green raw materials and processes and restrict and eliminate outdated raw materials and processes, implement classification and management of all waste, and reuse recyclable non-toxic and non-hazardous waste;
- (3) Endeavour to recover volatile gas (BOG) in the process of storage and transmission and distribution of gas to reduce methane emissions, and minimize the emission and leakage of natural gas during the project and operation to minimize the impact on the surrounding ecological environment.
- (4) Promote the use of renewable energy, develop biomass energy technology, and carry out biomass cogeneration business.
- (5) Implement national and local government policies and requirements on environmental governance and increase investment in environmental protection facilities and environmental technology improvement projects to ensure that all pollutant emission indicators are controlled within the limits of national standards and lead the industry in governance.

2. *Xinneng Energy*

Xinneng Energy improved water reuse rate by strictly adhering to the principles of “separating clean water from sewage, separating rainwater from sewage, and using water for multiple purposes”. SBR biochemical process was used to treat the wastewater from production, which contains substance including methanol, ammonia nitrogen, sulfide, cyanide and SS for production and reuse. The recycle technology solely developed by Yongxin Environmental Protection was adopted to treat the brine produced during the process, to achieve “zero discharge” of wastewater.

Xinneng Energy strictly fulfills its social responsibility to complete the “Inner Mongolia’s Three-Year Tasks” by adopting ultra-low emission for boiler flue gas air pollutants to reduce air pollutant emissions and further reduce pollution to the ambient air.

Xinneng Energy Co., Ltd. strictly controlled the volatile organic pollutants generated in the production process to further reduce the pollution to the air and the environment.

3. *Xinneng Mining*

Xinneng Mining was included in the Green Mine List of Inner Mongolia Autonomous Region in 2019. In 2021, the company carried out environmental treatment, greening and land reclamation and restoration around the mine area in strict accordance with the *Green Mine Construction Plan*, and carried out comprehensive treatment and vegetation restoration in the sinkhole area to ensure timely ecological restoration of the sinkhole area.

4. *Qinshui Xinao*

In May 2021, in order to reduce the impact of drainage on the environment, Qinshui Xinao took the initiative to contact the local government and discharged domestic sewage into the sewage network, realizing “zero external discharge” of sewage and greatly reducing the discharge of pollutants to the Qinhe River.

(IV) Measures taken to reduce its carbon emissions during the Reporting Period and their effectiveness

Adhering to the concept of green and sustainable development, and guided by the national goal of “carbon neutrality in 2030 and carbon peak in 2060”, the Company has made in-depth thinking and taken active actions based on a comprehensive analysis of its overall greenhouse gas emission data and energy consumption structure to facilitate the country to establish and improve an economic system conducive to green, low-carbon and circular development with various measures mainly including the following:

1. *Take well-targeted steps, resolutely setting forward an ambitious goal of carbon neutrality and developing action plans*

During the Reporting Period, in order to meet the long-term needs of low-carbon development and enhance its competitiveness in the carbon neutral era, the Company incorporated “low carbon” as a responsibility into its strategic blueprint, and finally worked out a green action plan to make a detailed deployment for its low-carbon sustainable development. The Company has put forward an ambitious goal of realizing its own net-zero carbon emission in 2050, and will continue the emission reduction actions by energy production efficiency improvement, city-gas methane management, energy structure transformation of integrated energy business, application of green technology, green office and so on. The Company will, while implementing the existing emission reduction schemes to significantly reduce emissions, use natural and technological methods to neutralize unavoidable carbon emissions, without reliance on offsetting means such as purchasing green power certificates.

2. *Make scientific planning, improving emission reduction efficiency through intelligent means*

ENN Energy, a subsidiary of the Company, brings methane emission control into the carbon emission reduction plan, seeking to achieve the goal of “reducing the average emission intensity of methane in natural gas production to less than 0.25% in 2025” together with other Chinese oil and gas enterprises joining in methane emission control. With respect to the methane emission sources in business operation, ENN Energy have deployed PTZ laser methane monitoring systems in pilot plants to measure the methane emission, which are expected to cover all plants by the end of 2022. Meanwhile, ENN Energy has also used PSIgnesi, a natural gas pipeline simulation technology, to simplify the operation and management of complex pipe networks, conduct real-time online monitoring and calculation of gas flow pressure, flow rate and other data of natural gas pipe networks, and provide monitoring data for safe operation of pipe networks, methane emission and leakage management, thereby continuously improving the operation efficiency of pipe networks.

In addition, ENN Energy conducts fine management of the energy demand for office buildings through energy management system, advocates the use of new energy vehicles, and gradually reduces the carbon emissions generated in the operation process by using intelligent dispatching platform and other means in trade transportation.

3. *Build a low-carbon society by giving full play to the advantages of energy business*

The Company’s subsidiary ENN Energy uses digital intelligence technology and takes the integrated energy business as a bridge to extend the green and low-carbon concept to the application end with its own low-carbon experience and technology, and constructs low-carbon

parks as well as green factories, buildings and families with various customers through low-carbon products and services, so as to help the local government and users achieve the goal of energy conservation and emission reduction. On this regard, the project of Beijing Daxing International Airport Economic Zone, a national airport economic demonstration zone which has been put into operation, by the building of a smart energy system based on Smart City + “Lora” IoT technology and digital terminal, and the integrated utilization of geothermal energy, solar energy and other renewable energy, has facilitated the comprehensive energy management and the achievement of the carbon peak and carbon neutrality goal in the region. The project will, upon arrival at full capacity, have an annual energy consumption of 44.31 million kwh, by which it is expected to save 9,000 tons of standard coals and in turn reduce 24,000 tons of carbon dioxide emissions every year.

4. *Lay out the whole industrial chain of hydrogen energy in depth through accumulation and development*

As a clean power, hydrogen energy plays an important role in the realization of “carbon peak” and “carbon neutrality”, and is also the focus to drive the green and low-carbon transformation of the energy system. Certain achievements have been seen on the part of ENN-NG, who always values the research and application of clean energy technology, in the research and production of hydrogen production process, hydrogen storage and transportation, and construction of hydrogen energy projects, through years’ layout of the whole industrial chain of hydrogen energy and active R&D investment. The construction project of Zhangjiakou Hydrogen Energy Industrialization Application Demonstration Park, which supplied hydrogen energy for the Winter Olympic Games and Winter Paralympic Games, was undertaken by Xindi Energy Engineering, a subsidiary of the Company, as the EPC contractor. Adopting the technology of producing hydrogen by water electrolysis, the project can produce hydrogen of 2,000 standard cubic

meters per hour or 4 tons per day, with a hydrogen purity of 99.999%, 10-16 tube trailers of the hydrogen produced from which can be transported out every day for use by up to 300 hydrogen fuel-cell vehicles. During the Winter Olympics, the project has supplied hydrogen of over 1 million standard cubic meters in total, providing a strong support for the smooth proceeding of the event. Moreover, Xindi Energy Engineering has also successively participated in the construction of many key engineering projects concerning hydrogen energy infrastructure in Zhangjiakou, such as the hydrogenation station project of Weisan Road from Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd., the hydrogenation station project in Chuangba, and the wind and hydrogen storage multi-energy complementary demonstration project in Chicheng from Guohua Investment (Hebei), accumulating rich construction experience, and also greatly contributing to the development of the whole industrial chain of hydrogen energy in Zhangjiakou, thereby facilitating the realization of “Green Olympics”.

5. *Strengthen the iterative upgrading of technology research and development, and explore distinctive carbon recycling solutions of ENN*

ENN-NG, a subsidiary of the Company, has established cooperation with Zhuhai Gongtong Low-Carbon Technology Company with respect to carbon capture to recycle and reuse carbon dioxides emitted during methanol production using carbon dioxide recovery and reuse devices, effectively reducing the carbon emission intensity in operation and production. ENN-NG will keep a close eye on and study the latest development in carbon capture and recycling technology, and continue to explore the in-depth integration of negative emission technology of carbon capture, utilization and storage (CCUS) coupling with new energy, so as to contribute to the national “3060” dual-carbon goal.

II. Performance of Social responsibilities

In 2021, the first year of the 14th Five-Year Plan, ENN-NG proactively practiced its social responsibility, responded to the requirements of all stakeholders, and adhered to the concept of green development, striving to contribute to sustainable development.

The Company promoted green and low-carbon development strategy and grasped the opportunities brought by the carbon neutrality and energy system reform. In terms of addressing climate change and environmental protection, the Company has established a systematic climate change risk governance system and set carbon emission reduction targets to comprehensively address the requirements of climate change transformation. Besides, it has increased technology research and development for green and low-carbon energy transformation in the industry, with a view to helping itself and its value chain achieve energy saving and emission reduction through continuous optimization of energy and business structures.

Safety underpins the stable operation of the Company. Adhering to the safety management philosophy of "safety is not a small thing", the Company strengthened safety culture propaganda and safety management system certification, improved safety management organization and safety management system and established accountability mechanism. In addition, based on the safety management system and guided by the intelligent safety risk indication products, the Company strived to realize "low-risk production and operation" through safe and intelligent operation, risk prevention and control, and emergency response capability improvement.

The Company values the personal development and health of employees and protects their legitimate rights and interests. On the one hand, all the enterprises under the Company have established "Labor Protection Management

System" according to the *Occupational Disease Prevention and Control Law* and implemented it in a standardized manner, arranged health check-ups for employees, conducted occupational health check-ups for front-line employees, and carried out mental health seminars to protect the physical and mental health of employees. On the other hand, the Company created an open, transparent, diversified and equal working environment, constantly improved the training system, created conditions to stimulate the growth and success of employees, continuously established a long-term mechanism for employee care, and carried out cultural and sports activities beneficial to physical and mental health, realizing the common development of employees and the Company.

The Company continuously optimized customer service management to respect and protect the rights and interests of customers and create value for customers with high-quality services and stable and safe energy supply. The Company properly protected and managed customer information in strict compliance with laws and regulations. Meanwhile, the Company is committed to realize intelligent energy management through the digital technology based on customers' demands and their energy use characteristics.

ENN-NG strictly complied with all laws and regulations, implemented compliance management in accordance with the law, continuously improved compliance management such as anti-corruption and anti-unfair competition, adhered to the bottom line of compliance, and actively promoted responsible corporate operation and management. During the Reporting Period, it effectively implemented the business and matters covered by the internal control standard system and continuously strengthened compliance risk identification and audit monitoring, realizing an effective combination of risk warning and post-event accountability. Besides, it carried out the development and promotion of digital risk indication products to effectively safeguard the healthy development of the Company.

With the diversified development of the social value framework, ENN-NG constantly improved its corporate values, enthusiastically participated in social charity, and conveyed its core values and corporate culture. We focus on environmental and biodiversity protection, cultural charity, community support and disaster relief to contribute to sustainable social development. We insist on integrating our own development and giving back to the society, taking the initiative in consolidating the fight against poverty and implementing the call of the Party and the State on consolidating the results of the fight against poverty with practical actions. Through industrial assistance, infrastructure construction, helping elderly homes, supporting education and cooperating in development, we have made our results in poverty eradication more solid and sustainable. During the Reporting Period, ENN-

NG and its subsidiaries spent about RMB62.1 million on education, RMB21.39 million on pandemic prevention and disaster relief, RMB12.31 million on culture, RMB2.84 million on environmental protection, RMB2 million on healthcare, and RMB2.46 million on poverty alleviation and common prosperity. Also, in order to further promote the development of and reflect the social benefits of charity activities, we have formulated the management system for charity activities.

The establishment of dual-carbon targets, energy restructuring and market-oriented reforms have brought new opportunities for industry development. We will always take sustainable development as our original aspiration and development goal, and adhere to the core value of “pursing sustainability” to serve the development of clean energy with high-quality development.



Skill competition



Participate in blood donation

III. Consolidation and Expansion of Our Results in Poverty Alleviation and Rural Revitalization

During the Reporting Period, the Company made active response to the proposal of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China to “realize the effective connection between consolidating

and expanding the results in poverty eradication and rural revitalization”. While consolidating the results in poverty eradication, we actively participated in the rural revitalization strategy to seek new opportunities and make new contributions. We had a total expenditure of RMB2.46 million for rural revitalization initiatives such as construction of rural road facilities, construction of rural healthcare rooms, and addition of equipment for elderly homes.



Actively organize and participate in ENN Charity Day activities



'7-color flower' volunteer activities



Important Matters

I. Performance of Commitments

(I) Commitments of the actual controller, shareholders, related parties, purchasers and other commitment-related parties of the Company during or up to the Reporting Period

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
Commitment related to major asset restructuring	Solving related-party transactions	ENN International	After completion of the restructuring, the related-party transactions between ENN-NG (and its subsidiaries) and us (and our affiliates) will be regulated.	9 December 2019 Term: Indefinite	No	Yes		
	Solving related-party transactions	Essential Investment	After completion of the restructuring, the related-party transactions between ENN-NG (and its subsidiaries) and us (and our affiliates) will be regulated.	9 December 2019 Term: Indefinite	No	Yes		
	Solving related-party transactions	Wang Yusuo	After completion of the restructuring, the related-party transactions between ENN NG (and its subsidiaries) and me (and enterprises under my control) will be regulated.	9 December 2019 Term: Indefinite	No	Yes		
	Solving horizontal competitions	ENN International	After completion of the restructuring, we and the enterprises under our control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	9 December 2019 Term: Indefinite	No	Yes		
	Solving horizontal competitions	Essential Investment	After completion of the restructuring, we and the enterprises under our control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	9 December 2019 Term: Indefinite	No	Yes		
	Solving horizontal competitions	Wang Yusuo	After completion of the restructuring, I and the enterprises under my control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	9 December 2019 Term: Indefinite	No	Yes		
	Others	ENN International	After the restructuring, the independence of ENN-NG will be maintained.	9 December 2019 Term: Indefinite	No	Yes		
	Others	Essential Investment	After the restructuring, the independence of ENN-NG will be maintained.	9 December 2019 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	After the restructuring, the independence of ENN-NG will be maintained.	9 December 2019 Term: Indefinite	No	Yes		
	Restrictions on sale of shares	ENN Holdings	During the restructuring, we will not reduce our interests in the shareholding of ENN-NG, and the original shares therein will be locked up for 18 months upon completion of the restructuring.	9 December 2019 Term: 18 months upon completion of the restructuring	Yes	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Restrictions on sale of shares	Wang Yusuo	During the restructuring, I will not reduce my interests in the shareholding of ENN-NG, and the original shares therein will be locked up for 18 months upon completion of the restructuring.	9 December 2019 Term: 18 months upon completion of the restructuring	Yes	Yes		
	Restrictions on sale of shares	ENN International	The ENN-NG shares subscribed in this restructuring will be subject to a lock-up period of 36 months.	9 December 2019 Term: 36 months after the offering of shares	Yes	Yes		
	Others	Wang Yusuo	I will maintain my position as the actual controller of ENN-NG within 60 months after completion of this transaction.	9 December 2019 Term: 60 months upon completion of the restructuring	Yes	Yes		
	Others	ENN Holdings	We will not interfere in the operation and management activities of the listed company beyond our authority or encroach on the interests thereof.	9 December 2019 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	I will not interfere in the operation and management activities of the listed company beyond my authority or encroach on the interests thereof.	9 December 2019 Term: Indefinite	No	Yes		
	Others	Directors and senior executives of ENN-NG	The Company's recovery measures against dilution on immediate returns by this restructuring will be effectively adopted.	9 December 2019 Term: Indefinite	No	Yes		
	Others	ENN International	We will not interfere in the operation and management activities of the listed companies beyond our authority or encroach on the interests thereof.	9 December 2019 Term: Indefinite	No	Yes		
	Solving the defects on ownership of land, etc.	ENN International	With respect to the defects in housing, land, leasing, business qualification, and administrative penalty, etc., on the part of ENN Energy and its controlled subsidiaries, we will prompt the handling of relevant certificates, and will be liable for losses in case of non-obtainment of the same.	9 December 2019 Term: Indefinite	No	Yes		
	Solving the defects on ownership of land, etc.	Essential Investment	With respect to the defects in housing, land, leasing, business qualification, and administrative penalty, etc., on the part of ENN Energy and its controlled subsidiaries, we will prompt the handling of relevant certificates, and will be liable for losses in case of non-obtainment of the same.	9 December 2019 Term: Indefinite	No	Yes		
	Solving the defects on ownership of land, etc.	ENN-NG	We confirm the status quo of Xinneng Mining's housing ownership will not affect the normal production and operation of Xinneng Mining, and will bear legal responsibility for the losses caused by the failure to obtain the relevant certificate.	21 January 2013 Term: until the completion of Xinneng Mining's relevant house ownership certificate	Yes	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Others	ENN-NG	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Directors, supervisors and senior executives of ENN-NG	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Science and Technology	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Group	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN International	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Zhoushan	The materials provided for this restructuring are true, accurate and complete.	26 October 2021 Term: Indefinite	No	Yes		
	Solving horizontal competitions	ENN International	After completion of the restructuring, we, as the controlling shareholder, and our persons acting in concert and the enterprises controlled by us and our persons acting in concert will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	26 October 2021 Term: Indefinite	No	Yes		
	Solving horizontal competitions	Wang Yusuo	After completion of the restructuring, I, as the actual controller, and the enterprises under my control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	26 October 2021 Term: Indefinite	No	Yes		
	Solving horizontal competitions	ENN Science and Technology	After completion of the restructuring, we and the enterprises under our control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	26 October 2021 Term: Indefinite	No	Yes		
	Solving horizontal competitions	ENN Group	After completion of the restructuring, we and the enterprises under our control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	26 October 2021 Term: Indefinite	No	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Solving horizontal competitions	ENN Holdings	After completion of the restructuring, we and the enterprises under our control will avoid engaging in substantial horizontal competition with ENN-NG and its controlled subsidiaries.	26 October 2021 Term: Indefinite	No	Yes		
	Solving related-party transactions	ENN International	After completion of the restructuring, we, as the controlling shareholder, will regulate the related-party transactions between us, our persons acting in concert, the enterprises controlled by us and our persons acting in concert on one hand, and ENN-NG (and its subsidiaries) on the other hand.	26 October 2021 Term: Indefinite	No	Yes		
	Solving related-party transactions	Wang Yusuo	After completion of the restructuring, I, as the actual controller, will regulate the related-party transactions between me and the enterprises under my control on one hand and ENN-NG (and its subsidiaries) on the other hand.	26 October 2021 Term: Indefinite	No	Yes		
	Solving related-party transactions	ENN Science and Technology	After completion of the restructuring, the related-party transactions between ENN-NG (and its subsidiaries) and us (and our affiliates) will be regulated.	26 October 2021 Term: Indefinite	No	Yes		
	Solving related-party transactions	ENN Group	After completion of the restructuring, the related-party transactions between ENN-NG (and its subsidiaries) and us (and our affiliates) will be regulated.	26 October 2021 Term: Indefinite	No	Yes		
	Solving related-party transactions	ENN Holdings	After completion of the restructuring, the related-party transactions between ENN-NG (and its subsidiaries) and us (and our affiliates) will be regulated.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN International	After the restructuring, the independence of ENN-NG will be maintained.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	After the restructuring, the independence of ENN-NG will be maintained.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Science and Technology	After the restructuring, the independence of ENN-NG will be maintained.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Group	After the restructuring, the independence of ENN-NG will be maintained.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	After the restructuring, the independence of ENN-NG will be maintained.	26 October 2021 Term: Indefinite	No	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Others	ENN Science and Technology	The ownership of the transaction assets is legal and complete without transfer restriction.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Group	The ownership of the transaction assets is legal and complete without transfer restriction.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	The ownership of the transaction assets is legal and complete without transfer restriction.	26 October 2021 Term: Indefinite	No	Yes		
	Restrictions on sale of shares	ENN Science and Technology	The ENN-NG shares subscribed in this restructuring will be subject to a lock-up period of 36 months.	26 October 2021 Term: 36 months after the offering of shares	Yes	Yes		
	Restrictions on sale of shares	ENN Group	The ENN-NG shares subscribed in this restructuring will be subject to a lock-up period of 36 months.	26 October 2021 Term: 36 months after the offering of shares	Yes	Yes		
	Restrictions on sale of shares	ENN Holdings	The ENN-NG shares subscribed in this restructuring will be subject to a lock-up period of 36 months.	26 October 2021 Term: 36 months after the offering of shares	Yes	Yes		
	Others	ENN International	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors of CNN International	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN-NG	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Directors, supervisors and senior executives of ENN-NG	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Science and Technology	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Group	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	There is no circumstance under which our participation in this major asset restructuring is prohibited.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Science and Technology	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Others	ENN Group	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years. We have repaid large debts on schedule and performed commitments, and have not been subject to administrative supervision measures imposed by the CSRC or disciplinary actions taken by the stock exchange in the past five years, except for the criticism received from the SSE on 16 April 2018.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Science and Technology other than Wang Yusuo	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Group other than Wang Yusuo	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Holdings other than Wang Yusuo	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	There has been no administrative penalty, criminal penalty, material civil litigation, arbitration or other material breach of faith in the past five years.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN-NG	As the purchaser in this reorganization, we have carried out no activities in violation of laws and regulations.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN-NG	As ENN-NG's directors, supervisors and senior executives, we have carried out no activities in violation of laws and regulations.	26 October 2021 Term: Indefinite	No	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Others	ENN International	During the restructuring, we will not reduce our interests in the shareholding of ENN-NG, and the original shares therein will be locked up for 18 months upon completion of the restructuring.	26 October 2021 Term: 18 months upon completion of the restructuring	Yes	Yes		
	Others	Wang Yusuo	During the restructuring, I will not reduce my interests in the shareholding of ENN-NG, and the original shares therein will be locked up for 18 months upon completion of the restructuring.	26 October 2021 Term: 18 months upon completion of the restructuring	Yes	Yes		
	Others	All directors, supervisors and senior executives of ENN-NG	No shareholding in ENN-NG will be reduced during the restructuring	26 October 2021 Term: During the restructuring	Yes	Yes		
	Others	ENN International	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors of CNN International	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Science and Technology	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Group	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Holdings	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Science and Technology	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Group	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Holdings	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Others	ENN-NG	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN-NG	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	ENN Zhoushan	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	All directors, supervisors and senior executives of ENN Zhoushan	No insider information was disclosed, or insider trading conducted during the restructuring.	26 October 2021 Term: Indefinite	No	Yes		
	Others	Wang Yusuo	I will maintain my position as the actual controller of ENN-NG within 60 months after completion of this transaction.	26 October 2021 Term: 60 months upon completion of the restructuring	Yes	Yes		
Commitment related to refinancing	Solving related-party transactions	ENN Holdings	After completion of the restructuring, the related-party transactions between ENN Holdings (and its subsidiaries) and ENN-NG (and its subsidiaries) will be reduced and regulated.	9 December 2019 Term: Indefinite	No	Yes		
	Solving related-party transactions	Wang Yusuo	After completion of the restructuring, I and the enterprises under my control will reduce and regulate the related-party transactions with ENN-NG (and its subsidiaries).	9 December 2019 Term: Indefinite	No	Yes		
	Solving horizontal competitions	ENN Holdings	After completion of the restructuring, we and our controlled subsidiaries will avoid engaging in horizontal competition with ENN-NG and its subsidiaries.	9 December 2019 Term: Indefinite	No	Yes		
	Solving horizontal competitions	Wang Yusuo	After completion of the restructuring, I and my controlled subsidiaries will avoid engaging in horizontal competition with ENN-NG and its subsidiaries.	9 December 2019 Term: Indefinite	No	Yes		
	Restrictions on sale of shares	ENN Holdings	The shares subscribed by us corresponding to the supporting funds raised in this restructuring shall not be transferred within 18 months from the end of the offering of additional shares.	9 December 2019 Term: 18 months after the offering of shares	Yes	Yes		

Commitment background	Commitment type	Commitment provider	Commitment content	Time and term of commitment	Is there a time limit for performance	Whether the commitment is strictly performed in time	Reasons for failure to perform commitments (if applicable) on time	Next action plan for failure to perform commitments (if applicable) on time
	Restrictions on sale of shares	17 specific investors including GF Fund Management Co., Ltd., China International Capital Corporation Hong Kong Asset Management Limited and Huatai Securities Co., Ltd.	Stocks acquired in non-public offering shall not be transferred within 6 months from the end of non-public offering. After the end of this non-public offering, the shares increased from bonus shares and capitalization of capital reserve or otherwise shall also comply with the above mentioned lock-up period.	9 December 2019 Term: 6 months after the offering of shares	Yes	Yes		
	Solving the defects on ownership of land, etc.	ENN Holdings	To solve the defects on ownership.	17 May 2017 Term: until the date when the relevant ownership certificate is completed.	Yes	Yes		

(II) If there is any profit forecast on the Company's assets or projects and the Reporting Period is still in the profit forecast period, the Company shall indicate whether the original profit forecast has been achieved and the reasons therefor

☐ Yes ☐ No ☒ N/A

(III) Completion of commitments on performance and the impact thereof on the goodwill impairment test

☐ Applicable ☒ N/A

II. Occupation of Funds by the Controlling Shareholder and Other Related Parties for Non-Operating Purposes During the Reporting Period

☐ Applicable ☒ N/A

III. Guarantees in Violation of Applicable Regulations

☐ Applicable ☒ N/A

IV. Explanation Made by the Board of Directors for the "Non-standard Opinion Audit Report" Issued by the Accounting Firm

☐ Applicable ☒ N/A

V. The Company's Analysis and Explanation for the Reasons and Effects of Changes in Accounting Policies, Accounting Estimates or Correction to Significant Accounting Errors

(I) The Company's analysis and explanation for the reasons and effects of changes in accounting policies and accounting estimates

Changes in accounting policies and associated reasons	Approval procedures	Remarks (Items and amount in financial statements that have been affected)
According to the new lease standards, the Company recognized right-of-use assets and lease liabilities for all assets to which it acts as lessee according to the present value of the minimum lease payments of future rent payable (except for short-term leases and low-value asset leases that are subject to simplified treatment), and recognized depreciation and unrecognized financing expenses respectively from January 1, 2021, without adjusting the information for the comparable periods.	The 29th meeting of the ninth Board of Directors and the 16th meeting of the ninth Board of Supervisors	For details, please refer to (3) for adjustments in opening balances of line items in financial statements of the current year after the first implementation of the new lease standards since 2021.
The Company has since December 31, 2021 implemented the <i>Interpretation of Accounting Standards for Business Enterprises No. 15</i> promulgated by the Ministry of Finance in 2021	The 42nd meeting of the ninth Board of Directors of the Company	According to the provisions of Interpretation No. 15 and in the light of the actual situation of the Company, the closing balance of member units' funds centrally managed by the parent of the listed company through the Center of Settling Accounts of Fund at the end of 2021 was presented as "other payables" in the balance sheet of the parent company, and the closing balance of funds borrowed by member units from the account of the listed company's parent was presented as "other receivables" in the balance sheet of the parent company. Meanwhile, the business of financial companies within the consolidation scope of the listed company was presented separately in accordance with the requirements for financial enterprises on presentation of financial statements.

(II) The Company's analysis and explanation for the reasons and effects of the corrections to significant accounting errors

☐ Applicable ☒ N/A

(III) Communication with the previous accounting firm

☐ Applicable ☒ N/A

(IV) Other explanations

☐ Applicable ☒ N/A

VI. Appointment and Dismissal of Accounting Firms

Unit: RMB'0000

	Current accounting firm
Name of domestic accounting firm	ZHONGXI CPAS (SPECIAL GENERAL PARTNERSHIP)
Remuneration for the domestic accounting firm	588
Service years of the domestic accounting firm	24 years

	Name	Remuneration
Internal control audit accounting firm	ZHONGXI CPAS (SPECIAL GENERAL PARTNERSHIP)	150
Financial adviser	CITIC Securities Co., Ltd.	0
Sponsor	CSC Financial Co., Ltd.	—

Explanation on appointment and dismissal of accounting firms

On 22 March 2021, the Company held the 26th meeting of the ninth session of the Board of Directors, deliberating and approving the Proposal on Renewing the Appointment of the Accounting Firm. The proposal was submitted to the 2020 Annual General Meeting for deliberation and approved thereby. ZHONGXI CPAS (SPECIAL GENERAL PARTNERSHIP) has been employed by the Company as the accounting firm for auditing the financial statements and internal control of the Company in 2021. The audit service fee was estimated to be RMB7.38 million (excluding the travel and accommodation expenses, among others, advanced by the accountants in the audit process), comprising the financial statements audit fee of RMB5.88 million and the internal control audit fee of RMB1.5 million. Such fees remained unchanged from the actual expenses incurred in 2020 and were reasonably determined based on the accounting firm's professional skills necessary to provide audit services, nature of work, workload, the number of personnel and days required and the average daily fee for personnel in 2021. The actual audit expenses incurred in 2021 were consistent with the estimated expenses.

Explanation on changing in accounting firms during the audit period

☐ Applicable ☒ N/A

VII. Risk Exposures of Listing Suspension

(I) Reasons for suspension of listing

☐ Applicable ☒ N/A

(II) Countermeasures the Company intends to take

☐ Applicable ☒ N/A

(III) Risk exposures for delisting and associated reasons

☐ Applicable ☒ N/A

VIII. Bankruptcy and Reorganization-related Matters

☐ Applicable ☒ N/A

IX. Material Litigation and Arbitration Proceedings

☐ The Company was subject to material litigation and/or arbitration proceedings this year

☒ The Company was subject to no material litigation and/or arbitration proceedings this year

X. Suspected Violations of Laws and Regulations by, Penalties on and Rectifications by the Listed Company and Its Directors, Supervisors, Senior Executives, Controlling Shareholders and Actual Controller

☐ Applicable ☒ N/A

XI. Explanation on the Credit Status of the Company and its Controlling Shareholder and Actual Controller During the Reporting Period

During the Reporting Period, the Company and its controlling shareholder and actual controller were in good faith, without material breach of faith, or failure to fulfill effective court judgments or to repay large debts on schedule, etc.

XII. Major Related-party Transactions

(I) Related-party transactions related to daily operations

1. *Matters that have been disclosed in the interim announcement without progress or changes in the follow-up implementation*

☐ Applicable ☒ N/A

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

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

On 15 December 2020, the Company held the 22nd meeting of the ninth session of the Board of Directors at which the Proposal on the Prediction of Daily Related-party Transactions of the Company in 2021 was deliberated and approved. The proposal has been deliberated and approved by the fifth Extraordinary General Meeting of the Company in 2020. For details, please refer to the Announcement on the Prediction of Daily Related-party Transactions in 2021 disclosed by the Company on the official website of Shanghai Stock Exchange and in the Company's designated information disclosure media on 16 December 2020.

On 23 August 2021, the Company held the 33rd meeting of the ninth session of the Board of Directors, deliberating and approving the Proposal on Adjustment to the Prediction of the Daily Related-party Transactions in 2021 whereby an additional RMB93.9371 million is increased. For details, please refer to the Announcement on Adjustment to Prediction of Daily Related-party Transactions in 2021 disclosed by the Company on the official website of Shanghai Stock Exchange and in the Company's designated information disclosure media on 24 August 2021.

On 17 November 2021, the Company held the 37th meeting of the ninth session of the Board of Directors at which the Proposal on the Prediction of Daily Related-party Transactions of the Company in 2022-2023 was deliberated and approved. The proposal has been deliberated and passed by the third Extraordinary General Meeting of the Company in 2021. For details, please refer to the Announcement on the Prediction of Daily Related-party Transactions in 2022-2023 disclosed by the Company on the official website of Shanghai Stock Exchange and in the Company's designated information disclosure media on 18 November 2021.

On 24 December 2021, the Company held the 40th meeting of the ninth session of the Board of Directors, deliberating and approving the Proposal on Increase in the Prediction of Daily Related-party Transactions in 2021 whereby an additional RMB75.57 million is increased. For details, please refer to the Announcement on Increase in the Prediction of Daily Related-party Transactions in 2021 disclosed by the Company on the official website of Shanghai Stock Exchange and in the Company's designated information disclosure media on 25 December 2021.

II. Implementation of related-party transactions in 2021

In 2021, the actual daily related-party transactions between the Company (and its subsidiaries) and its related parties amounted to RMB2,623,150,000, RMB2,447,510,000 less than the predicted amount thereof in 2021.

Comparison of Predicted and Actually Implemented Daily Related-party Transactions in 2021

Unit: RMB'0000

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Design, construction and sales of materials and supplies	Gu'an Jiankangjun Real Estate Development Co., Ltd.	104	
	Hebei Financial Leasing Co., Ltd.	27,425	1,400
	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	876	635
	Langfang Xinao Real Estate Development Co., Ltd. and its subsidiaries	1,444	834
	Langfang ENN Energy Development Co., Ltd. and its subsidiaries	620	
	XinAoMDT Technology Co., Ltd.	90	74
	ENN Solar Energy Co., Ltd.	287	343
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	3,262	1,845
	ENN Energy Power Technology (Shanghai) Co., Ltd. and its subsidiaries	273	248
	ENN Graphene Technology Co., Ltd. and its subsidiaries	594	328
	Xinao Cultural Industry Development Co., Ltd.	2,531	2,031
	Xinao Cultural Industry Park Operation Co., Ltd. and its subsidiaries	353	
	Xinao Sunshine Yicai Technology Co., Ltd. and its subsidiaries	771	711
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	2,834	83
	Xinyi Health Technology Co., Ltd.	160	145
	Xinzhi Holdings Investment Co., Ltd. and its subsidiaries	165	136
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	479	401
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	69,207	26,747
Provision of housing rental	ENN Group Co., Ltd.	300	300
	ENN Graphene Technology Co., Ltd. and its subsidiaries	20	21
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	51	7
	Xinao Group Aili Fengshe Hotel Co., Ltd. and its subsidiaries	25	25

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Rendering of technology and comprehensive services	Ordos Xinneng Logistics Co., Ltd.	40	33
	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	132	175
	Langfang Xinao Real Estate Development Co., Ltd. and its subsidiaries	534	496
	Levima (Shandong) Chemical Co., Ltd.	1,328	79
	Tibet Bokang Intelligent Information Technology Co., Ltd. and its subsidiaries	46	
	Tibet Tourism Co., Ltd. and its subsidiaries	14	41
	ENN Group Co., Ltd.	30	51
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	18	45
	ENN Energy Power Technology (Shanghai) Co., Ltd. and its subsidiaries	25	22
	ENN Graphene Technology Co., Ltd. and its subsidiaries	104	12
	ENN Shuneng Technology Co., Ltd. and its subsidiaries	1,471	44
	Xinao Cultural Industry Park Operation Co., Ltd. and its subsidiaries	46	28
	Xinao Sunshine Yicai Technology Co., Ltd. and its subsidiaries	70	84
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	432	10
	Xinao Group Aili Fengshe Hotel Co., Ltd. and its subsidiaries	75	20
	Xinzhi Holdings Investment Co., Ltd. and its subsidiaries	82	12
	ENC Digital Technology Co., Ltd. and its subsidiaries	36	29
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	12,811	12,813
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	1,333	711
Provision of financial leasing	Levima (Shandong) Chemical Co., Ltd.	10,000	
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	2,000	
	ENN Energy Power Technology (Shanghai) Co., Ltd. and its subsidiaries	3,000	
	Xinao Cultural Industry Park Operation Co., Ltd. and its subsidiaries	5,000	
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	6,500	

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Provision of commercial factoring	Beihai Xinju Security Technology Service Co., Ltd.	1,000	
	Hebei Financial Leasing Co., Ltd.	10,000	
	Levima (Shandong) Chemical Co., Ltd.	10,000	
	Nanxiang (Zhoushan) Natural Gas Sales Co., Ltd.	20,000	
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	6,500	
	ENC Digital Technology Co., Ltd. and its subsidiaries	20,000	
Provision of digital IT services	Xinao Xinzhi Technology Co., Ltd.	477	405
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	1,350	829
Rendering of administrative and general services	ENN Group Co., Ltd.	150	150
Sales of coal	Levima (Shandong) Chemical Co., Ltd.	27,360	14,259
Sales of other commodities and materials	ENN Graphene Technology Co., Ltd. and its subsidiaries	84	32
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	205	5
Sales of gas	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	20	33
	Langfang Xinao Real Estate Development Co., Ltd. and its subsidiaries	365	363
	Tibet Bokang Intelligent Information Technology Co., Ltd. and its subsidiaries	18	
	ENN Solar Energy Co., Ltd.	160	63
	ENN Group Co., Ltd.	60	62
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	268	126
	ENN Energy Power Technology (Shanghai) Co., Ltd. and its subsidiaries	408	503
	Xinao Cultural Industry Development Co., Ltd.	1,302	918
	Xinao Group Aili Fengshe Hotel Co., Ltd. and its subsidiaries	300	297
Subtotal of income		257,025	69,064
Purchase of methanol	Levima (Shandong) Chemical Co., Ltd.	16,000	8,726
Purchase of coal	Ordos Xinneng Logistics Co., Ltd.	14,400	1,991

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Purchase of equipment and materials	Beihai Xinju Security Technology Service Co., Ltd.	22	
	Shanghai 3040 Technology Co., Ltd.	223	1,939
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	49	
	ENN Energy Power Technology (Shanghai) Co., Ltd. and its subsidiaries	3,970	359
	ENN Shuneng Technology Co., Ltd. and its subsidiaries	153	164
	Xinao Sunshine Yicai Technology Co., Ltd. and its subsidiaries	2,216	1,436
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	498	800
	ENC Digital Technology Co., Ltd. and its subsidiaries	400	1,256
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	1,425	591
Purchase of LNG	Shanghai Petroleum and Gas Exchange Co., Ltd.	1,484	
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	564	
Acceptance of installation services	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	4,500	1,052
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	6,064	559
Acceptance of e-commerce services	Shanghai Petroleum and Gas Exchange Co., Ltd.	84	
	ENN Shuneng Technology Co., Ltd. and its subsidiaries	109	105
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	1,383	906
Acceptance of technology and comprehensive services	Beihai Xinju Security Technology Service Co., Ltd.	80	
	Hebei Financial Leasing Co., Ltd.	600	
	Levima (Shandong) Chemical Co., Ltd.	300	4
	ENN Shuneng Technology Co., Ltd. and its subsidiaries	31	
	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	236	223
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	487	
Acceptance of terminal use services	Zhoushan Xiayun Wharf Co., Ltd.	600	
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	123,480	123,455
Acceptance of outsourcing services	Xinao Sunshine Yicai Technology Co., Ltd. and its subsidiaries	3,500	
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	2,513	2,160
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	17	

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Acceptance of entrusted operation services	Xindi Environmental Protection Technology Co., Ltd. and its subsidiaries	8,500	5,909
Acceptance of digital IT services	Beihai Xinju Security Technology Service Co., Ltd.	136	146
	ENN Shuneng Technology Co., Ltd. and its subsidiaries	83	16
	Xinao Xinzhi Technology Co., Ltd.	10	23
	Xinzhi Holdings Investment Co., Ltd. and its subsidiaries	22,953	14,492
	ENC Digital Technology Co., Ltd. and its subsidiaries	13,158	13,338
	Xinzhi Wolai Network Technology Co., Ltd.	2,533	1,416
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	2,046	462
Acceptance of administrative and general services	Beihai Xinju Security Technology Service Co., Ltd.	12	
	Ordos Xinneng Logistics Co., Ltd.	16	
	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	544	191
	Laikang Life Technology Co., Ltd. and its subsidiaries	21	
	Langfang Natural Gas Co., Ltd.	163	86
	Langfang Xinao Real Estate Development Co., Ltd. and its subsidiaries	619	49
	Langfang Yitongcheng Commercial Service Co., Ltd.	3,766	3,791
	Tibet Tourism Co., Ltd. and its subsidiaries	177	241
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	29	
	Xinao Cultural Industry Park Operation Co., Ltd. and its subsidiaries	223	209
	Xinyi Health Management Co., Ltd. and its subsidiaries	370	536
	Xinyi Laikang (Langfang) Sports and Leisure Activities Development Co., Ltd. and its subsidiaries	128	110
	Xinao Group Aili Fengshe Hotel Co., Ltd. and its subsidiaries	2,210	2,619
	Ovation Cultural Development Co., Ltd. and its subsidiaries	592	485
	Xinyuan Sunshine Agriculture Co., Ltd. and its subsidiaries	186	76
	ENC Digital Technology Co., Ltd. and its subsidiaries	165	1
	E-Cheng E-Jia Network Technology Co., Ltd. and its subsidiaries	133	63
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	86	73

Category of related-party transaction	Related party	Predicted amount in 2021	Actual amount in 2021
Acceptance of transportation services	Ordos Xinneng Logistics Co., Ltd.	3,302	1,596
Housing rental	Kaixin City Development and Construction Co., Ltd. and its subsidiaries	10	20
	XinAoMDT Technology Co., Ltd.	455	236
	ENN Group Co., Ltd.	249	238
	ENN Science and Technology Development Co., Ltd. and its subsidiaries	430	357
	Ovation Cultural Development Co., Ltd. and its subsidiaries	10	13
	ENN (Zhoushan) LNG Co., Ltd. and its subsidiaries	138	
Equipment rental	Hebei Financial Leasing Co., Ltd.	1,200	733
Subtotal of expenditure		250,041	193,251
Total		507,066	262,315

3. *Matters not disclosed in the interim announcement*

☐ Applicable ☒ N/A

(II) **Related-party transactions arising from acquisition and sales of assets or equity**

1. *Matters that have been disclosed in the interim announcement without progress or changes in the follow-up implementation*

☐ Applicable ☒ N/A

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

Summary	Query index
<p>The Company sold to Levima Advanced Materials Co., Ltd. ("Levima") the holding of Tengzhou company (which is invested by the Company) 40% equity at the price of RMB575.8862 million. Tengzhou company mainly engages in the production and sales of methanol. Levima is a controlled subsidiary of Levima Group Co., Ltd., the wholly-owned subsidiary of Legend Holdings Corporation ("Legend Holdings"), in which both Mr. Wang Yusuo, the Chairman of the Board of Directors of the Company, and Mr. ZHAO Linghuan, the director of the Company, act as directors. In accordance with the provisions of Article 10.1.3 of Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Levima is a related corporation of the Company, therefore, this Transaction constitutes a related party transaction.</p> <p>This matter has been deliberated and approved by the 25th meeting of the ninth session of the Board of Directors, the 28th meeting of the ninth session of the Board of Directors and the 2021 Second Extraordinary General Meeting. Tengzhou company has completed the formalities for changes in commercial and industrial registration particulars/filing registration and obtained new business license on 10 May 2021.</p>	<p>For details, please refer to the announcements (Announcement No.: Lin 2021-018, 032 and 036) disclosed by the Company respectively on 19 February, 30 March and 16 April 2021.</p>

Summary	Query index
<p>The Company intends to purchase 90% of equities jointly held by ENN Science and Technology Development Co., Ltd., ENN Group Co., Ltd. and ENN Investment Holdings Co., Ltd. in ENN (Zhoushan) LNG Co., Ltd. through issue of shares and cash payment ("this Transaction"). On 26 October 2021, the Company held the 35th meeting of the ninth session of the Board of Directors, deliberating and approving the proposals related to this Transaction including the Proposal on the Purchase of Assets by ENN Natural Gas Co., Ltd. through Issue of Shares and Cash Payment & Related Party Transactions. Upon application by the Company, the trading of the Company was resumed from the opening of the market on 27 October 2021.</p> <p>On 4 November 2021, the Company received the Inquiry Letter on Restructuring Plan Information Disclosure of ENN Natural Gas Co., Ltd. (Shang Zheng Gong Han [2021] No. 2850) ("Inquiry Letter"), and on 19 November 2021, disclosed the Announcement of ENN-NG on Reply to the Inquiry Letter on Restructuring Plan Information Disclosure of ENN Natural Gas Co., Ltd. by Shanghai Stock Exchange and other documents.</p> <p>As of the disclosure date of this Announcement, the Company and intermediaries are fully promoting the due diligence, audit and evaluation involved in this Transaction. After the relevant work including audit and evaluation is completed, the Company will hold the meeting of the Board of Directors again to deliberate the matters related to this Transactions, and then the Board of Directors will propose to hold the General Meeting to deliberate the relevant proposals of this Transaction.</p>	<p>For details, please refer to the announcements (Announcement No.: Lin 2021-074, 075, 076, 077, 078, 080, 081, 085, 087, 100 and Lin 2022-008) disclosed by the Company respectively on 21 October, 27 October, 5 November, 12 November, 19 November, 26 November, 25 December 2021 and 19 February 2022.</p>
<p>ENN Energy Trading Co., Ltd., a controlled subsidiary of the Company, intends to purchase 100% of equities by Xinao Technology Industry Company Limited ("Xinao Technology") in Langfang ENN Gaobo Technology Co., Ltd. ("Gaobo Technology" or "Target Company"). The two parties determine that the consideration of this Transaction is RMB61.7684 based on the evaluation through consultation. Xinao Technology, the counterparty, is the enterprise under the control of Mr. Wang Yusuo, the Company's Chairman of the Board of Directors. In accordance with the provisions of Article 10.1.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Xinao Technology is the related corporation of the Company, therefore, this Transaction is a related-party transaction and does not constitute the major asset restructuring.</p> <p>This matter has been deliberated and approved by the 37th meeting of the ninth session of the Board of Directors. The Company is promoting the closing of the underlying assets.</p>	<p>For details, please refer to the announcements (Announcement No.: Lin 2021-084) disclosed by the Company on 18 November 2021.</p>

3. *Matters not disclosed in the interim announcement*

☐ Applicable ✓ N/A

4. *Disclosure of performance achievement during the Reporting Period in case of performance agreements*

☐ Applicable ✓ N/A

(III) **Major related-party transactions involving joint external investments**

1. *Matters that have been disclosed in the interim announcement without progress or changes in the follow-up implementation*

☐ Applicable ✓ N/A

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

☐ Applicable ✓ N/A

3. *Matters not disclosed in the interim announcement*

☐ Applicable ✓ N/A

(IV) **Related claims and debts**

1. *Matters that have been disclosed in the interim announcement without progress or changes in the follow-up implementation*

☐ Applicable ✓ N/A

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

☐ Applicable ✓ N/A

3. *Matters not disclosed in the interim announcement*

☐ Applicable ✓ N/A

(V) **Financial business between the Company and its related financial companies, or between the Company's controlled financial companies and related parties**

☐ Applicable ✓ N/A

(VI) **Others**

☐ Applicable ✓ N/A

XIII. Significant Contracts and Performance Thereof

(I) **Trusteeships, contracting and leases**

1. *Trusteeships*

☐ Applicable ✓ N/A

2. *Contracting*

☐ Applicable ✓ N/A

3. *Leases*

☐ Applicable ✓ N/A

(II) Guarantees

Unit: RMB'0000

The Company's guarantees for external parties (excluding those to subsidiaries)															
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Guarantee amount	Date of occurrence			Guarantee maturity date	Type of guarantee	Collateral (if any)	Fully executed?	Overdue?	Overdue amount	Counter guarantee	Guarantee for a related party?	Associated relationship
				Guarantee amount	(Signing date of agreement)	Guarantee start date									
ENN Natural Gas Co., Ltd.	The Company itself	Chongqing Fuling Energy Industry Group Co., Ltd.	2,324	2020/10/8	2021/3/8	2025/12/31	Joint and several liability guarantee		No	No	No	0	Yes	No	
Xin Ao (China) Gas Investment Limited	Controlled subsidiary	Shijiazhuang Kunlun ENN Gas Co., Ltd.	1,980	2019/9/15	2019/10/15	2031/10/15	Joint and several liability guarantee		No	No	No	0	No	No	
Xin Ao (China) Gas Investment Limited	Controlled subsidiary	Shijiazhuang Kunlun ENN Gas Co., Ltd.	2,000	2019/9/15	2020/4/15	2031/10/15	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	1,047	2012/12/24	2012/12/24	2024/12/23	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/10/14	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/6	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/9	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2013/12/11	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/3/28	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/4/23	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/4/24	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.		2012/12/24	2014/9/19	2025/6/29	Joint and several liability guarantee		No	No	No	0	No	No	

The Company's guarantees for external parties (excluding those to subsidiaries)																
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Date of occurrence			Guarantee amount	Guarantee start date	Guarantee maturity date	Type of guarantee	Collateral (if any)	Fully executed?	Overdue?	Overdue amount	Counter guarantee	Guarantee for a related party?	Associated relationship
			(Signing date of agreement)													
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2014/9/19	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2015/1/28	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2015/4/2	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2015/12/23	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2016/6/30	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2012/12/24	2016/7/27	2025/6/29		Joint and several liability guarantee		No	No	No	0	No	No	No	
Jinhua Xinao Gas Company Limited	Controlled subsidiary	Jinhua City Gaoya Natural Gas Co., Ltd.	2021/6/11	2021/6/17	2022/6/10		Joint and several liability guarantee		No	No	No	0	No	No	No	
Total guarantee amount during the Reporting Period (excluding guarantees for subsidiaries)																3,072
Total guarantee balance at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)																7,351
Guarantees from the Company and its subsidiaries for subsidiaries																
Total amount of guarantees for subsidiaries during the Reporting Period																1,815,654
Total guarantee balance for subsidiaries at the end of the Reporting Period (B)																1,352,958
Total guarantee amount provided by the Company (including guarantees for subsidiaries)																
Total guarantee amount (A+B)																1,360,309
Proportion of total guarantee amount to net assets of the Company (%)																91.71
Among which:																
Amount of guarantee for shareholders, de facto controller and their related parties (C)																31,933

Amount of debt guarantee granted for guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)	844,729
Amount of total guarantee in excess of 50% of net assets (E)	336,252
Total amount of the above three guarantees (C+D+E)	1,212,914
Explanation on outstanding guarantees for which the Company may assume joint and several liability	/
Explanations on guarantees	<p>1. The guarantee balance of a subsidiary during the Reporting Period equals to the product of the total amount of the guarantees provided by the subsidiary in favor of external parties and the Company's shareholding ratio in such subsidiary.</p> <p>2. Guarantees from subsidiaries for subsidiaries during the Reporting Period had a balance of RMB5,929,470,000. Specifically:</p> <p>(1) Xin Ao (China) Gas Investment Limited granted guarantees of up to RMB2,603,730,000 in total for 15 subsidiaries including ENN Energy Trading Co., Ltd.</p> <p>(2) for Sinopec Zhejiang Xin'ao (Zhoushan) Gas Co., Ltd.</p> <p>(3) Changzhou Xin'ao Gas Development Co., Ltd. granted a guarantee of up to RMB30 million in total for Changzhou Xin'ao Gas Engineering Co., Ltd.</p> <p>(4) Changzhou Xin'ao Gas Engineering Co., Ltd. granted twelve guarantees of up to RMB360 million in total for Changzhou Xin'ao Gas Development Co., Ltd.</p> <p>(5) Shijiazhuang Xin'ao Gas Company Limited granted a guarantee of up to RMB100 million in total for Shijiazhuang Luquan Xin'ao Gas Co., Ltd.</p> <p>(6) ENN Energy Holdings Limited granted two guarantees of up to RMB1,515,480,000 in total for ENN LNG Trading Company Limited.</p> <p>(7) Changsha Xin'ao Gas Development Co., Ltd. granted three guarantees of up to RMB250 million in total for Changsha ENN Gas Co., Ltd.</p> <p>(8) Changsha ENN Gas Co., Ltd. granted three guarantees of up to RMB450 million in total for Changsha Xin'ao Gas Development Co., Ltd.</p> <p>(9) Changsha ENN Changran Energy Development Co., Ltd. granted two guarantees of up to RMB30.98 million in total for Changsha Xin'ao Xiangjiang New Energy Development Co., Ltd.</p> <p>(10) Xinneng (Hong Kong) Energy Investment Limited granted three guarantees of up to RMB289.44 million in total for ENN (Singapore) Trading Co., Ltd.</p> <p>3. Debt guarantees directly granted for guaranteed parties with a respective asset-liability ratio of more than 70% during the Reporting Period had a balance of RMB10,019,280,000. Specifically:</p> <p>(1) ENN Clean Energy International Investment Limited, an overseas wholly-owned subsidiary of the Company, issued senior unsecured fixed interest bonds of USD800 million (equivalent to RMB5,100,560,000) on 12 May 2021, for which the Company has provided a cross-border joint and several liability guarantee. The guarantee has been deliberated and approved at the 16th meeting of the ninth Board of Directors on 21 July 2020 and the second extraordinary general meeting of shareholders in 2020 on 7 August 2020.</p> <p>(2) The Company granted a guarantee for Xinneng (Tianjin) Energy Co., Ltd. with respect to the latter's bank acceptance bill of RMB141.52 million.</p> <p>(3) The Company granted three guarantees of RMB1,912,710,000 in total for its wholly-owned subsidiary ENN (Singapore) Trading Co., Ltd.</p> <p>(4) The Company granted a guarantee of RMB100 million in total for Xinneng Mining Industry Co., Ltd.</p>

	<p>(5) The Company and Xin Ao (China) Gas Investment Limited granted guarantees respectively for ENN Xinmeng (Zhejiang) Energy Trading Co., Ltd. with respect to the latter's customhouse bonds insurance of RMB772 million.</p> <p>(6) Xin Ao (China) Gas Investment Limited granted four guarantees of up to RMB174,680,000 in total for Daqing High Tech Boyuan Thermal Power Co., Ltd..</p> <p>(7) Xin Ao (China) Gas Investment Limited granted two guarantees of up to RMB85 million in total for Rongcheng Xin'ao Gas Co., Ltd..</p> <p>(8) Xin Ao (China) Gas Investment Limited granted a guarantee of up to RMB300 million in total for ENN Energy Trading Co., Ltd., Zhoushan ENN Energy Trading Co., Ltd., ENN Financing Lease Co., Ltd. and ENN Finance Co., Ltd..</p> <p>(9) Xin Ao (China) Gas Investment Limited granted a guarantee of RMB592.5 million in total for Langfang Xin'ao Fuel Gas Development Co., Ltd..</p> <p>(10) Xin Ao (China) Gas Investment Limited granted six guarantees of up to RMB73.62 million in total for Yangpu Xin'ao Energy Development Co., Ltd..</p> <p>(11) Changsha ENN Gas Co., Ltd. granted three guarantees of up to RMB450 million in total for Changsha Xin'ao Gas Development Co., Ltd..</p> <p>(12) Shijiazhuang Xin'ao Gas Company Limited granted a guarantee of up to RMB100 million in total for Shijiazhuang Luquan Xin'ao Gas Co., Ltd..</p> <p>(13) Xin Ao (China) Gas Investment Limited granted a guarantee of up to RMB90 million in total for Xinxiang Xin'ao Gas Co., Ltd..</p> <p>(14) Changzhou Xin'ao Gas Engineering Co., Ltd. granted four guarantees of up to RMB96.69 million in total for Changzhou Xin'ao Gas Development Co., Ltd..</p> <p>(15) Changzhou Xin'ao Gas Development Co., Ltd. granted a guarantee of up to RMB30 million in total for Changzhou Xin'ao Gas Engineering Co., Ltd..</p>
	<p>4. Jinhua Xin'ao Gas Company Limited, a subsidiary of the Company, granted two guarantees of up to RMB10.47 million in total for Jinhua City Gaoya Natural Gas Co., Ltd. during the Reporting Period.</p>
	<p>5. Xin Ao (China) Gas Investment Limited, a subsidiary of the Company, granted a guarantee of up to RMB39.8 million in total for Shijiazhuang Kunlun ENN Gas Co., Ltd. during the Reporting Period.</p>
	<p>6. During the Reporting Period, the Company granted a counter guarantee of joint and several liability with an amount of RMB23.24 million for Chongqing Longran Energy Technology Co., Ltd., an enterprise invested by the Company, in favor of Chongqing Fuling Energy Industry Group Co., Ltd. The counter guarantee has been deliberated and approved at the 17th meeting of the ninth Board of Directors held on 28 August 2020 and the third extraordinary general meeting of shareholders held on 29 September 2020.</p>

(III) Entrusted cash asset management

1. Entrusted wealth management

(1) Overall situation of entrusted wealth management

Unit: RMB'0000

Type	Source of funds	Amount of entrusted funds	Undue amount	Overdue amount
Bank wealth management products	Self-owned fund	103,510	15,510	
Monetary fund	Self-owned fund	124,000		
Income voucher	Self-owned fund	10,000		
Asset management plan	Self-owned fund	22,000		
	Total	259,510	15,510	

Other information

The Company held the 22nd meeting of the ninth Board of Directors on December 16, 2020, approving through deliberation the Proposal on the Estimated Quota of Entrusted Wealth Management in 2021, whereby the Company and its subsidiaries are allowed to use temporarily idle self-owned funds with a balance of up to RMB3.4 billion of a single day for the entrusted wealth management provided that such use shall be subject to fund safety without prejudice to the normal operating fund demand. For details, please refer to the Announcement of ENN Natural Gas Co., Ltd. on Estimated Quota of Entrusted Wealth Management in 2021 (Announcement No.: Lin 2020-096) published on the website of the Shanghai Stock Exchange on the same day. During the Reporting Period, the Company used the self-owned funds for entrusted wealth management in a compliant manner within the scope of the aforesaid resolutions of the Board of Directors, improving the efficiency of fund use.

(2) Single entrusted wealth management

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

(3) Provision for impairment of entrusted wealth management

☐ Applicable ☒ N/A

2. Entrusted loans

(1) General situation of entrusted loans

Unit: RMB'0000

Type	Source of funds	Amount of entrusted loans	Undue amount	Overdue amount
Short-term entrusted loan	Self-owned fund	8,104	1,761	
Medium-and-long-term entrusted loan	Self-owned fund		598	
	Total	8,104	2,359	

Other information

☐ Applicable ☒ N/A

(2) Single entrusted loan

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

(3) Provision for impairment of entrusted loans

Unit: RMB'0000

Type	Book balance	Provision for bad debt
Short-term entrusted loan	1,761	58
Medium-and-long-term entrusted loan	598	16
Total	2,359	74

3. Other information

☐ Applicable ☒ N/A

(IV) Other material contracts

☐ Applicable ☒ N/A

XIV. Other explanations on major matters significantly affecting the investors' value judgment and investment decisions

☐ Applicable ☒ N/A



Changes in Ordinary Shares and Shareholders

I. Changes in Ordinary Shares

(I) Table of changes in ordinary shares

1. Table of changes in ordinary shares

Unit: share

	Before change		Increase or decrease (+ or -)					After change	
	Number of shares	Proportion (%)	New shares issued	Bonus shares	Capitalization of capital reserves	Others	Subtotal	Number of shares	Proportion (%)
I. Non-tradable shares	1,370,626,680	52.72	+245,871,156			-202,943,972	+42,927,184	1,413,553,864	49.67
1. Shares by the State									
2. Shares held by the State-owned corporations									
3. Other shares held by other domestic investors			+172,643,116			-129,715,932	+42,927,184	42,927,184	1.51
Including: Domestic non-state-owned corporations			+172,643,116			-148,056,000	+24,587,116	24,587,116	0.86
Shares held by domestic natural persons						+18,340,068	+18,340,068	18,340,068	0.65
4. Shares held by foreign investors	1,370,626,680	52.72	+73,228,040			-73,228,040	0	1,370,626,680	48.16
Including: Shares held by overseas corporations	1,370,626,680	52.72	+73,228,040			-73,228,040	0	1,370,626,680	48.16
Shares held by overseas natural persons									
II. Tradable shares	1,229,355,783	47.28				+202,943,972	+202,943,972	1,432,299,755	50.33
1. RMB ordinary shares	1,229,355,783	47.28				+202,943,972	+202,943,972	1,432,299,755	50.33
2. Domestic-listed foreign shares									
3. Overseas-listed foreign shares									
4. Others									
III. Total ordinary shares	2,599,982,463	100.00	+245,871,156			0	+245,871,156	2,845,853,619	100.00

2. Reason for changes in ordinary shares

(1) Completion of the non-public issue of shares to raise supporting funds in February 2021

The Company completed the registration formalities with China Securities Depository and Clearing Corporation Limited Shanghai Branch for the additional shares that it privately issued to 18 specific investors including ENN Holdings to raise supporting funds on 1 February 2021. After the completion of this issue, the Company's non-tradable outstanding shares newly increased by 245,871,156 shares and, accordingly, the non-tradable outstanding shares increased from 1,370,626,680 shares to 1,616,497,836 shares, the tradable outstanding shares remain unchanged, i.e., 1,229,355,783 shares, and the Company's number of total shares increased from 2,599,982,463 shares to 2,845,853,619 shares.

(2) The first grant registration for restricted stock incentive plan was completed

17,210,000 repurchased shares were first granted under 2021 restricted stock incentive plan to be changed to non-tradable outstanding shares, and the registration of the first grant was completed on 16 June 2021. After the completion of registration of first grant, the Company's non-tradable outstanding shares increased from 1,616,497,836 shares to 1,633,707,836 shares, the tradable outstanding shares decreased from 1,229,355,783 shares to 1,212,145,783 shares, and the Company's number of total shares remain unchanged, i.e., 2,845,853,619 shares.

(3) Some of the restricted shares in the non-public issue for raising supporting funds were circulated in August 2021

The non-tradable shares held by 17 investors other than ENN Holdings, among 18 specific investors who participated in the Company's non-public issue of

shares to raise supporting funds in February 2021, were released and circulated on 2 August 2021. The number of non-tradable shares listed for circulation this time was 221,284,040 shares and, accordingly, the Company's non-tradable outstanding decreased from 1,633,707,836 shares to 1,412,423,796 shares, the tradable outstanding shares increased from 1,212,145,783 shares to 1,433,429,823 shares, and the Company's total shares remain unchanged, i.e., 2,845,853,619 shares.

(4) The reserve grant registration for restricted stock incentive plan was completed

1,130,068 repurchased shares were granted as reserves under 2021 restricted stock incentive plan to be changed to non-tradable outstanding shares, and the registration of the reserve grant was completed on 3 December 2021. After completion of registration of restricted stocks granted as reserves, the Company's non-tradable outstanding shares increased from 1,412,423,796 shares to 1,413,553,864 shares, the tradable outstanding shares decreased from 1,433,429,823 shares to 1,432,299,755 shares, and the Company's total shares remain unchanged, i.e., 2,845,853,619 shares.

3. Effects of the changes in ordinary shares on the earnings per share, net assets per share and other financial indicators of the most recent year and the most recent Reporting Period (if any)

For details, please refer to the "Key Accounting Date and Financial Indicators in the Past Three Years" under the "Section II Company Profile and Key Financial Indicators".

4. Other contents that the Company considers necessary, or are required by the securities regulatory authorities, to be disclosed

☐ Applicable ☒ N/A

(II) Changes in non-tradable shares

Unit: share

Name of shareholder	Number of non-tradable shares at the beginning of the period	Number of non-tradable shares released in the year	Number of non-tradable shares increased in the year	Number of non-tradable shares at the end of the year	Reasons for restriction	Date of release of non-tradable shares
JPMorgan Chase Bank, National Association	0	14,400,000	14,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
GF Fund Management Co., Ltd.	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
China International Capital Corporation Hong Kong Asset Management Limited	0	9,216,000	9,216,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Hebei Zhongjicai Industrial Upgrading Equity Investment Fund Partnership (Limited Partnership)	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Huatai Securities Co., Ltd.	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Shandong Energy Group Chuangyuan Investment Co., Ltd.	0	8,000,000	8,000,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
FullGoal Fund Management Co., Ltd.	0	10,800,000	10,800,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Huaneng Guicheng Trust Co., Ltd.	0	9,600,000	9,600,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Caitong Fund Management Co., Ltd.	0	9,544,000	9,544,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
UBS AG	0	16,160,000	16,160,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021

Name of shareholder	Number of non-tradable shares at the beginning of the period	Number of non-tradable shares released in the year	Number of non-tradable shares increased in the year	Number of non-tradable shares at the end of the year	Reasons for restriction	Date of release of non-tradable shares
Horizon Asset Management Co., Ltd.	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Harvest Fund Management Co., Ltd.	0	65,312,000	65,312,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Hangzhou Jintou Shenglan Equity Investment Partnership (L.P.)	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
E Fund Management Co., Ltd.	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Zhuhai Jinteng Equity Investment Fund Partnership (L.P.)	0	6,400,000	6,400,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Morgan Stanley & Co. International PLC	0	8,804,000	8,804,000	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
Merrill Lynch International	0	24,648,040	24,648,040	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 6 months	2 August 2021
ENN Holdings	0	0	24,587,116	24,587,116	Non-public issue of shares to raise supporting funds, with the lock-up period of 18 months	1 August 2022
Grantees of 2021 Restricted Stock Incentive Plan	0	0	18,340,068	18,340,068	Lock-up for equity incentive	Note 2
Total	0	0	264,211,224	42,927,184	/	/

Note 1: (1) The subscribed subjects or product names of Harvest Fund Management Co., Ltd. include: 13 public offerings, social security and pension products such as Basic Pension Insurance Fund 807 Portfolio; Harvest Fund China Post Financial Research-driven No. 1 Collective Asset Management Plan; Harvest Ruisi No. 9 Asset Management Plan.

(2) The subscribed subjects or product names of FullGoal Fund Management Co., Ltd. include: 9 public offering products such as FullGoal Urban Development Equity Securities Investment Fund, FullGoal Fund – Essence Securities Asset Management Plan, FullGoal Fund Western Securities Dingzeng Selected Assets Single Asset Management Plan.

(3) The subscribed subjects or product names of Caitong Fund Management Co., Ltd. include: Caitong Fund Tianhe Zunxiang Customized No. 1 Single Asset Management Plan, Caitong Fund Tianxi Dingzeng Tianhe Selected No. 1 Single Asset Management Plan, Caitong Fund Yuquan No. 908 Single Asset Management Plan, Caitong Fund Tianxi Dingzeng No. 66 Single Asset Management Plan, Caitong Fund Kaisheng Nixingzhe No. 1 Single Asset Management Plan, Caitong Fund Caihua No. 3 Single Asset Management Plan, Caitong Fund Anji No. 102 Single Asset Management Plan, Caitong

Fund Shaoxia No. 1 Single Asset Management Plan, Caitong Fund Caida fixed Dingzeng No. 1 Single Asset Management Plan, Caitong Fund Anji No. 123 Single Asset Management Plan.

(4) The subscribed subjects or product names of GF Fund Management Co., Ltd. include: 3 public offering products such as GF Shanghai-Hong Kong-Shenzhen New Start Equity Securities Investment Fund, GF Fund Wenrong No. 1 Collective Asset Management Plan, and GF Fund Fuying No. 1 Single Asset Management Plan.

(5) The subscribed subjects or product names of Horizon Asset Management Co., Ltd. include: Horizon Fund Huixin No. 55 Single Asset Management Plan.

(6) The subscribed subjects or product names of E Fund Management Co., Ltd. include: 2 public offering including E Fund Ruixiang Flexible Allocation Hybrid Securities Investment Fund.

Note 2: The restricted stocks granted under the 2021 stock incentive plan shall be released in batches in accordance with the relevant provisions of the 2021 Restricted Stock Incentive Plan (Draft) of ENN Natural Gas Co., Ltd..

II. Issuance and Listing of Securities

(I) Issuance of securities during the Reporting Period

Unit: Share Currency: RMB

Type of shares and derivatives	Issue date	Issue price (or interest rate)	Number of issued shares	Listing date	Number of shares listed	Transaction termination date
Type of ordinary shares						
A-share	1 February 2021	RMB12.5 per share	245,871,156	For details, please refer to "Explanation on issue of securities during the Reporting Period"	245,871,156	—

Explanations on the issue of securities during the Reporting Period (for bonds with different interest rates within the duration, please explain separately):

The Company completed the registration formalities with China Securities Depository and Clearing Corporation Limited Shanghai Branch for the additional shares that it privately issued to 18 specific investors including ENN Holdings to raise supporting funds on 1 February 2021. After the completion of this issue, the Company's non-tradable outstanding shares newly increased by 245,871,156 shares and, accordingly, the non-tradable outstanding shares increased from 1,370,626,680 shares to 1,616,497,836 shares, the tradable outstanding shares remain unchanged, i.e., 1,229,355,783 shares, and the Company's number of total shares increased from 2,599,982,463 shares to 2,845,853,619 shares.

The non-tradable shares held by 17 investors other than ENN Holdings, among 18 specific investors who participated in the Company's non-public issue of shares to raise supporting funds this time, were released and circulated on 2 August 2021. The number of non-tradable shares listed for circulation this time was 221,284,040 shares and, accordingly, the Company's non-tradable outstanding decreased from 1,633,707,836 shares to 1,412,423,796 shares, the tradable outstanding shares increased from 1,212,145,783 shares to 1,433,429,823 shares, and the Company's total shares remain unchanged, i.e., 2,845,853,619 shares. 24,587,116 shares held by ENN Holdings will be released and listed for circulation on 1 August 2022.

(II) Changes in total number of ordinary shares, shareholder structure and the assets and liabilities structure of the Company

The Company completed the registration formalities with China Securities Depository and Clearing Corporation Limited Shanghai Branch for the additional shares that it privately issued to 18 specific investors including ENN Holdings to raise supporting funds on 1 February 2021. After the completion of this issue, the Company's non-tradable outstanding shares newly increased by 245,871,156 shares and, accordingly, the non-tradable outstanding shares increased from 1,370,626,680 shares to 1,616,497,836 shares, the tradable outstanding shares remain unchanged, i.e., 1,229,355,783 shares, and the Company's number of total shares increased from 2,599,982,463 to 2,845,853,619. The non-tradable shares held by 17 investors other than ENN Holdings, among 18 specific investors who participated in the Company's non-

public issue of shares to raise supporting funds this time, were released and circulated on 2 August 2021. After this circulation, the Company's non-tradable outstanding shares decreased from 1,633,707,836 shares to 1,412,423,796 shares, the tradable outstanding shares increased from 1,212,145,783 shares to 1,433,429,823 shares, and the Company's number of total shares remains unchanged, i.e., 2,845,853,619 shares.

The proceeds obtained from the aforesaid issue total to RMB3,073,389,450.00, with the actual net proceeds to be RMB3,028,359,905.14 after deducting the issue expenses of RMB45,029,544.86 (excluding tax). An amount of RMB245,871,156.00 of such proceeds was used by the Company for capitalization, and the rest thereof was used as premiums to increase the Company's capital reserve upon deduction of the issue expenses, resulting in an addition of RMB3,028,359,905.14 to the net assets of the Company.

(III) Existing shares held by internal employees of the Company

☐ Applicable ☒ N/A

III. Shareholders and Actual Controller

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period (household)	32,776
Total number of ordinary shareholders at the end of last month before the disclosure date of the Annual Report (household)	30,799
Total number of preferred shareholders with voting rights restored at the end of the Reporting Period (household)	0
Total number of preferred shareholders with voting rights restored as of the end of last month before the disclosure date of the Annual Report (household)	0

(II) Shares held by top 10 shareholder and top 10 holders of tradable shares as of the end of the Reporting Period

Unit: share

Shares held by top 10 shareholders							
Name of shareholder (full name)	Increase or decrease of shares during the Reporting Period	Number of shares held at the end of the Reporting Period	Proportion (%)	Pledged or frozen shares			
				Number of non-tradable shares held	Status of shares	Number of shares	Shareholder nature
ENN Group International Investment Limited	0	1,370,626,680	48.16	1,370,626,680	None	0	Overseas corporation
ENN Investment Holdings Co., Ltd.	24,587,116	430,737,451	15.14	24,587,116	Pledged	225,240,000	Domestic non-state-owned corporation
Hong Kong Securities Clearing Company Limited	54,292,706	134,715,737	4.73	0	None	0	Others
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	-12,300,000	106,900,820	3.76	0	None	0	Domestic non-state-owned corporation
Langfang Heyuan Investment Center (LLP)	0	98,360,656	3.46	0	Pledged	67,300,000	Domestic non-state-owned corporation
Hebei Weiyuan Group Co., Ltd.	0	89,004,283	3.13	0	Pledged	61,200,000	Domestic non-state-owned corporation
National Social Security Fund 106 Portfolio	-	33,908,800	1.19	0	None	0	Others
Bank of China Limited – Guotai Jiangyuan Advantage Selection and Flexible Allocation Hybrid Securities Investment Fund	-	20,000,056	0.7	0	None	0	Others
Legend Holdings Corporation	-6,942,630	17,647,534	0.62	0	None	0	Domestic non-state-owned corporation
Huaneng Guicheng Trust Co., Ltd.	-	14,833,214	0.52	0	None	0	Domestic non-state-owned corporation

Shares held by top 10 holders of tradable shares				
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Category and number of shares		
		Category	Number	
ENN Investment Holdings Co., Ltd.	406,150,335	RMB ordinary shares	406,150,335	
Hong Kong Securities Clearing Company Limited	134,715,737	RMB ordinary shares	134,715,737	
Hongchuang (Shenzhen) Investment Center (Limited Partnership)	106,900,820	RMB ordinary shares	106,900,820	
Langfang Heyuan Investment Center (LLP)	98,360,656	RMB ordinary shares	98,360,656	
Hebei Weiyuan Group Co., Ltd.	89,004,283	RMB ordinary shares	89,004,283	
National Social Security Fund 106 Portfolio	33,908,800	RMB ordinary shares	33,908,800	
Bank of China Limited – Guotai Jiangyuan Advantage Selection and Flexible Allocation Hybrid Securities Investment Fund	20,000,056	RMB ordinary shares	20,000,056	
Legend Holdings Corporation	17,647,534	RMB ordinary shares	17,647,534	
Huaneng Guicheng Trust Co., Ltd.	14,833,214	RMB ordinary shares	14,833,214	
China CITIC Securities Co., Ltd. – Social Security Fund 1106 Portfolio	14,810,557	RMB ordinary shares	14,810,557	
Explanation on special repurchased shareholders among top 10 shareholders	None			
Explain the entrusting voting right, entrusted voting right and waiver of voting right of the shareholders above	None			
Explain any associated relationship or persons acting in concert between the aforesaid shareholders	<p>1. ENN Group International Investment Limited, ENN Investment Holdings Co., Ltd., Langfang Heyuan Investment Center (LLP), and Hebei Weiyuan Group Co., Ltd. are controlled by Mr. Wang Yusuo, the actual controller of the Company.</p> <p>2. Wang Yusuo and ZHAO Baoju (the husband and wife relationship) signed the Share Escrow Agreement in respect of ENN Group International Investment Limited with ENN Holdings on 30 November 2018, under which Mr. Wang Yusuo and Ms. ZHAO Baoju respectively entrusted all shares held by them in ENN International (including the rights and interests corresponding to such shares) to ENN Holdings for management, and the term continues on 31 December 2040.</p> <p>3. The Company is not aware of whether there is an associated relationship between others shareholders and whether they are acting in concert.</p>			
Explanations on the preferred shareholders with voting rights restored and the number of their shares	None			

Number of shares held by the top 10 holders of non-tradable shares and restricted conditions.

Unit: share

Tradable conditions of non-tradable shares					
No.	Holder of non-tradable shares	Number of non-tradable shares held	Tradable date	Number of increased tradable shares	Restricted conditions
1	ENN Group International Investment Limited	1,370,626,680	18 September 2023	0	Non-public issue of shares for asset purchase, with the lock-up period of 36 months
2	ENN Investment Holdings Co., Ltd.	24,587,116	1 August 2022	0	Non-public issue of shares to raise supporting funds, with the lock-up period of 18 months
3	Han Jishen	1,400,000	Note 1	0	Share incentive
4	Yu Jianchao	1,400,000	Note 1	0	Share incentive
5	Zheng Hongtao	1,000,000	Note 1	0	Share incentive
6	Jiang Chenghong	910,068	Note 1	0	Share incentive
7	Wang Dongzhi	800,000	Note 1	0	Share incentive
8	Zhang Jin	600,000	Note 1	0	Share incentive
9	Zhang Xiaoyang	600,000	Note 1	0	Share incentive
10	Zheng Wenping	600,000	Note 1	0	Share incentive
Explain any associated relationship or persons acting in concert between the aforesaid shareholders		1. ENN Group International Investment Limited and ENN Investment Holdings Co., Ltd. are controlled by Mr. Wang Yusuo, the actual controller of the Company.			

Note 1: The restricted stocks granted under the 2021 stock incentive plan implemented shall be released in batches in accordance with the relevant provisions of the 2021 Restricted Stock Incentive Plan (Draft) of ENN Natural Gas Co., Ltd.

(III) Strategic investor or general corporations that become the top 10 shareholders as result of allotment of new shares

☐ Applicable ☒ N/A

IV. Information on Controlling Shareholder and Actual Controller

(I) Controlling shareholder

1 Corporation

Name	ENN Group International Investment Limited
Principal or legal representative	Wang Yusuo and Zhao Baoju
Date of establishment	18 July, 2000
Main business	Investments and holdings
Shares held in other domestic or foreign-listed controlled or participating companies during the Reporting Period	1. hold a total of 207,617,857 shares in Santos Limited (listed on the Australian Securities Exchange, stock code: STO.AX), representing 6.13% of shares
Other information	None

2 Natural person

☐ Applicable ☒ N/A

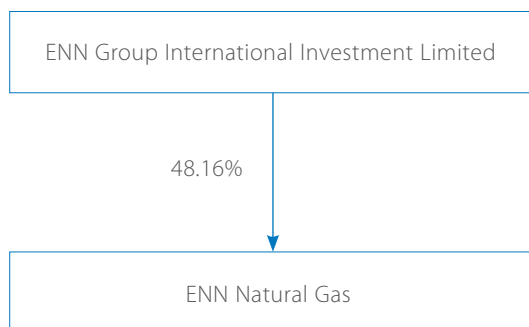
3 Special explanation if the Company does not have a controlling shareholder

☐ Applicable ☒ N/A

4 Explanations on changes in the controlling shareholder during the Reporting Period

☐ Applicable ☒ N/A

5 Block diagram for the ownership and controlling relationship between the Company and the controlling shareholder



(II) Actual controller

1 Corporation

☐ Applicable ☒ N/A

2 Natural person

Name	Wang Yusuo
Nationality	China
Whether or not have right of residence in any other country or region	No
Main occupations and posts	Chairman of the Board of Directors of ENN Group and the Board Chairman of ENN Natural Gas
Domestic and foreign-listed companies controlled by the actual controller in the past 10 years	1. ENN Energy Supply Chain Co. Ltd., Tianjin Yienrui Investment Center (Limited Partnership), Suqian New Yidehui Investment Management Center (Limited Partnership), Xinao Capital Management Co., Ltd., ENN Investment Holdings Co., Ltd. and ENN Xinzhi controlled by Mr. Wang Yusuo hold 53.24% of shares in ENC (603869.SH); 2. ENN Investment Holdings Co., Ltd. controlled by Mr. Wang Yusuo indirectly holds 26.41% of shares in Tibet Tourism (600749.SH).

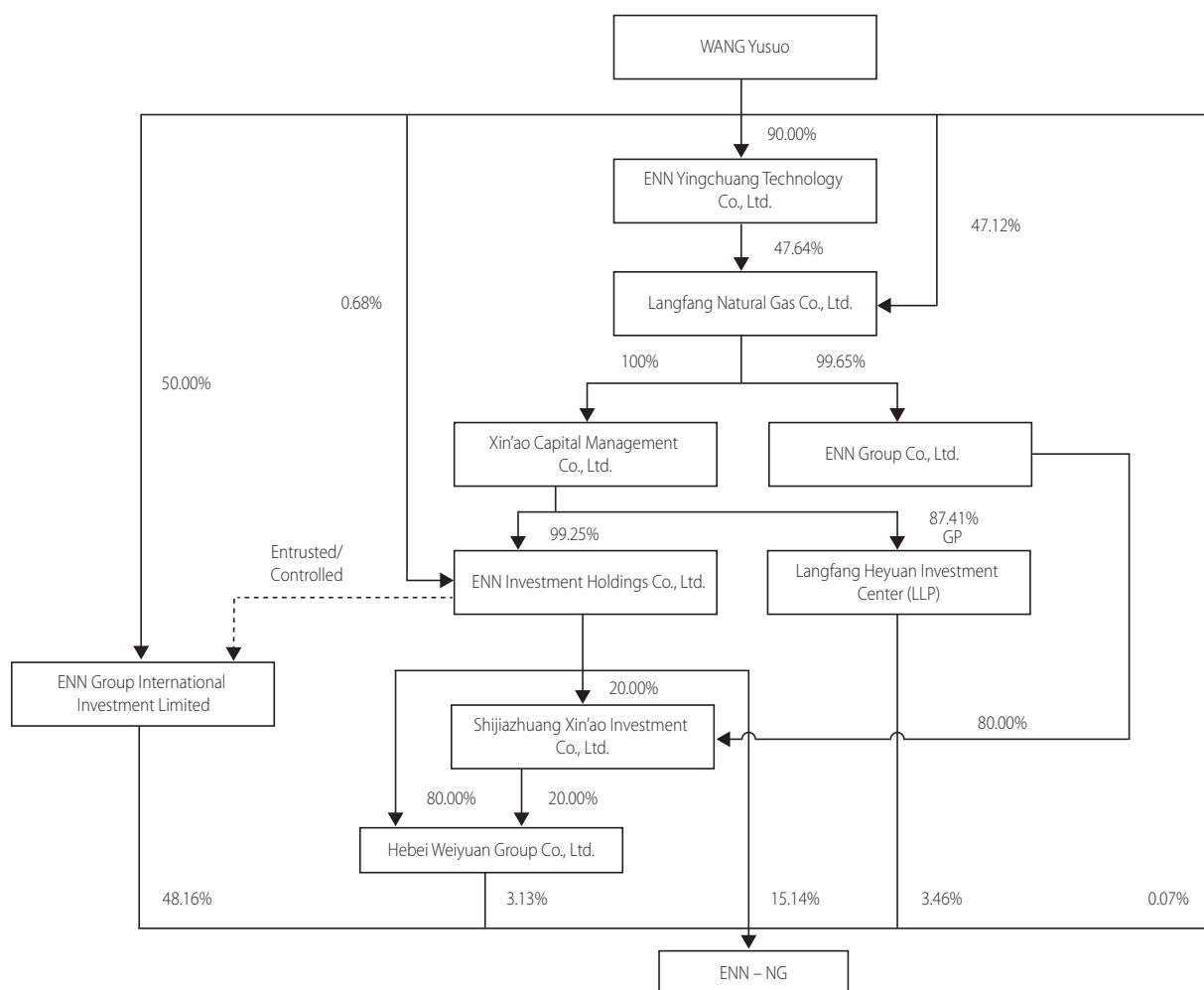
3 Special explanation if the Company does not have the actual controller

☐ Applicable ☒ N/A

4 Explanations on changes in actual controller during the Reporting Period

☐ Applicable ☒ N/A

5 Block diagram for the ownership and controlling relationship between the Company and the actual controller



6 The actual controller controlled the Company by trust or other asset management methods

☐ Applicable ☒ N/A

V. The Company's controlling shareholder or top 1 shareholder and its person acting in concert pledged more than 80 percent of the Company's shares held by them

☐ Applicable ☒ N/A

(III) Other information on the controlling shareholder and actual controller

☐ Applicable ☒ N/A

VI. Other Corporate Shareholders Holding More Than 10% of Shares

Unit: Yuan Currency: RMB

Name of corporate shareholder	Principal or legal representative	Date of establishment	Organization code	Registered capital	Main business or management activities
ENN Investment Holdings Co., Ltd.	Wang Yusuo	13 January 2000	91131001721660105E	RMB8 billion	Investment in urban infrastructure construction, energy development, municipal engineering construction, tourism, catering, electronic machinery manufacturing, chemicals, building materials manufacturing and other industries, information technology consulting services; sales of engineering equipment, engineering materials, chemical equipment, environmental protection equipment, steel, wire and cable, instrument and apparatus, electronic products, electrical equipment, lighting appliances, building materials, hardware materials, decoration materials, pipe fittings, doors and windows, office equipment, fuel oil, lubricants, diesel, chemical raw materials and products (other than dangerous chemicals and flammable and explosive chemicals). (For projects subject to any approval in accordance with laws, business activities may be carried out only after such approval of relevant authorities has been obtained)
Explanations	As of 31 December 2021, ENN Holdings directly held 430,737,451 shares in ENN Natural Gas, representing 15.14% of shares.				

VII. Restrictions on Shareholding Reduction

☐ Applicable ☒ N/A

VIII. Specific Implementation of Share Repurchases During the Reporting Period

☐ Applicable ☒ N/A



Preference Shares Related Situation

☐ Applicable ☒ N/A



Bond Related Situation

I. Enterprise Bonds, Corporate Bonds and Non-financial Corporate Debt Financing Instruments

☐ Applicable ☒ N/A

II. Convertible Corporate Bonds

☐ Applicable ☒ N/A

(I) Issue of convertible bonds

☐ Applicable ☒ N/A

(II) Information on the holders and guarantors of convertible bonds during the Reporting Period

☐ Applicable ☒ N/A

(III) Changes in convertible bonds during the Reporting Period

☐ Applicable ☒ N/A

Information on accumulative converted shares during the Reporting Period

☐ Applicable ☒ N/A

(IV) Historic adjustment of conversion price

☐ Applicable ☒ N/A

(V) The Company' liabilities, changes in credit and cash arrangements for debt repayment in future years

☐ Applicable ☒ N/A

(VI) Other explanations on convertible bonds

☐ Applicable ☒ N/A

A large, intricate geometric pattern resembling a stylized flower or mandala, composed of various shades of blue and white, centered on the page. The pattern consists of overlapping petal-like shapes, some of which are filled with fine, concentric lines. The overall color palette is light blue and white.

10

Financial Report

I. Audit Report

Audit Report

Zhongxi Financial Auditing No.2022S00142

All shareholders of ENN Natural Gas Co., Ltd.:

1. Auditing Opinions

We have audited the financial statements of ENN Natural Gas Co., Ltd. (hereinafter referred to as "ENN-NG"), including the consolidated and parent company balance sheet as at December 31, 2021, the consolidated and parent company profit statement, the consolidated and parent company cash flow statement, the consolidated and parent company's statement of changes in shareholders' equity and notes to the relevant financial statements.

We believe that the attached financial statements are prepared in accordance with the provisions of Accounting Standards for Business Enterprises in all material respects, and fairly reflect the consolidated and parent company financial position ENN-NG as at December 31, 2021 and the consolidated and parent company operating results and cash flow for 2021.

2. Basis for Forming Audit Opinions

We carried out the audit in accordance with the auditing standards of Chinese Certified Public Accountants (CPA). The "CPA's responsibility for Audit of Financial Statements" part of the audit report further elaborates our responsibilities under these guidelines. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the ENN Shares and have performed other responsibilities in respect of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate and provides the basis for the presentation of audit opinions.

3. Key Audit Matters

The key audit matters are those matters which, according to our professional judgment, are considered to be most important for the audit of the current financial statements. The response to these matters is based on the audit of the financial statements as a whole and the formation of audit opinions. We do not comment on these matters separately.

I. Audit Report (Continued)

3. Key Audit Matters (Continued)

Revenue recognition

1. Description of Events

The operating revenue of ENN-NG shares in 2021 was total RMB116.031 billion, as shown in Note V, 57, 58 of financial statements for details. The revenue of ENN-NG mainly comes from natural gas retail, natural gas wholesale, natural gas direct selling, engineering construction and installation, comprehensive energy sales and services, value-added business, coal, energy chemical industry, chemical trade, etc. Since the operating income is one of the key performance indicators of ENN Shares, there is an inherent risk that the management layer will operate the income determination point in order to reach the specific target, so we identify the income determination of ENN Shares as a key audit matter.

2. Audit Response

In view of this key audit matter, our audit procedures mainly include:

- (1) We understand and evaluate the design of internal control in the sales process by the management layer of the ENN and test the effectiveness of the implementation of key controls.
- (2) We verify the key contract terms and performance obligations related to income determination through sampling inspection of sales contracts and interviews with management, in order to determine whether the income determination policy conforms to the requirements of accounting standards of enterprises and is consistently implemented;
- (3) We compare the gross profit rate of ENN shares with the gross profit rate in the same period of last year and with the gross profit in the same industry, and analyze whether the trend of gross profit rate change is normal;
- (4) To select samples according to the schedule of income; check the supporting documents related to the confirmation of business income, including contracts, orders, sales invoices, notice of payment of meter-reading, statement of account settlement, customer acceptance, completion report, etc.; and check the accuracy of the calculation of project income confirmed according to the progress of performance;
- (5) To check the authenticity of the income by selecting some of the clients in the reporting period for correspondence or client visits;
- (6) To check the timeliness and completeness of the cost-carrying related to income determination;
- (7) A cut-off test has been carried out to judge whether sales income has been confirmed within the appropriate period by checking the sales income confirmed before and after the balance sheet date to supporting documents such as the customer's receipt orders.

I. Audit Report (Continued)

4. Other information

The company's management layer is responsible for other information. Other information includes information covered in the 2021 annual report, but does not include financial statements and our audit reports.

Our audit opinions on financial statements do not cover other information, nor do we issue any form of authentication conclusions on other information.

Combined with our audit of the financial statements, our responsibility is to read other information. In the process, we should consider whether other information is materially inconsistent or appears to be materially misstated with the financial statements or with what we learned during the audit.

Based on the work we have done, if we are certain that other information is materially misstated, we should report that fact. In this regard, we have nothing to report.

5. Responsibilities of Management and Governance to Financial Statements

It is the responsibility of the ENN Share Management to prepare the financial statements according to the Accounting Standards for Enterprises so that they can realize fairly reflection and the design, implement and maintain of necessary internal controls can be realized. There will be no material misstatements in the financial statements due to fraud or errors.

In preparing the financial statements, the management layer is responsible for assessing the continuing operating capacity of the ENN Shares; disclosing matters relating to the continuing operation (where applicable) and applying the continuing operating assumptions unless the management layer plans to liquidate the ENN Shares, terminate the operation or there is no other realistic option.

The management layer is responsible for supervising the financial reporting process of ENN shares.

6. Responsibility of Certified Public Accountants for the Audit of Financial Statements

Our goal is to obtain reasonable assurance as to whether there is no major misstatement due to fraud or error in the financial statements as a whole and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that the audit performed in accordance with audit criteria can always find a major misstatement if exists. Misrepresentation may result from fraud or error, and it is generally considered significant if a reasonable expectation of misstatement alone or aggregated may affect the economic decisions made by the users of the financial statements based on the consolidated financial statements.

I. Audit Report (Continued)

6. Responsibility of Certified Public Accountants for the Audit of Financial Statements (Continued)

In the process of auditing according to auditing standards, we apply our professional judgment and maintain professional suspicion. At the same time, we also carry out the following work:

- (1) Identify and evaluate the risks of material misstatement of financial statements due to fraud or error, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, deliberate omission, false statements, or overriding internal controls, the risk of significant misstatement caused by fraud is higher than the risk of failure to detect significant misstatement caused by error.
- (2) Understand the internal control associated with auditing to design appropriate audit procedures.
- (3) To evaluate the appropriateness of management's choice of accounting policies and the rationality of accounting estimates and related disclosures.
- (4) To draw a conclusion on the appropriateness of the management's use of the continuous operating assumption. At the same time, on the basis of the audit evidence obtained, conclusions may be drawn as to whether there is any material uncertainty regarding matters or circumstances that may give rise to significant doubts about the continuous operation ability of the ENN shares. If we conclude that there is material uncertainty, the audit criteria requires us to bring to the attention of the users of the statements in the audit report the relevant disclosures in the consolidated financial statements; If the disclosure is insufficient, we should issue non-unqualified opinions. Our conclusions are based on the information available as of the audit report date. However, future events or circumstances may result in the non-sustainable operation of ENN Shares.
- (5) Evaluates the overall presentation, structure and content (including disclosure) of the financial statements, and whether the financial statements fairly reflect related transactions and matters.
- (6) To obtain sufficient and appropriate audit evidence in respect of the financial information of entities or operational activities in the ENN Shares for the purpose of giving an audit opinion on the financial statements. We are responsible for the guidance, supervision and execution of group audits and assume full responsibilities for the audit opinions.

We communicate with the governance level on issues such as the planned audit scope, time arrangement, and major audit findings, including communication of the significant internal control flaws that we identify in the audit.

We also provide a statement to the governance level that we have complied with the ethical requirements associated with independence, and communicate with the governance level about all the relationships and other matters that may reasonably be considered to affect our independence, as well as relevant precautions.

I. Audit Report (Continued)

6. Responsibility of Certified Public Accountants for the Audit of Financial Statements (Continued)

From the issues communicated with the governance layer, we determine what issues are most important to the audit of the current financial statements and thus constitute key audit issues. We describe these matters in the audit report unless they are prohibited by laws and regulations from being publicly disclosed or, in rare cases, if the negative consequences of communicating a matter in the audit report are reasonably expected to outweigh the benefits in the public interest, we are certain that the matter would not be communicated in the audit report.

(There is no text on this page, and is the signature and seal page of "Audit Report of ENN Natural Gas Co., Ltd.")

ZhongXi CPAs (Special General Partnership)

Certified Public Accountant of China:
(Project Partner)

Zhang Zenggang

Beijing, China

Certified Public Accountant of China:

Deng Haifu

March 18, 2022

II. Financial Statements

CONSOLIDATED BALANCE SHEET

December 31, 2021

Prepared by: ENN Natural Gas Co., Ltd.

Unit: Ten thousand yuan Currency: RMB

Project	Notes	December 31, 2021	December 31, 2020
Current assets:			
Monetary fund	VII-1	1,144,021	1,262,867
Deposit reservation for balance			
Lending funds	VII-2	222,099	
Transaction financial assets	VII-3	15,510	7,000
Derivative financial assets	VII-4	281,628	33,576
Bills receivable	VII-5	32,535	32,999
Receivables	VII-6	669,802	380,591
Receivables financing	VII-7	86,389	88,040
Prepayments	VII-8	401,128	340,343
Insurance premiums receivable			
Issue loans and advances	VII-9	5,586	
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	VII-10	238,273	200,753
Including: Interest receivable			
Dividend receivable		21,708	34,314
Buying back the sale of financial assets			
Treasury	VII-11	313,840	199,861
Contract assets	VII-12	270,466	258,704
Assets held for sale			
Non-current assets due within one year	VII-14	12,061	14,813
Other current assets	VII-15	290,030	274,713
Total current assets		3,983,368	3,094,260
Non-current assets:			
Loans and Advances	VII-16	1,097	
Debt investment	VII-17	293	1,648
Other debt investment:			
Long-term receivables	VII-19	36,018	22,304
Long-term equity investment	VII-20	599,550	555,972
Investment in other equity instruments	VII-21	27,278	28,126

Project	Notes	December 31, 2021	December 31, 2020
Other non-current financial assets	VII-22	552,800	505,156
Investment real estate	VII-23	28,807	26,087
Fixed assets	VII-24	5,683,330	4,820,703
Project under construction	VII-25	447,743	782,341
Productive biological assets			
Oil-gas assets			
Right-to-use assets	VII-28	42,302	
Intangible assets	VII-29	1,060,407	814,510
Development expenditure	VII-30	1,437	323
Goodwill	VII-31	57,385	56,501
Long-term unamortized expenses	VII-32	59,695	60,475
Deferred income tax assets	VII-33	197,112	179,395
Other non-current assets	VII-34	14,770	4,584
Total non-current assets		8,810,024	7,858,125
Total assets		12,793,392	10,952,385
Current liabilities:			
Short-term borrowings	VII-35	797,234	960,512
Borrowings from the Central Bank			
Borrowing funds			
Transaction financial liabilities			
Derivative financial liabilities	VII-37	209,051	40,493
Bills payable	VII-38	126,108	97,540
Payables	VII-39	1,190,150	924,586
Advance receipts	VII-40		
Contract liabilities	VII-41	1,651,456	1,545,419
Financial assets sold for repurchase	VII-42	55,490	
Deposits from customers and interbank	VII-43	19,308	
Acting trading securities			
Acting underwriting securities			
Employee pay payable	VII-44	110,869	100,765
Tax payable	VII-45	266,271	202,755
Other payables	VII-46	237,047	385,318
Including: Interest payable			
Dividends payable	VII-46	24,669	10,513
Handling charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liability due within one year	VII-48	727,155	708,226

Project	Notes	December 31, 2021	December 31, 2020
Other current liabilities	VII-49	149,171	139,871
Total current liabilities		5,539,310	5,105,485
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans	VII-50	569,828	471,804
Notes payable	VII-51	984,096	1,078,424
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities	VII-52	32,060	
Long-term payables	VII-53	162,870	14,457
Long-term employee pay payable			
Anticipation liabilities			
Deferred income	VII-56	96,747	88,261
Deferred income tax liabilities	VII-33	337,696	278,387
Other non-current liabilities	VII-57	454,231	388,387
Total non-current liabilities		2,637,528	2,319,720
Total liabilities		8,176,838	7,425,205
shareholders' equity (or stockholder's equity):			
Paid-up capital (or capital stock)	VII-58	284,585	259,998
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve	VII-60	285,538	
Less: Treasury stock	VII-61	12,545	19,958
Other comprehensive income	VII-62	27,459	29,594
Special reserves	VII-63	4,291	8,449
Surplus reserves	VII-64	22,415	
General risk preparation	VII-65	17,464	
Undistributed profit	VII-66	854,115	535,146
Amount of owner's equity (or shareholders' equity) attributable to the parent company		1,483,322	813,229
Minority shareholders' rights		3,133,232	2,713,951
Total owner's equity (shareholders' equity)		4,616,554	3,527,180
Amount of liabilities and owner's equity (or shareholders equity)		12,793,392	10,952,385

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

BALANCE SHEET OF THE PARENT COMPANY

December 31, 2021

Prepared by: ENN Natural Gas Co., Ltd.

Unit: Ten thousand yuan Currency: RMB

Project	Notes	December 31, 2021	December 31, 2020
Current assets:			
Monetary fund		139,502	27,323
Transaction financial assets			
Derivative financial assets			
Bills receivable			
Receivables	XVII-1		
Receivables financing			
Prepayments		35	27
Other receivables	XVII-2	576,851	276,559
Including: Interest receivable			
Dividend receivable		131,500	15,720
Treasury			
Contract assets			
Assets held for sale			
Non-current assets due within one year		15,025	101,806
Other current assets		77	8
Total current assets		731,490	405,723
Non-current assets:			
Debt investment			
Other debt investment:			
Long-term receivables		123,883	163,883
Long-term equity investment	XVII-3	1,360,345	910,216
Investment in other equity instruments		26	132
Other non-current financial assets			
Investment real estate			
Fixed assets		398	455
Project under construction		2,230	3,199
Productive biological assets			
Oil-gas assets			
Right-to-use assets		69	
Intangible assets		1,872	1,154
Development expenditure		191	

Project	Notes	December 31, 2021	December 31, 2020
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		1,489,014	1,079,039
Total assets		2,220,504	1,484,762
Current liabilities:			
Short-term borrowings		89,658	210,279
Transaction financial liabilities			
Derivative financial liabilities			
Bills Payable		15,000	17,200
Payables		935	150
Advance receipts			
Contract liabilities		31	
Employee pay payable		547	745
Tax payable		258	690
Other payables		1,064,679	411,841
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liability due within one year		20	1,020
Other current liabilities			
Total current liabilities		1,171,128	641,925
Non-current liabilities:			
Long-term loans		30,008	56,057
Notes payable			
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities		71	
Long-term payables		467,350	459,923
Long-term employee pay payable			
Anticipation liabilities			
Deferred income		670	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		498,099	515,980
Total liabilities		1,669,227	1,157,905

Project	Notes	December 31, 2021	December 31, 2020
Shareholders' equity (or stockholder's equity):			
Paid-up capital (or capital stock)		284,585	259,998
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve		35,554	13,131
Less: Treasury stock		12,545	19,958
Other comprehensive income		-1,085	-979
Special reserves			
surplus reserves		42,471	20,056
Undistributed profit		202,297	54,609
Total owner's equity (shareholders' equity)		551,277	326,857
Amount of liabilities and owner's equity (or shareholders equity)		2,220,504	1,484,762

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

CONSOLIDATED INCOME STATEMENT

January-December 2021

Unit: Ten thousand yuan Currency: RMB

Project	Notes	Annual of 2021	Annual of 2020
I. Gross revenue		11,603,099	8,809,877
Including: Operating income	VII-67	11,591,963	8,809,877
Interest revenue	VII-68	11,051	
Earned premium			
Handling charges and commissions income	VII-69	85	
II. Gross cost of sales		10,391,720	7,783,356
Including: Cost of sales	VII-67	9,651,302	7,178,244
Interest expense	VII-68	1,784	
Handling charges and commissions expense	VII-69	170	
Surrender value			
Net payments for insurance claims			
Net deposit for duty of reinsurance			
Expenditures dividend policy			
Amortized reinsurance expenses			
Taxes and surcharges	VII-70	63,484	56,936
Selling expenses	VII-71	144,589	121,019
Administrative expenses	VII-72	376,355	330,939
Research and development expenditure	VII-73	103,532	58,508
Financing expense	VII-74	50,504	37,710
Including: Interest expense		101,253	120,548
Interest revenue		13,015	16,604
Plus: Other income	VII-75	39,469	38,971
Investment income (losses as in "-")	VII-76	117,887	40,438
Including: Investment incomes from associates and joint ventures		53,844	25,243
Derecognized income of financial assets measured at amortized cost (loss is listed with "-")			
Exchange gains (losses as in "-")	VII-77	3	
Net exposure hedging gains (loss is listed with "-")			
Income from changes in fair values (loss is listed with "-")	VII-79	45,650	-8,104
Credit impairment loss (loss is listed with "-")	VII-80	-13,470	-20,480
Asset impairment loss (loss is stated in "-")	VII-81	-45,016	-6,315
Assets disposal gains (losses as in "-")	VII-82	-2,943	-12,543

Project	Notes	Annual of 2021	Annual of 2020
III. Operating profit (losses as in "-")		1,352,959	1,058,488
Plus: Non-operating income	VII-83	16,457	8,320
Less: Non-operating expenditure	VII-84	22,771	23,343
IV. Total profit (Total losses as in "-")		1,346,645	1,043,465
Less: Income tax expenses	VII-85	293,600	260,158
V. Net profit (Net loss as in "-")		1,053,045	783,307
(I) Classification by operation continuity			
1. Net profit of going concern (net losses as in "-")		1,053,045	783,307
2. Net profit of discontinuing operation (net losses as in "-")			
(II) Classification by shareholdership			
1. Net profit attributable to shareholders of the parent company (net losses as in "-")		410,165	210,696
2. Minority shareholders' profits and losses (net losses as in "-")		642,880	572,611
VI. Net of tax from other comprehensive income		41,385	8,173
(I) Net after-tax amount of other comprehensive income attributable to shareholders of the parent company		598	7,165
1. Other consolidated income that cannot be reclassified into profit and loss		1,282	3,246
(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		1,282	3,246
(4) Changes in fair value of enterprise's own credit risk			
2. Other consolidated income that will be reclassified into profit and loss		-684	3,919
(1) Other consolidated income of convertible profit or loss under equity method		17,273	
(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		9,104	-1,214
(6) Conversion difference of foreign currency financial statements		-9,788	-12,140
(7) Others			
(II) Net income of tax of other consolidated income attributable to minority shareholders		40,787	1,008

Project	Notes	Annual of 2021	Annual of 2020
VII. Total comprehensive incomes		1,094,430	791,480
(I) Total consolidated income attributable to the owner of the parent company		410,763	217,861
(II) Total aggregate income attributable to minority shareholders		683,667	573,619
VIII. Earnings per share			
(I) Basic earnings per share (yuan/share)		1.46	0.82
(II) Diluted earnings per share (yuan/share)		1.46	0.82

Person in charge: Wang Yusuo	Person in charge of accounting: Wang Dongzhi	Person in charge of accounting organization: Cheng Zhiyan
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PROFIT STATEMENT OF THE PARENT COMPANY

January-December 2021

Unit: Ten thousand yuan Currency: RMB

Project	Notes	Annual of 2021	Annual of 2020
I. Operation revenue	XVII-4	17,198	20,243
Less: Cost of sales	XVII-4	11	11
Taxes and surcharges		457	396
Selling expenses			
Administrative expenses		12,388	8,012
Research and development expenditure			
Financing expense		15,972	21,488
Including: Interest expense		16,422	21,149
Interest revenue		2,189	976
Plus: Other income			23
investment income (losses as in "-")	XVII-5	235,784	8,480
Including: Investment incomes from associates and joint ventures		3,558	-1,266
Derecognized income of financial assets measured at amortized cost (loss is listed with "-")			
Net exposure hedging gains (loss is listed with "-")			
Income from changes in fair values (loss is listed with "-")			
Credit impairment loss (loss is listed with "-")		6	18
Asset impairment loss (loss is stated in "-")			
Assets disposal gains (losses as in "-")			
II. Operation profits (losses as in "-")		224,160	-1,143
Plus: Non-operating income			2
Less: Non-operating expenditure		7	134
III. Total profits (total losses as in "-")		224,153	-1,275
Less: Income tax expenses			
IV. Net profits (net losses as in "-")		224,153	-1,275
(I) net operating profit (net loss stated in "-")		224,153	-1,275
(II) net discontinuing operation profit (net loss stated in "-")			

Project	Notes	Annual of 2021	Annual of 2020
V. Net of tax from other comprehensive income		-106	-120
(I) Other consolidated income that cannot be reclassified into gains or losses		-106	-120
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		-106	-120
4. Changes in fair value of enterprise's own credit risk			
(II) Other consolidated income can 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		224,047	-1,395
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)			
(II) Diluted earnings per share (yuan/share)			

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

CONSOLIDATED STATEMENT OF CASH FLOW

January-December 2021

Unit: Ten thousand yuan Currency: RMB

Project	Notes	Annual of 2021	Annual of 2020
I. Cash flows from operating activities:			
Cash received from selling goods and providing services		13,185,034	10,356,587
Net increase of customer's deposit and deposit from other banks		4,604	
Net increase of borrowings from 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		9,182	
Net increase of borrowing funds			
Net increase of the repurchased business capital		31,228	
Customer lending and Net decrease in advances		1,448	
Net cash of receivings from vicariously traded securities			
Refund of taxes received		49,351	14,367
Other cash received related to operating activities	VII-87	72,700	74,537
Subtotal cash inflow from operating activities		13,353,547	10,445,491
Cash paid for purchasing goods and accepting services		10,737,019	8,077,452
Net increase of customer lending and money advanced			
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		535,726	463,068
Other taxes and dues		494,607	451,883
Other cash paid related to operating activities	VII-87	235,157	208,320
Subtotal cash outflow for operating activities		12,002,509	9,200,723
Net cash flow from operating activities		1,351,038	1,244,768
II. Cash flows from investing activities:			
Cash received from investment recovery		1,199,649	1,037,044
Cash received from investment return		48,848	61,676

Project	Notes	Annual of 2021	Annual of 2020
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,117	23,048
Net cash received from disposal of subsidiaries and other business units		3,247	35,978
Other cash received related to investment activities	VII-87	121,638	167,444
Subtotal cash inflow of investment activities		1,395,499	1,325,190
Cash paid to acquire and construct fixed assets, intangible assets & other long-term assets		842,258	692,199
Cash paid for investments		1,129,131	1,078,215
Net increase of pledged loans			
Net cash paid by subsidiaries and other business units		75,591	70,521
Other cash payments related to investment activities	VII-87	152,630	205,161
Subtotal cash outflow for investment activities		2,199,610	2,046,096
Net cash flows used in investment activities		-804,111	-720,906
III. Cash flows from financing activities:			
Cash received from investment absorption		332,419	20,013
Including: Cash received from subsidiaries for investment by minority interest		7,758	20,013
Cash received from loan		2,715,500	2,414,313
Other cash received related to financing activities	VII-87	47,316	1,129,045
Subtotal cash inflow from fund-raising activities		3,095,235	3,563,371
Cash paid for debt repayment		2,826,484	2,068,084
Cash paid for dividend distribution, profits distribution, or interests payment		463,018	441,323
Including: Dividends, profits paid to minority shareholders by the subsidiaries		282,287	255,415
Other cash payments related to financing activities	VII-87	275,873	1,474,931
Subtotal cash outflow for fund-raising activities		3,565,375	3,984,338
Net cash flow (used in)/from financing activities		-470,140	-420,967
IV. Impact of exchange rate movement on cash and cash equivalents		-5,128	2,542
V. Net increase of cash and cash equivalents		71,659	105,437
Plus: Beginning balance of cash and cash equivalents		1,163,099	1,057,662
VI. ending cash and cash equivalents balance		1,234,758	1,163,099

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

STATEMENT OF CASH FLOW OF THE PARENT COMPANY

January-December 2021

Unit: Ten thousand yuan Currency: RMB

Project	Notes	Annual of 2021	Annual of 2020
I. Cash flows from operating activities:			
Cash received from selling goods and providing services		152	
Refund of taxes received			
Other cash received related to operating activities		173,748	7,547
Subtotal cash inflow from operating activities		173,900	7,547
Cash paid for purchasing goods and accepting services			
Cash payments to and on behalf of employees		3,392	3,189
Other taxes and dues		893	1,076
Other cash paid related to operating activities		4,824	3,249
Subtotal cash outflow for operating activities		9,109	7,514
Net cash flow from operating activities		164,791	33
II. Cash flows from investing activities:			
Cash received from investment recovery		58,460	
Cash received from investment return		108,355	86,851
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal cash inflow of investment activities		166,815	86,851
Cash paid to acquire and construct fixed assets, intangible assets & other long-term assets		141	1,992
Cash paid for investments		513,156	1,955
Net cash paid by subsidiaries and other business units			
Other cash payments related to investment activities		224	3,344
Subtotal cash outflow for investment activities		513,521	7,291
Net cash flows used in investment activities		-346,706	79,560

Project	Notes	Annual of 2021	Annual of 2020
III. Cash flows from financing activities:			
Cash received from investment absorption		315,570	
Cash received from loan		335,998	248,300
Other cash received related to financing activities		3,224,703	1,499,381
Subtotal cash inflow from fund-raising activities		3,876,271	1,747,681
Cash paid for debt repayment		483,438	194,062
Cash paid for dividend distribution, profits distribution, or interests payment		62,493	38,646
Other cash payments related to financing activities		3,036,244	1,591,578
Subtotal cash outflow for fund-raising activities		3,582,175	1,824,286
Net cash flow from financing activities		294,096	-76,605
IV. Impact of exchange rate movement on cash and cash equivalents		-2	-38
V. Net increase of cash and cash equivalents		112,179	2,950
Plus: Beginning balance of cash and cash equivalents		27,323	24,373
VI. ending cash and cash equivalents balance		139,502	27,323

Person in charge: Wang Yusuo	Person in charge of accounting: Wang Dongzhi	Person in charge of accounting organization: Cheng Zhiyan
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Project	Annual of 2021														
	Attributable to the owner's equity of the parent company														
	Paid-up capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	General risk preparation	Undistributed profit	Others	Subtotal	Minority shareholders' rights	Owner Total equity
		Preferred stocks	Perpetual capital securities	Others											
(IV) Internal carry-over of shareholdership interests						-2,733					2,733				
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							-2,733				2,733				
6. Others															
(V) Appropriate reserve								-4,158					-4,158	1,152	-3,006
1. Extraction of current period								17,952					17,952	2,708	20,660
2. Use of current period								22,110					22,110	1,556	23,666
(VI) Others															
IV. Ending balance of current period	284,585				285,538	12,545	27,459	4,291	22,415	17,464	854,115		1,483,322	3,133,232	4,616,554

		Annual of 2020													
		Attributable to the owner's equity of the parent company													
		Paid-up capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	General risk preparation	Undistributed profit	Others	Subtotal	Minority shareholders' rights
Preferred stocks	Perpetual capital securities	Others													
I.	Ending balance of last year	122,935			177,906	19,958	21,699	5,404	14,420		612,947		935,353	77,397	1,012,750
	Plus: Change in accounting policies														
	Early error correction														
	Business combination under the Same Control				9,480		730	1,937			722,842		734,989	2,242,192	2,977,181
	Others														
II.	Initial balance of current year	122,935			187,386	19,958	22,429	7,341	14,420		1,335,789		1,670,342	2,319,589	3,989,931
III.	Increase and decrease of current period (decrease as in "+" "-")	137,063			-187,386		7,165	1,108	-14,420		-800,643		-857,113	394,362	-462,751
(I)	Total comprehensive income						7,165				210,696		217,861	573,619	791,480
(II)	Capital invested and reduced by the owner	137,063			-187,386				-14,420		-985,908		-1,050,651	21,137	-1,029,514
1.	Common stock invested by the owner	137,063											137,063	18,602	155,665
2.	Capital invested by other interest tool holders														
3.	Amount of share-based payment included in the owner's equity														
4.	Others				-187,386				-14,420		-985,908		-1,187,714	2,535	-1,185,179
(III)	Profit distribution										-25,431		-25,431	-200,960	-226,391
1.	Extraction of surplus reserve														
2.	Extraction of general risk reserve														
3.	Distribution of the owner (or shareholder)										-25,431		-25,431	-200,960	-226,391
4.	Others														
(IV)	Internal carry-over of shareholdership 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							1,108					1,108	566	1,674
1.	Extraction of current period							23,293					23,293	2,182	25,475
2.	Use of current period							22,185					22,185	1,616	23,801
(VI)	Others														
IV.	Ending balance of current period	259,998				19,958	29,594	8,449			535,146		813,229	2,713,951	3,527,180

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

STATEMENT OF CHANGE IN OWNER'S EQUITY OF THE PARENT COMPANY

January-December 2021

Unit: Ten thousand yuan Currency: RMB

Project	Annual of 2021										
	Paid-up capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	Undistributed profit	Owner Total equity
		Preferred stocks	Perpetual capital securities	Others							
I. Ending balance of last year	259,998				13,131	19,958	-979		20,056	54,609	326,857
Plus: Change in accounting policies											
Early error correction											
Others											
II. Initial balance of current year	259,998				13,131	19,958	-979		20,056	54,609	326,857
III. Increase and decrease of current period (decrease as in "—")	24,587				22,423	-7,413	-106		22,415	147,688	224,420
(I) Total comprehensive income							-106			224,153	224,047
(II) Capital invested and reduced by the owner	24,587				22,423	-7,413					54,423
1. Common stock invested by the owner	24,587				278,249						302,836
2. Capital invested by other interest tool holders											
3. Amount of share-based payment included in the owner's equity					-146	-7,413					7,267
4. Others					-255,680						-255,680
(III) Profit distribution									22,415	-76,465	-54,050
1. Extraction of surplus reserve									22,415	-22,415	
2. Distribution of the owner (or shareholder)										-54,050	-54,050
3. Others											
(IV) Internal carry-over of shareholdership 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											
1. Extraction of current period											
2. Use of current period											
(VI) Others											
IV. Ending balance of current period	284,585				35,554	12,545	-1,085		42,471	202,297	551,277

Project	Annual of 2020										
	Paid-up capital (or capital stock)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	surplus reserves	Undistributed profit	Owner Total equity
		Preferred stocks	Perpetual capital securities	Others							
I. Ending balance of last year	122,935				433,947	19,958	-859		20,056	81,315	637,436
Plus: Change in accounting policies											
Early error correction											
Others											
II. Initial balance of current year	122,935				433,947	19,958	-859		20,056	81,315	637,436
III. Increase and decrease of current period (decrease as in "—")	137,063				-420,816		-120			-26,706	-310,579
(I) Total comprehensive income							-120			-1,275	-1,395
(II) Capital invested and reduced by the owner	137,063				-420,816						-283,753
1. Common stock invested by the owner	137,063										137,063
2. Capital invested by other interest tool holders											
3. Amount of share-based payment included in the owner's equity											
4. Others					-420,816						-420,816
(III) Profit distribution										-25,431	-25,431
1. Extraction of surplus reserve											
2. Distribution of the owner (or shareholder)										-25,431	-25,431
3. Others											
(IV) Internal carry-over of shareholdership 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											
1. Extraction of current period											
2. Use of current period											
(VI) Others											
IV. Ending balance of current period	259,998				13,131	19,958	-979		20,056	54,609	326,857

Person in charge:
Wang Yusuo

Person in charge of accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

III. Basic Conditions of the Company

1. Company Profile

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 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 52.1257 million, social public shares of RMB66.096 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 Shijiazhuang Xinao Investment Co., Ltd. realized the change of the actual controller of the company through the purchase of Hebei Weiyuan 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 Shijiazhuang Xinao Investment Co., Ltd. for controlling 52.1257 million shares in Hebei Weiyuan Group Co., Ltd. Due to the acquisition of equity of Hebei Weiyuan Group Co., Ltd. with the approval of 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-Jiayin 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 RMB610,200,364, 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.

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 Weiyuan 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, bio-chemical 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 an 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 no longer engaged in agricultural business R&D, production, operation and other related activities.

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

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 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.

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 RMB161.383 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 68.6070 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.

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 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 “Weiyuan Biochemical” to “ENN Shares” since January 16, 2015, and the securities code shall remain unchanged.

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

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 RMB110 million 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 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 22.0028 million, and completed the registration of industrial and commercial changes in the month.

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 17th Meeting of the Seventh 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 RMB1,06.08 million, and was granted 40% equity of Xindi Energy Engineering Technology Co., Ltd. held by ENN Photovoltaic Energy Co., Ltd. for RMB707.2 million. On May 14, 2015, the Xidi 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".

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

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 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 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 million and as of December 31, 2019, the actual investment of the company is RMB80 million.

Based on the “Proposal on the Major Assets Purchase Scheme of the Company”, “Proposal on Signing Conditional Effective Equity Transfer Agreement with Robust Nation Investments Limited”, and “Proposal on Proposed Designation of Xinneng (Hong Kong) Energy Investment Limited, a Wholly-Owned Overseas Subsidiary of the Company to be the Subject of the Implementation of the Major Asset Acquisition” approved at the 23rd meeting of the 7th Session of the Board of Directors held in March 2016, the 25th meeting of the 7th Session of the Board of Directors in held in April 2016, as well as the 1st Extraordinary General Meeting and 2nd Extraordinary General Meeting held in 2016, Xinneng (Hong Kong) Energy Investment Limited (hereinafter referred to as “Xinneng Hong Kong”), a wholly-owned subsidiary of the Company, acquired 100% of the equity interest in United Faith Ventures Limited (hereinafter referred to as “United Faith Ventures”) held by Robust Nation Investments Limited for cash, thereby indirectly holding 11.82% of the equity interest in Santos Limited (hereinafter referred to as “Santos”), an Australian listed company (209,734,518 shares). Xinneng Hong Kong’s purchase of 100% equity of United Faith Ventures Limited is a business merger not under the same control. The actual payment of the equity purchase price is US \$754,809,895. On April 29, 2016, the shares delivery was completed and the date of merger was determined to be April 30, 2016. As at December 31, 2016, the company had completed a capital increase of RMB1.6 billion in Xinneng Hong Kong. On May 11, 2018, the board of directors of Xinneng Hong Kong Company decided to add US \$532,367,984 to Xinneng Hong Kong. On May 16, Xinneng Hong Kong Company received the capital increase of US \$532,367,984 and the registration procedures for capital change were completed. As of December 31, 2019, the Company had contributed RMB4,981.8152 million to Xinneng Hong Kong.

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

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 RMB55.4532 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.

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”, which 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 13rd 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 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 RMB2,272,515,004.20; the company deducted various issuance charges of RMB33,684,570.74(including tax); and actually recruited funds net amount of RMB2,238,830,433.46, among them: Included in the equity of RMB243,570,740.00 and included in capital reserve of RMB1,997,166,367.26. Meanwhile, the registered capital of the Company has been changed to RMB1,229,355,783.00.

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 RMB758,557,800. 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 were 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”)

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

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 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.

According to “the Resolution on Replacement of Major Assets, Issuance of Shares and Payment of Cash for Purchase of Assets and Matching Fund-Raising Plan” which was considered and approved at the Fourth Meeting of the Ninth Board of Directors of the Company, “the Resolution on Revising the Plan on Replacement of Major Assets, Issuance of Shares and Payment of Cash for Purchase of Assets and Matching Fund-Raising Plan”, which was considered and approved at the Eighth Meeting of the Ninth Board of Directors, the “Concerning Approval of the Issuance of Shares to ENN Group International Investment Limited to Buy Assets and Raise Matching Funds”(Securities Regulatory Commission [2020] No. 806) and the “Notice on the Adjustment of the Issuance Price and Issuance Quantity of the Issued Assets after the Assignment of Equity in 2019”, issued by ENN Ecological Holdings Co., Ltd. China Securities Regulatory Commission, the Company issued 1,370,626,680 common shares (A shares) in RMB to ENN International Co., Ltd to purchase assets. The Company applies for an increase of the registered capital of RMB1,370,626,680.00, which shall be subscribed by ENN International with its corresponding shareholding in ENN Energy. The registered capital after the change shall be RMB2,599,982,463.00.

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.

As resolved at the 4th meeting of the 9th Session of the Board of Directors held on September 9, 2019, the 8th meeting of the 9th Session of the Board of Directors held on November 21, 2019, the 6th extraordinary general meeting held on December 9, 2019, the 11th meeting of the 9th Session of the Board of Directors held on March 12, 2020, as well as at the first extraordinary general meeting held on March 30, 2020, and the “Approval for ENN Ecological Holdings Co., Ltd. to Issue Shares to ENN Group International Investment Limited to Purchase Assets and Raise Matching Funds” (CSRC [2020] No. 806) issued by China Securities Regulatory Commission, the Company has issued 245,871,156.00 ordinary shares (A shares) with a par value of RMB1.00 each at an issue price of RMB12.50 per share to specific recipients by way of private offering raising gross proceeds of RMB3,073,389,450.00, and after deducting the issuance fee of RMB45,029,544.86 (excluding taxes), the actual net amount of funds raised is RMB3,028,359,905.14. The Company has used RMB245,871,156.00 of the capital raised from this non-public issuance of shares to increase the registered capital, and the remaining part has been added to the Company’s capital surplus as issue premium after deducting issue expenses. The registered capital after the renewal is RMB2,845,853,619.00.

III. Basic Conditions of the Company (Continued)

1. Company Profile (Continued)

As resolved at the 23rd meeting of the 9th Session of the Board of Directors held on January 20, 2021, the first extraordinary general meeting held on March 26, 2021, as well as at the 27th meeting of the 9th Session of the Board of Directors held on March 26, 2021, the "Proposal on the <Draft Restricted Share Incentive Scheme 2021> of the Company and its Summary", and the "Proposal on Adjustments to Matters of the Restricted Stock Incentive Plan 2021" were approved. The Company has intended to make an initial grant of 17,210,000 restricted shares to 49 incentive recipients at a price of RMB7.03 per share, and the source of the shares is the Company's repurchase of ordinary A shares of the Company from the secondary market. As the issuance of shares was the ordinary A shares of the Company repurchased from the secondary market, the total share capital of the Company remained unchanged, with an increase of RMB17,210,000.00 in the share capital of equity incentive restricted shares and a decrease of RMB17,210,000.00 in the share capital of unrestricted shares in circulation.

As resolved at the 23rd meeting of the 9th Session of the Board of Directors held on January 20, 2021, the first extraordinary general meeting held on March 26, 2021, as well as at the 27th meeting of the 9th Session of the Board of Directors held on March 26, 2021, the "Proposal on the <Draft Restricted Share Incentive Scheme 2021> of the Company and its Summary", and the "Proposal on Adjustments to Matters of the Restricted Stock Incentive Plan 2021" were approved. And the 34th meeting of the 9th Session of Board of Directors held on September 22, 2021 approved the "Proposal on Adjustment of the Reserved Grant Price under the Restricted Share Incentive Scheme 2021" and the "Proposal on the Grant of Reserved Partial Restricted Shares to Incentive Recipients". The Company has intended to grant 1,130,068 restricted shares to 10 incentive recipients with a price of RMB6.84 per share, and the source of the shares is the Company's repurchase of ordinary A shares of the Company from the secondary market. As the issuance of shares was the ordinary A shares of the Company repurchased from the secondary market, the total share capital of the Company remained unchanged, with an increase of RMB1,130,068.00 in the share capital of equity incentive restricted shares and a decrease of RMB1,130,068.00 in the share capital of unrestricted shares in circulation.

As at December 31, 2021, the registered capital of the Company was RMB2,845,853,619.00; 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

Full name of subsidiary	Registered capital (of RMB10,000)	Shareholdership percentage (%)	
		Direct	Indirect
Major subsidiary company			
Xinneng Mining Industry Co., Ltd.	79,000	100.00	
Xinneng Energy Co., Ltd.	USD32,516		79.90
Shanxi Qinshui Xinao 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.	USD77,818	100.00	
Xinneng (Tianjin) Energy Co., Ltd.	8,000		100.00
ENN (Tianjin) Energy Investment Co., Ltd.	500,000	100.00	
Chongqing Xinao 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	USD5,000		100.00
Xinneng Capital Management Limited	USD0.01		100.00
ENN Natural Gas Investment Inc	USD0.01		100.00
ENN Clean Energy International Investment Limited	USD0.01		100.00
Xinao (Hainan) Energy Trading Co., Ltd.	USD2,000		100.00
Xinao Xinneng (Zhejiang) Energy Trading Co., Ltd.	5,000		100.00
Xinao Xinneng (Guangdong) Energy Trading Co., Ltd.	5,000		100.00
ENN Energy Holdings Ltd.	HKD30,000		32.67

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 Company shall, on the basis of continuous operation, according to the actual transactions and matters, follow the “Accounting Standards for Enterprises – Basic Standards” promulgated by the Ministry of Finance and the specific accounting standards, guidance on the application of the “Accounting Standards for Enterprises”, interpretation and other relevant provisions of the “Accounting Standards for Enterprises”(hereinafter referred to as the Accounting Standards for Enterprises collectively), as well as the provisions of China Securities Regulatory Commission in “the Public Issuance of Securities and the Company Information Set Out in Details”, Preparation Rules No. 15—General Provisions on Financial Report “for the preparation of financial reports.”

2. Going Concern

The Company has evaluated the going concern ability for 12 months since the end of the reporting period, and has found no event or circumstance that causes serious doubt on the going concern ability. This financial statement is therefore prepared on the basis of the assumption of continuous operation.

3. Accounting basis and valuation principle

The Company’s accounting is based on accrual basis accounting. In addition to certain financial instruments, investment real estate is measured at fair value, this financial statement is based on historical costs. In the case of impairment of assets, a provision for the impairment shall be made accordingly.

Under historical cost measurement, assets are measured at the fair value of the cash or cash equivalents paid at the time of purchase or the corresponding price paid. The liabilities shall be measured in terms of the amount of money or assets actually received as a result of the current obligation, or the contract amount of the current obligation, or in terms of the amount of cash or cash equivalent expected to be paid for the repayment of the liabilities in daily activities.

V. Important Accounting Policies and Accounting Estimates

1. Declaration of compliance with Accounting Standards for Enterprises

The financial statements prepared by the Company are in compliance with the requirements of Accounting Standards for Business Enterprises, and give a true and complete reflection on the Company’s financial position, operating results, changes in shareholders’ equity, cash flow and other relevant information.

2. Accounting period

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

V. Important Accounting Policies and Accounting Estimates (Continued)

3. Operating Cycle

The company takes 12 months as a business operation period.

4. Recording currency

The Company uses RMB as its recording currency.

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

- (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 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

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

- (2) Business combinations of enterprises under different control: The company's assets paid as consideration for a business merger, 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 acquiree 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 acquiree 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.

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

(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.

V. Important Accounting Policies and Accounting Estimates (Continued)

6. Preparation Methods of Consolidated Financial Statements (Continued)

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

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 company 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).

(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, shareholders' 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 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

6. Preparation Methods of Consolidated Financial Statements (Continued)

(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 tax payers due to the offset of the unrealized internal sales gains and losses, the deferred income tax assets or deferred income 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 shareholders' 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".

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 which 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 prior to 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 current income on the date of purchase.

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 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.

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

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. The 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 refers to the amount of cash in the enterprise's treasury and the amount of money that can be used to pay at any time. Cash equivalents refer to investments held by the Company with short maturity, strong liquidity, easy to convert into cash of known amount and little risk of change in value.

V. Important Accounting Policies and Accounting Estimates (Continued)

9. Conversion of foreign currency business and foreign currency statements

(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.

(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 shareholders' 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 shareholders' 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument

Financial instruments refer to contracts that form financial assets of one party and financial liabilities 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 notes 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.

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

(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.

This kind of financial asset adopts the real interest rate method, carrying on the follow-up measurement according to the amortization cost. The profit or loss when the impairment occurs or terminates the determination should be included into the current profit and loss. Such assets of the Company comprise monetary capital, loan funds, loans and advances granted, notes receivable, accounts receivable, other receivables, creditor's rights investments and long-term receivables, etc. 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 (including one year) or less at the time of acquisition are listed as other current assets.

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.

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 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 (including one year) or less at the time of acquisition are listed as other current assets.

Measured at fair value and its changes are included in current profit and 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

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, at the time of initial determination, the Company may, on the basis of a single financial asset, irrevocably designate a non-transactional equity instrument as a financial asset measured at fair value and whose changes are included in other comprehensive income, and display it as an investment in other equity instruments.

After the financial asset has been designated, the fair value change of the financial asset shall be determined in the other comprehensive income. When the financial asset terminates the determination, the accumulated profits or losses previously included in the other comprehensive income shall be transferred from the other comprehensive income and shall be included in the retained income. During the investment period when the Company holds the equity instrument, its right to collect dividends has been established, and the dividend-related economic benefits are likely to flow to the Company. When the amount of the dividend can be measured reliably, the income from the dividend is determined and included in the current profit or loss.

(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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

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 offsets the credit loss provision against the book balance of related financial assets with the exception of 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 a contractual payment is overdue for more than 30 days (inclusive), provided that the Company can obtain, without undue cost or effort, reasonable and substantiated information to demonstrate that, although the contractual payment terms have been exceeded by 30 days, there has been no significant increase in credit risk since initial recognition.

On balance sheet day, if the Company determines that a financial instrument has only a 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 disappear 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 has been credit-impaired, and the company uses an impairment matrix to determine the relevant credit losses on a combination 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.

For other receivables (including loans and advances, notes receivable, receivables financing, other receivables, non-current assets due within one year, other current assets, long-term receivables, etc.) and other creditor's rights investments, the Company has considered expected credit losses based on individual items.

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 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; The financial asset has been transferred and almost all the risks and rewards in the shareholding of the financial asset have been transferred to the transferee; the financial asset has been transferred. Although the company has neither transferred nor retained almost all the risks and rewards in the shareholding 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 shareholding 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 income, 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 its 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.

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.

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

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

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.

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 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 is not belongs 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

(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 proved 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.

(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: 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

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 a 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 to 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

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

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 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.

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

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

Cash flow hedging (Continued)

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 expect 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.

(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 including 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. For 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 values.

V. Important Accounting Policies and Accounting Estimates (Continued)

10. Financial instrument (Continued)

(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 notes receivable

See “Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items” for details of the determination method and accounting treatment method of expected credit loss of notes receivable.

12. Receivables

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

See “Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items” for details of the determination method and accounting treatment method of expected credit loss of accounts receivable.

13. Receivables financing

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 receivables and accounts receivables which is aimed at both collecting the contractual cash flow and selling, so the company classifies it as receivables financing, which is measured at fair value and its changes are included in other comprehensive income. By termination of confirmation, the accumulated gains or losses previously recorded as other comprehensive income shall be transferred out and reckon in current profit or loss. By termination of confirmation, the accumulated gains or losses previously recorded as other comprehensive income shall be transferred out and reckon in current profit or loss.

V. Important Accounting Policies and Accounting Estimates (Continued)

14. Other receivables

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

See “Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items” for details of the determination method and accounting treatment method of expected credit loss of other receivables.

15. Inventory

- (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 realisable value. When its net realizable value is lower than the cost, the provision for inventory depreciation should be accounted. Net realisable 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 realisable 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

16. Contract assets

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

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.

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

See "Note V-10. Financial Instruments (2) Impairment of Financial Assets and Other Items" for details of the Company's determination method and accounting treatment method for expected credit loss of contract assets.

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. Assets held for sale

The determining conditions to classify non-current assets held for sale 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

18. Debt investment

- (1). *The method to determine and the accounting treatment of the expected credit loss of debt investments*

See "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.

19. Other debt investment

- (1). *The method to determine and the accounting treatment of the expected credit loss of other debt investments*

☐ Applicable ☒ Not Applicable

20. Long-term receivables

- (1). *The method to determine and the accounting treatment of the expected credit loss of long-term accounts receivable*

For details, see Notes "V-10 Financial instruments (2) Impairment of financial assets and other items".

21. Long-term equity investment

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

21. Long-term equity investment (Continued)

(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.

- 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.

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*

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.

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. 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.

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)*

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.

(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 real estate

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.

V. Important Accounting Policies and Accounting Estimates (Continued)

22. Investment real estate (Continued)

(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.

(3) Subsequent measurement of investment properties

Where investment properties are measured at fair value: Basis for selecting fair value measurement

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 real estate 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 real estate 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

23. Fixed assets

(1). Recognition standards

Fixed assets refer to the tangible assets which are held for the sake of producing commodities, rendering services, 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: Fixed assets shall be initially measured at the actual cost at the time of purchase and construction.

(2). Depreciation method

Category	Depreciation method	Years of depreciation (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line Depreciation Method (excluding mine structures)	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: Starting from the next month when the fixed assets reach the predetermined serviceable state, the straight-line method is adopted to extract the depreciation(except mine buildings), and the depreciation rate is determined according to the expected service life and estimated net salvage value rate of the fixed assets category.

According to provisions of Ministry of Finance (89) Document 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

The Company recognizes the leasing of fixed assets as a financial lease when all the risks and rewards related to the assets have been substantially transferred to the Company.

The cost of the fixed assets acquired from a financial leasing shall be the lower of the fair value of the leased assets or the present value of the minimum lease payment on the commencement date of the lease.

The depreciation policy for the fixed assets that the Company leases through financing is the same of the depreciation policy of its own fixed assets. If the ownership of the leased asset is obtained at the expiration of the lease term, depreciation will be calculated within the useful life of the leased asset; Where it is impossible to reasonably determine the ownership of the leased asset at the expiration of the lease term, depreciation should be taken into account within a shorter period of the lease term and the useful life of the leased asset.

24. Project under construction

- (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 gains and losses.
- (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

- (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-to-use assets

Effective from January 1, 2021

The right-to-use asset refers to the right of a company as a lessee to use the leased asset during the lease term. The Company recognizes the right-to-use assets for lease on the lease commencement date, except for short-term lease and low-value asset lease. The right-to-use assets are confirmed when they meets the situations that economic benefits are likely to flow in, and costs can be reliably measured at the same time. The categories of the company's right-to-use assets mainly include houses and buildings, machines and instrument equipment, leased land and transportation equipment.

V. Important Accounting Policies and Accounting Estimates (Continued)

28. Right-to-use assets (Continued)

Effective from January 1, 2021 (Continued)

The right-to-use assets are initially measured at cost. The cost includes:

- (1) The initial measurement amount of the lease liability;
- (2) The amount of the lease payment paid on or before the start date of the lease term, shall deduct the relevant amount of lease incentives already enjoyed if there is a lease incentive;
- (3) Initial direct expenses incurred by the Company;
- (4) Costs expected to be incurred by the Company in dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to its agreed condition under the terms of the lease.

The company subsequently adopts cost model to depreciate the right-of-use assets. If it can be reasonably determined to obtain the shareholdership 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 shareholdership 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 has determined whether the right-to-use assets had been impaired according to the relevant provisions of "No. 8 of Accounting Standards for Business Enterprises-Impairment of Assets" and has carried out accounting treatment.

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-to-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.

V. Important Accounting Policies and Accounting Estimates (Continued)

29. Intangible Assets

(1). *Valuation method, service life, impairment test*

- (1) Accounting contents: 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.
- (2) Measurement: 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.
 - ① 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: ①Technically speaking, it is feasible to complete the intangible asset so that it can be used or sold; ②The 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.
 - ② Accounting and amortization of land use right: Land use right that is purchased by the Company, or is acquired by paying land-transferring fees, shall be initially measured at cost. Where buildings such as plant are developed and constructed in-house, the relevant land use right shall not be included in the building cost, but shall be accounted separately as intangible assets and amortized according to the term of transfer of land use right.
 - ③ The accounting and amortization of mining rights: The mining right purchased by the Company shall be initially measured based on the acquisition cost. Where the payment for the mining right is delayed beyond the normal credit conditions, it shall be determined on the basis of the present value of the purchase price. The difference between the actually price paid and the present value of the purchase price shall be amortized over the credit period to current profit or loss. The Company's mining right shall be amortized by the production method based on the recoverable reserves obtained.
 - ④ Replacement capacity index and amortization: The capacity indicators replaced by the Company for capacity expansion shall be initially measured at acquisition cost and amortized over the effective period approved by the competent department.

V. Important Accounting Policies and Accounting Estimates (Continued)

29. Intangible Assets (Continued)

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

(2) (Continued)

⑤ 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.

- (3) Review of the useful lives of intangible assets: At the end of each financial year, the Company reviews the useful lives of intangible assets. If there is evidence that the useful lives of intangible assets are different from previous estimates, the amortization period of intangible assets with limited useful lives will be adjusted; For intangible assets with uncertain useful lives, if there is evidence that their service life is definite, then they shall be treated in accordance with the principle of treating intangible assets with limited useful lives.

- (4) Recognition standard and accrual method for impairment of intangible assets

The Company checks the ability of various intangible assets to bring future economic benefits to the enterprise at the end of the year and provides for impairment at the difference between the estimated recoverable amount and the carried value of the individual item if the estimated recoverable amount is less than its carrying amount. Once the impairment loss on intangible assets is recognized, it shall not be reversed in subsequent accounting periods.

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

See details in V-29. Intangible Assets (1) Valuation Method, Service Life, Accounting Policy for Internal research and development Expenses in Impairment Test

V. Important Accounting Policies and Accounting Estimates (Continued)

30. Impairment of long-term assets

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.

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. Long-term unamortized expenses

Long-term unamortized 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.

V. Important Accounting Policies and Accounting Estimates (Continued)

32. Contract liabilities

(1) *The method to recognize contract liabilities*

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.

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 employees benefits.

(1). *Accounting Measurement of Short-term Compensation*

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 services and benefits: The employee welfare expenses 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 welfare is non-monetary welfare 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 Welfare*

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 welfare*

Dismiss welfare refers 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 dismiss benefits to employees, the employee compensation liabilities arising from the dismiss welfare 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 dismiss welfare.

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

☐ Applicable ☒ Not Applicable

V. Important Accounting Policies and Accounting Estimates (Continued)

34. Lease liabilities

Effective from January 1, 2021

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.

The lease payment amount represents the amount paid by the Company to the Lessor in connection with the right to use the leased asset during the lease term, including:

- (1) The amount of fixed payments and substantially fixed payment, if there is lease incentive, deduct relevant amount of lease incentive;
- (2) A reasonable determination by the Company of the exercise price of the purchase option to be exercised;
- (3) The lease period reflects the amount required to be paid for exercising option to terminate the lease if the Company would exercise the option to terminate the lease.

After the commencement date of the lease term, the Company shall calculate the interest expense of the lease liability in each period during the lease term based on the fixed cyclical interest rate, and take it into account in the current profit or loss or relevant asset cost.

When there is a change in the substantial fixed payments, or a change in the amount expected to be payable for the guarantee residual value changes, or a change in the index or ratio used to determine the lease payment amount changes, or changes in the evaluation result of the purchase option, lease renewal option or termination option or the actual exercise situation, after the commencement date of the lease, the Company shall re-measure the lease liability at the present value of the changed lease payment amounts, and adjust the corresponding right-to-use assets. If the carrying value of the right-to-use assets has been reduced to zero but the lease liabilities are subject to further reduction, the Company shall include the difference in profit or loss for the period.

V. Important Accounting Policies and Accounting Estimates (Continued)

35. Anticipation liabilities

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

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

The revenue of the Company is mainly derived from natural gas retail, natural gas wholesale, natural gas direct supply, engineering construction and installation, comprehensive energy sales and service, value-added business, coal, energy chemical industry, chemical trade and other businesses. 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's business is the production and the sales of bulk LNG, coal, methanol, dimethyl ether and other products to wholesale customers as well as the sales of trade products, and the revenue shall be recognized when the control right of commodity is transferred to the purchaser depending on the nature of specific business and contractual provisions.

(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 business*

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 business (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 are adopted for the same business due to different business patterns

☐ Applicable ☒ Not Applicable

V. Important Accounting Policies and Accounting Estimates (Continued)

39. Contract cost

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 when it occurs.

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 provision for impairment 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

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 income tax assets/deferred income tax liabilities

- (1) The company adopts the balance sheet balance sheet liability approach for the accounting treatment of income tax.
- (2) The basis to recognize deferred income 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 income tax asset or deferred income tax liability shall be recognized accordingly.

V. Important Accounting Policies and Accounting Estimates (Continued)

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

- (3) At the end of each financial year, the Company reviews the book value of deferred income 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 income tax asset and deferred income tax liability. Except for the deferred income tax assets and deferred income 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 income 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

Executed before December 31, 2020

(1). Accounting treatment for operating leases

The Company, as the lessee, shall, in each period during the lease term, record the rental from operating lease into related assets cost or into current profit and loss according to the straight-line method; The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents actually incurred shall be recognized as the current profit and loss.

The Company, as the lessor, shall include the assets used for operating leases in relevant items in the balance sheet according to the nature of the assets; Lessor in an operating lease shall treat the lease fees received under an operating lease as the current profit or loss on a straight-line basis over the lease term; The initial direct costs incurred shall be recognized as the current profit or loss; For the fixed assets in the assets of operating lease, the Company shall adopt the depreciation policy of similar assets; For other assets of operating lease, the Company shall adopt the amortization in a systematic and reasonable way; Contingent rents actually incurred shall be recognized as the current profit and loss.

V. Important Accounting Policies and Accounting Estimates (Continued)

42. Lease (Continued)

Executed before December 31, 2020 (Continued)

(2). *Accounting treatment of financial leasing*

The Company, as a lessee, shall, at the commencement date of the lease term, record the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset into long-term accounts payable, and the difference is included in unrecognized finance fees; In the course of lease negotiation and lease contract, the initial direct expenses which may be attributed to the lease project, such as the commission charge, the lawyer's fee, travel expenses and the stamp duty, shall be included in the value of the leased asset; Unrecognized financing expenses shall be distributed during each lease period, and be recognized by adopting the actual interest rate; Contingent rents actually incurred shall be recognized as the current profit and loss.

When calculating the present value of the minimum lease payment, if the lessor can obtain the included interest rate of the lease, the interest rate implicit in the lease shall be regarded as the discount rate; Otherwise, the interest rate stipulated in the lease contract as the discount rate. If the interest rate implicit in the lease of the lessor cannot be obtained and there is no interest rate stipulated in the lease contract, the bank lending rates over the same period shall be regarded as the discount rate.

The depreciation of the leased assets shall be measured according to the depreciation policy consistent with its own fixed assets. If the of the leased asset is acquired at the expiration of the lease term, depreciation shall be calculated in accord with the service life of the leased asset. If it is impossible to reasonably determine the shareholdernesship of the leased asset at the expiration of the lease term, depreciation shall be recognized within a shorter period between the lease term and the service life of the leased asset.

The Company, as a lessor, shall, at the commencement date of the lease term, record the sum of the minimum lease receipt and the initial direct expenses as the entry value of the financial lease receivable, and also record the unguaranteed residual value; The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income; The unrealized financing income shall be distributed during each lease period; The Company shall recognize the current financing income by adopting the actual interest rate; Contingent rents actually incurred shall be recognized as the current profit and loss.

V. Important Accounting Policies and Accounting Estimates (Continued)

42. Lease (Continued)

Executed before December 31, 2020 (Continued)

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

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 as a lessee:

The Company shall recognize the right-to-use assets and lease liabilities for the lease at the commencement date of the lease. See “V-28. Right to Use Assets” and “V-34. Lease Liabilities” for details.

② The Company as a lessor:

The Company shall divide the lease into finance lease and operating lease at the lease commencement date of lease. Leases that transfer substantially all the risks and rewards associated with the ownership of leased assets shall be financial leases, while leases other than financial leases shall be operating leases.

Financial Lease

The Company shall recognize the receivable financing lease amount for the financing lease receivables and derecognize the financial lease assets at the commencement date of the lease. The Company shall make initial measurement based on the sum of the unguaranteed residual value and the amount of lease receipts outstanding at the commencement date of the lease at the present value discounted by the interest rate included in the lease. Subsequent measurement shall be based on the fixed cyclical interest rate and confirm the interest revenue during each period of the lease.

Operating Lease

During each period of the lease term, the Company adopts a straight-line method to recognize the lease receipt amount from operating leases as rental income. The initial direct expenses incurred by the Company in connection with operating leases shall be capitalized as incurred, and shall be amortized according to the same basis as the rental revenue during the lease term, and shall be included in the profits and losses of the current period by installments.

The amount of variable lease receipts obtained by the Company in connection with operating leases but not included in the lease receipts shall be included in the profits and losses of the current period as actually incurred.

V. Important Accounting Policies and Accounting Estimates (Continued)

43. Other important accounting policies and accounting estimates

(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*

According to the regulations of Article 7 of Cai Qi [2012] No. 16, The construction project construction enterprise affiliated to the company shall take the construction and installation project cost as the calculation basis, Applicable to “ municipal public engineering, Smelting project, mechanical and electrical installation engineering, Chemical petroleum engineering, Port and waterway engineering, Highway engineering and communications engineering accounted for 1.5% of the total proportion of the withdrawal to withdraw the safety costs.

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.

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.

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)*

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 an 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) The portion of the annual actual sales income of more than RMB10 million shall be drawn according to 4%.
- 2) The portion of the annual actual sales income of 10 million to 100 million (including) shall be drawn according to 2%;
- 3) The portion of the annual actual sales income of 100 million to 1,000 million (including) shall be drawn according to 0.5%;
- 4) The portion of the annual actual sales income of more than RMB1,000 million shall be drawn according to 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. Transport of hazardous goods

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:

Project	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.

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates

(1). Changes in accounting policies

The changes to accounting policies and the reasons of changes	Approval procedure	Remarks (name and amount of report items that have been affected)
Under the new lease criteria, the Company has recognized the right-of-use assets and lease liabilities for all leased-in assets at the present value of the minimum lease payments for future rentals payable (except for short-term leases and low-value leases where simplified treatment has been elected), and has recognized depreciation and unrecognized finance charges separately, without adjusting comparable period information, effective January 1, 2021.	The 29th meeting of the Ninth Board of Directors, the 16th meeting of the Ninth Board of Supervisors	For details, see (3) Since 2021, the first implementation of the new lease standard, adjustments to the financial statements at the beginning of the first implementation year
The Company has executed the "No. 15 Interpretation of Accounting Standards for Business Enterprises" issued by the Ministry of Finance in 2021 as of December 31, 2021.	The 42nd Meeting of the 9th Session of the Board of Directors The 23rd Meeting of the 9th Session of the Board of Supervisors	In accordance with the provisions of No. 15 Interpretation and in view of the actual situation of the Company, the closing balance of funds centrally managed by the parent company of the listed company to its members through the fund clearing centre at the end of 2021 would be shown under "Other payables" in the balance sheet of the parent company, and the closing balance of the funds borrowed from the account of the parent company of the listed company by its members would be shown under "Other receivables" in the balance sheet of the parent company; Meanwhile, the operations of financial companies within the scope of merger of listed companies shall be listed separately based on the reporting presentation requirements of financial companies

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(2). Changes in accounting estimates

☐ Applicable ☒ Not Applicable

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year

Consolidated Balance Sheet

Unit: Ten thousand yuan Currency: RMB

Project	December 31, 2020	January 1, 2021	Adjusted figures
Current assets:			
Monetary fund	1,262,867	1,023,696	-239,171
Deposit Reservation for Balance			
Lending funds		239,171	239,171
Transaction financial assets	7,000	7,000	
Derivative financial assets	33,576	33,576	
Bills Receivable	32,999	32,999	
Receivables	380,591	380,591	
Receivables financing	88,040	88,040	
Prepayments	340,343	338,306	-2,037
Insurance premiums receivable			
loans and payments on behalf		5,889	5,889
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	200,753	200,753	
Including: Interest receivable			
Dividend receivable	34,314	34,314	
Buying back the sale of financial assets			
Treasury	199,861	199,861	
Contract assets	258,704	258,704	
Assets held for sale			
Non-current assets due within one year	14,813	14,813	
Other current assets	274,713	268,824	-5,889
Total current assets	3,094,260	3,092,223	-2,037

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Project	December 31, 2020	January 1, 2021	Adjusted figures
Non-current assets:			
Loans and Advances			
Debt investment	1,648	1,648	
Other debt investment:			
Long-term receivables	22,304	22,304	
Long-term equity investment	555,972	555,972	
Investment in other equity instruments	28,126	28,126	
Other non-current financial assets	505,156	505,156	
Investment real estate	26,087	26,087	
Fixed assets	4,820,703	4,820,703	
Project under construction	782,341	782,341	
Productive biological assets			
Oil-gas assets			
Right-to-use assets		49,475	49,475
Intangible Assets	814,510	814,510	
Development expenditure	323	323	
Goodwill	56,501	56,501	
Long-term unamortized expenses	60,475	58,319	-2,156
Deferred income tax assets	179,395	179,395	
Other non-current assets	4,584	4,584	
Total non-current assets	7,858,125	7,905,444	47,319
Total assets	10,952,385	10,997,667	45,282
Current liabilities:			
Short-term borrowings	960,512	936,250	-24,262
Borrowings from the Central Bank			
Borrowing funds			
Transaction financial liabilities			
Derivative financial liabilities	40,493	40,493	
Bills Payable	97,540	97,540	
Payables	924,586	909,882	-14,704
Advance receipts			
Contract liabilities	1,545,419	1,545,419	

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Project	December 31, 2020	January 1, 2021	Adjusted figures
Financial assets sold for repurchase		24,262	24,262
Deposits from customers and interbank		14,704	14,704
Acting trading securities			
Acting underwriting securities			
Employee pay payable	100,765	100,765	
Tax payable	202,755	202,755	
Other payables	385,318	385,318	
Including: Interest payable			
Dividends payable	10,513	10,513	
Handling charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liability due within one year	708,226	717,317	9,091
Other current liabilities	139,871	139,871	
Total current liabilities	5,105,485	5,114,576	9,091
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans	471,804	471,804	
Notes payable	1,078,424	1,078,424	
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities		36,191	36,191
Long-term payables	14,457	14,457	
Long-term employee pay payable			
Anticipation liabilities			
Deferred income	88,261	88,261	
Deferred income tax liabilities	278,387	278,387	
Other non-current liabilities	388,387	388,387	
Total non-current liabilities	2,319,720	2,355,911	36,191
Total liabilities	7,425,205	7,470,487	45,282

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Project	December 31, 2020	January 1, 2021	Adjusted figures
shareholders' equity (or stockholder's equity):			
Paid-up capital (or capital stock)	259,998	259,998	
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve			
Less: Treasury stock	19,958	19,958	
Other comprehensive income	29,594	29,594	
Special reserves	8,449	8,449	
Surplus reserves			
General risk preparation		15,024	15,024
Undistributed profit	535,146	520,122	-15,024
Amount of Owner's Equity (or Shareholders' Equity) attributable to the parent company	813,229	813,229	
Minority shareholders' rights	2,713,951	2,713,951	
Total owner's equity (shareholders' equity)	3,527,180	3,527,180	
Amount of liabilities and owner's equity (or shareholders equity)	10,952,385	10,997,667	45,282

Descriptions to the adjustments of items:

☐ Applicable ☒ Not Applicable

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Balance Sheet of the Parent Company

Unit: Ten thousand yuan Currency: RMB

Project	December 31,2020	January 1,2021	Adjusted figures
Current assets:			
Monetary fund	27,323	27,323	
Transaction financial assets			
Derivative financial assets			
Bills Receivable			
Receivables			
Receivables financing			
Prepayments	27	27	
Other receivables	276,559	276,559	
Including: Interest receivable			
Dividend receivable			
Treasury			
Contract assets			
Assets held for sale			
Non-current assets due within one year	101,806	101,806	
Other current assets	8	8	
Total current assets	405,723	405,723	
Non-current assets:			
Debt investment			
Other debt investment:			
Long-term receivables	163,883	163,883	
Long-term equity investment	910,216	910,216	
Investment in other equity instruments	132	132	
Other non-current financial assets			
Investment real estate			
Fixed assets	455	455	
Project under construction	3,199	3,199	
Productive biological assets			
Oil-gas assets			

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Project	December 31,2020	January 1,2021	Adjusted figures
Right-to-use assets		269	269
Intangible assets	1,154	1,154	
Development expenditure			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets	1,079,039	1,079,308	269
Total assets	1,484,762	1,485,031	269
Current liabilities:			
Short-term borrowings	210,279	210,279	
Transaction financial liabilities			
Derivative financial liabilities			
Bills Payable	17,200	17,200	
Payables	150	150	
Advance receipts			
Contract liabilities			
Employee pay payable	745	745	
Tax payable	690	690	
Other payables	411,841	411,841	
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liability due within one year	1,020	1,020	
Other current liabilities			
Total current liabilities	641,925	641,925	
Non-current liabilities:			
Long-term loans	56,057	56,057	
Notes payable			
Including: Preferred stocks			
Perpetual capital securities			
Lease liabilities		269	269

V. Important Accounting Policies and Accounting Estimates (Continued)

44. Changes to principal accounting policies and accounting estimates (Continued)

(3). Since 2021, the first implementation of the New Lease Code, adjustments to the financial statements at the beginning of the first implementation year (Continued)

Project	December 31,2020	January 1,2021	Adjusted figures
Long-term payables	459,923	459,923	
Long-term employee pay payable			
Anticipation liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	515,980	516,249	269
Total liabilities	1,157,905	1,158,174	269
shareholders' equity (or stockholder's equity):			
Paid-up capital (or capital stock)	259,998	259,998	
Other equity instruments			
Including: Preferred stocks			
Perpetual capital securities			
Capital reserve	13,131	13,131	
Less: Treasury stock	19,958	19,958	
Other comprehensive income	-979	-979	
Special reserves			
Surplus reserves	20,056	20,056	
Undistributed profit	54,609	54,609	
Total owner's equity (shareholders' equity)	326,857	326,857	
Amount of liabilities and owner's equity (or shareholders equity)	1,484,762	1,485,031	269

Descriptions to the adjustments of items:

☐ Applicable ☒ Not Applicable

(4). Description of the retrospective adjustment of the previous comparative data for the first implementation of the new lease standard since 2021.

☐ Applicable ☒ Not Applicable

45. Others

☐ Applicable ☒ Not Applicable

VI. Taxes

1. Major Tax Types and Tax Rates applicable to the Company

Major tax categories and tax rates

Tax Types	Basis for tax assessment	Tax rate
The Company and its domestic subsidiaries		
Value added tax (VAT)	Taxable income of VAT	13%, 9%, 6%, 3%
Urban maintenance and construction tax	Turnover tax payable	7% and 5%
Enterprise income tax	Taxable income	25%, 15%, 20%
Education surtax	Turnover tax payable	5%
Property tax	Rental income of rental property and 70% of the original value of self-use property	12% and 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
Overseas subsidiaries		
Profits tax in Hong Kong	Profits and gains generated in Hong Kong	16.50%
Tax on dividends	Dividend income derived in mainland China by a Hong Kong resident enterprise	10% or 5%
British Virgin Islands	Tax has not been placed on profits, capital gains, wages of offshore companies incorporated in the British Virgin Islands.	0%
Income tax for Singapore corporate companies	Income from Singapore	17%
Income tax for America corporate companies	Income from the United States	28%

Disclosure of situations where there are different tax payers with different corporate income tax rates

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
Xinneng (Hong Kong) Energy Investment Co., Ltd.	16.5
ENN Clean Energy International Investment Limited	0
ENN LNG (SINGAPORE) PTE LTD	17
Xinneng (Langfang) Technology Services Co., Ltd.	15
Shanxi Qinshui Xinao Clean Energy Co., Ltd.	15
Chongqing Xinao 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

VI. Taxes (Continued)

1. Major Tax Types and Tax Rates applicable to the Company (Continued)

Name of taxpayer	Income tax rate (%)
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
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 ENN Huaheng Logistics Co., Ltd.	15
Liaocheng Dongchangfu ENN Energy Co., Ltd.	15
Fujian Xinyuan Energy Development Co., Ltd.	15
ENN (Guangxi) Energy Sales Co., Ltd.	15
Luoyang Xin'ao Fuel Gas Development Co., Ltd.	15
ENN Zhuoxin Investment Co., Ltd.	16.5
ENN Zhuocheng Investment Co., Ltd.	16.5
Jiapi Holdings Co., Ltd.	16.5
Hong Kong Tiancheng Energy Investment Group Co., Ltd.	16.5
ENN Gas Hong Kong Investment Co., Ltd.	16.5
ENN Gas Investment Group Co., Ltd.	16.5
ENN Energy China Investment Co., Ltd.	16.5
ENN LNG Trading Co., Ltd.	16.5
ENN Energy Holdings Ltd.	16.5
ENN Gas North America Investment Co., Ltd.	28
ENN Global Trading Pte. Ltd.	17
ENN Langfang Investment Co., Ltd.	0
ENN Zhejiang Investment Co., Ltd.	0
ENN Gas China Investment Co., Ltd.	0

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:

VI. Taxes (Continued)

1. Major Tax Types and Tax Rates applicable to the Company (Continued)

Some of the Company's subsidiaries: Bozhou Wanhua Gas Co., Ltd., Bozhou ENN Energy Development Co., Ltd. and other companies are subject to the provisions of the "Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Policy of Preferential Income Tax Reduction or Exemption for Small and Low-Profit Enterprises" (No. 2 [2019] of the Ministry of Finance) and 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 No.12, [2021] of the State Administration of Taxation of the Ministry of Finance) and the Provisions of the Announcement of the State Administration of Taxation on Matters Related to the Implementation of the Preferential Policies for The Development of Income Tax for Small and Micro-Profitable Enterprises and Individual Industrial and Commercial Households (Announcement No.8, [2021] of the State Administration of Taxation): From January 1, 2021 to December 31, 2022, for small enterprises with low profits, For the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan, 12.5% of the taxable income will be reduced and the enterprise income tax will be paid at the rate of 20%. For the part of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 50% of the taxable income will be reduced and the enterprise income tax will be paid at the tax rate of 20%.

2. Tax incentives

- (1) According to the relevant provisions of Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on "Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China" (No. 23, 2020), Announcement on Implementing the "Catalogue for Guiding Industry Restructuring (2019 Version) " and "Catalogue of Industries Encouraged in the Western Region (2020 Version) " issued by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission in 2020, the enterprise income tax shall be levied at a reduced rate of 15% from January 1, 2021 to December 31, 2030 on the enterprises located in the western region in the encouraged industries. Subsidiaries such as Xinneng Mining Industry Co., Ltd., Xinneng Energy Co., Ltd. and Chongqing Xinao Longxin Clean Energy Co., Ltd. shall pay the enterprise revenue tax at a reduced rate of 15%.
- (2) Some of the Company's subsidiaries: Huludao Xin'ao Gas Development Co., Ltd., ENN Fanneng Network Technology Co., Ltd., Xindi Energy Engineering Technology Co., Ltd., Shanxi Qinshui Xinao Clean Energy Co., Ltd. and other companies for the issuance of high-tech enterprise certificates, within three years of the validity of the certificate, can enjoy 15% preferential income tax rate for high-tech enterprises.

VI. Taxes (Continued)

2. Tax incentives (Continued)

- (3) Some of the Company's subsidiaries: Bozhou Wanhua Gas Co., Ltd., Bozhou ENN Energy Development Co., Ltd. and other companies are subject to the provisions of the "Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Policy of Preferential Income Tax Reduction or Exemption for Small and Low-Profit Enterprises" (No. 2 [2019] of the Ministry of Finance) and 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 No.12, [2021] of the State Administration of Taxation of the Ministry of Finance) and the Provisions of the Announcement of the State Administration of Taxation on Matters Related to the Implementation of the Preferential Policies for The Development of Income Tax for Small and Micro-Profitable Enterprises and Individual Industrial and Commercial Households (Announcement No.8, [2021] of the State Administration of Taxation): From January 1, 2021 to December 31, 2022, for small enterprises with low profits, For the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan, 12.5% of the taxable income will be reduced and the enterprise income tax will be paid at the rate of 20%. For the part of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 50% of the taxable income will be reduced and the enterprise income tax will be paid at the tax rate of 20%.

3. Others

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements

1. Monetary fund

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Cash on hand	1,130	826
Bank deposits	1,022,848	927,525
Other monetary funds	75,753	48,907
Legal reserves deposited with the central bank	44,290	46,438
Total	1,144,021	1,023,696
Including: Total amount of fund deposited overseas	188,828	78,830

VII. Notes on the Consolidated Financial Statements (Continued)

1. Monetary fund (Continued)

Other description:

The details of use of restricted monetary funds as a result of mortgage, pledge or freeze are as follows:

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Statutory reserves deposited with the Central Bank	44,290	46,438
Bank acceptance deposit	33,612	23,129
Import agent security deposit	16,647	
Other deposits	11,122	7,455
Mine Geological Environment Restoration and Management Fund	6,597	
Pledge of deposit certificate	5,232	4,000
Deposit as an electricity sales agent	4,459	4,655
Franchise deposit	3,734	5,920
Deposit for migrant workers' salaries	2,418	1,776
Loan margin deposit	1,562	1,305
Futures margin	1,437	2,024
L/G deposit	212	1,118
Cash in investing account	39	39
Deposit in other cities		259
L/C Guarantee deposits		1,650
Total	131,361	99,768

2. Lending funds

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Domestic bank	222,099	239,171
Total	222,099	239,171

Other description:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

3. Transaction financial assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Financial assets that are measured at fair value and whose variations are included in the current profits and losses	15,510	7,000
Including:		
Structured deposits	15,160	7,000
Financing products	350	
Financial assets that are designated to be measured at fair value through profit and loss		
Including:		
Total	15,510	7,000

Other description:

The trading financial assets increased by 121.57% at the end of the period compared with the end of the previous period, mainly due to the increase of structural deposits of subsidiaries of the Company during the reporting period.

4. Derivative financial assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Non-hedging derivatives	218,144	33,424
Including: Commodity derivative contracts	218,139	33,424
Foreign exchange derivative contracts	5	
Hedging derivatives	63,484	152
Including: Commodity derivative contracts	63,484	
Foreign exchange derivative contracts		152
Total	281,628	33,576

VII. Notes on the Consolidated Financial Statements (Continued)

4. Derivative financial assets (Continued)

Other description:

1. The Company's exposure to commodity price risk arises primarily from sale and purchase of LNG contracts linked to indexes such as crude oil and natural gas. To manage and mitigate commodity price risks, the Company has signed multiple commodity derivative contracts with several financial institutions, some of which are designated as hedging instruments.
2. The foreign exchange risk faced by the Company mainly comes from various bonds and bank loans denominated in US dollars. To manage and reduce its foreign exchange exposure, the Company has entered into a number of foreign currency derivative contracts with several financial institutions, most of which are designated as hedging instruments.
3. Derivative financial assets increased by 738.78% at the end of the period compared with the end of the previous period, and derivative financial liabilities increased by 416.27% at the end of the period compared with the end of the previous period, mainly due to the increase of the amount of imported natural gas, the contract volume of commodity derivative instruments and the price of basic assets of the subsidiaries of the Company during the reporting period.

5. Bills Receivable

(1). Classification list of notes receivable

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Bank acceptance bill	30,775	29,547
A trade acceptance	1,760	3,452
Total	32,535	32,999

(2). Notes receivable pledged by the company at the end of the period

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

5. Bills Receivable (Continued)

- (3). *At the end of the term, the company has endorsed or discounted notes receivable that are not yet due on the balance sheet date*

Unit: Ten thousand yuan Currency: RMB

Project	The amount of termination at the end of the period	The amount derecognized at the end of the period
Bank acceptance bill		12,579
A trade acceptance		419
Total		12,998

- (4). *At the end of the period, the Company transferred notes receivable to accounts receivable due to the non-performance of notes maker*

Project	Amount of accounts receivable transferred at the end of period
A trade acceptance	632
Total	632

VII. Notes on the Consolidated Financial Statements (Continued)

5. Bills Receivable (Continued)

(5). Disclosed by classification of provision methods on bad debt

Unit: Ten thousand yuan 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	32,553	100.00	18	0.05	32,535	33,034	100.00	35	0.11	32,999
Including:										
A trade acceptance	1,778	5.46	18	1.00	1,760	3,487	10.56	35	1.00	3,452
Bank acceptance bill	30,775	94.54			30,775	29,547	89.44			29,547
Total	32,553	/	18	/	32,535	33,034	/	35	/	32,999

Bad debt provision made on an individual basis:

☐ Applicable ☒ Not Applicable

Bad debt provision made on a combined basis:

Combination accrual items: A trade acceptance

Unit: Ten thousand yuan Currency: RMB

Name	Closing balance		
	Bills Receivable	Provision for bad debt	Provision ratio
A trade acceptance	1,778	18	1.00
Total	1,778	18	

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

Unit: Ten thousand yuan Currency: RMB

Category	Opening balance	Amount changed in current period			Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	
Provision for bad debts on notes receivable	35		17		18
Total	35		17		18

Major bad debts that tend to be recovered or reversed in the current period thereof:

☐ Applicable ☒ Not Applicable

(7). Notes receivable cancelled during the period

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

6. Receivables

(1). Disclosure according to the maturity of accounts receivable

Unit: Ten thousand yuan 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	608,634
1-2 years	55,963
2-3 years	32,345
More than 3 years	23,339
3-4 years	
4-5 years	
More than 5 years	13,922
Total	734,203

Other description:

The accounts receivable increased by 75.99% at the end of the period compared with that at the end of the previous period, mainly due to the increase of the accounts receivable from natural gas wholesale and direct selling sales, as well as the project construction and installation funds of the subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

6. Receivables (Continued)

(2). Disclosed by classification of provision methods on bad debt

Unit: Ten thousand yuan 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	7,862	1.07	7,862	100.00		9,243	2.14	9,243	100.00	
Bad debt provision made on a combined basis	726,341	98.93	56,539	7.78	669,802	422,973	97.86	42,382	10.02	380,591
Total	734,203	100.00	64,401	8.77	669,802	432,216	100.00	51,625	11.94	380,591

Bad debt provision made on an individual basis:

Unit: Ten thousand yuan Currency: RMB

Name	Closing balance				Reasons for making provision
	Book balance	Provision for bad debt	Provision ratio (%)		
Provision made separately for bad debts which are not significant in an individual amount	7,862	7,862	100		Receivables that are difficult to recover and are likely to become bad debts
Total	7,862	7,862	100	/	

Description on provision for bad debts on individual items:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

6. Receivables (Continued)

(2). Disclosed by classification of provision methods on bad debt (Continued)

Bad debt provision made on a combined basis:

Unit: Ten thousand yuan Currency: RMB

Name	Closing balance		
	Receivables	Provision for bad debt	Provision ratio (%)
Within 1 year	606,664	11,966	1.97
1-2 years	53,109	10,806	20.35
2-3 years	31,859	7,898	24.79
3-5 years	23,285	14,445	62.04
More than 5 years	11,424	11,424	100.00
Total	726,341	56,539	7.78

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. Receivables (Continued)

(3). Information on provision for bad debts

Unit: Ten thousand yuan 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	9,243	3,057	4,367	71		7,862
Bad debt provision made on a combined basis	42,382	14,935		778		56,539
Total	51,625	17,992	4,367	849		64,401

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

Unit: Ten thousand yuan Currency: RMB

Project	Amount of written off
Accounts receivable actually cancelled	849

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. Receivables (Continued)

(5). Accounts receivable in the top five ending balances collected by the debtor

Unit: Ten thousand yuan Currency: RMB

Name of entity	Closing balance	The balance of credit loss provision at the end of the financial year	The proportion (%) accounted for in the total balance of accounts receivable at the end of the year
First place	65,477	8.92	36
Second place	65,199	8.88	355
Third place	24,643	3.36	1,304
Fourth place	24,146	3.29	569
Fifth place	21,948	2.99	456
Total	201,413	27.44	2,720

(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

VII. Notes on the Consolidated Financial Statements (Continued)

7. Receivables financing

(1). Receivables financing classification

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Notes receivable measured at fair value and whose changes are included in other comprehensive income	86,389	88,040
Total	86,389	88,040

The changes in accounts receivable financing and the change of its fair value during this period:

☐ 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

Other description:

☐ Applicable ☒ Not Applicable

(2). Notes receivable endorsed or discounted and undue at the balance sheet date

Unit: Ten thousand yuan Currency: RMB

Project	The amount of termination at the end of the period	The amount derecognized at the end of the period
Bank acceptance bill	94,830	
Total	94,830	

VII. Notes on the Consolidated Financial Statements (Continued)

8. Prepayments

(1). Advance payment shall be shown by account receivable age

Unit: Ten thousand yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	392,182	97.77	327,839	96.91
1-2 years	6,197	1.54	6,833	2.02
2-3 years	1,196	0.30	1,561	0.46
More than 3 years	1,553	0.39	2,073	0.61
Total	401,128	100.00	338,306	100.00

Reasons for the overdue settlement of prepayments with significant amount and matured beyond one year:

Name of entity	Amount	Reasons for outstanding settlement
First place	1,209	hasn't reached the settlement period
Second place	595	hasn't reached the settlement period
Third place	321	hasn't reached the settlement period
Fourth place	182	hasn't reached the settlement period
Fifth place	150	hasn't reached the settlement period
Total	2,457	

(2). The specification of the top 5 ending condition prepayment collected by prepayment object

Name of entity	Closing balance	Percentage of total closing balance of prepayments (%)
First place	102,377	25.52
Second place	31,839	7.94
Third place	20,594	5.13
Fourth place	16,178	4.03
Fifth place	15,360	3.84
Total	186,348	46.46

Other description

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

9. Loans and Advances

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Corporate Loans	5,700	6,050
Total loans and advances issued	5,700	6,050
Less: Loan Loss Reserves	114	161
Book value of loans and advances issued	5,586	5,889

10. Other receivables

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Interest receivable		
Dividend receivable	21,708	34,314
Other receivables	216,565	166,439
Total	238,273	200,753

Other description:

1. The dividend receivable decreased by 36.74% at the end of the period compared with that at the end of the previous period, mainly due to the increase of dividends declared by the associate companies in the reporting period.
2. Other receivables increased by 30.12% at the end of the period compared with that at the end of the previous period, mainly due to the uncollected revenue realized by the newly added derivative receivables at the end of the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

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

Dividend receivable

(1). Dividend receivable

Unit: Ten thousand yuan Currency: RMB

Project (or invested unit)	Closing balance	Opening balance
Yantai ENN Gas Development Co., Ltd.	6,900	6,900
Yancheng ENN Compressed Natural Gas Co., Ltd.		36
Sinopec ENN (Tianjin) Energy Co., Ltd.	541	541
Levima (Shandong) Chemical Co., Ltd.		15,720
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	5,171	2,788
Shantou Huarun ENN Gas Co., Ltd.	240	387
Luquan Fuxin Gas Co., Ltd.	2,007	2,007
Ningbo ENN Gas Co., Ltd.	1,960	1,470
Hebei PetroChina Kunlun Natural Gas Co., Ltd.		2,015
Liaocheng Shihua Natural Gas Co., Ltd.		2,450
Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	131	
Huzhou Nanxun Xin'ao Gas Co., Ltd.	3,249	
Huzhou Nanxun Xin'ao Gas Development Co., Ltd.	1,266	
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	243	
Total	21,708	34,314

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Dividend receivable (Continued)

(2). Significant dividends receivable due beyond one year

☐ Applicable ☒ Not Applicable

(3). Provision for bad debts

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

Other receivables

(1). Disclosure according to the maturity of accounts receivable

Unit: Ten thousand yuan 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	139,067
1-2 years	27,566
2-3 years	8,037
More than 3 years	26,619
3-4 years	
4-5 years	
More than 5 years	19,073
Total	220,362

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(2). Classification by the nature of payments

Unit: Ten thousand yuan Currency: RMB

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Contracts for derivatives settled and uncollected	71,919	
Performance deposit or cash pledge	67,848	79,795
Current account	58,046	63,698
Asset disposal proceeds	5,497	3,169
Employees' borrowings and reserves	1,777	3,980
Unit Others	15,275	19,466
Total	220,362	170,108

(3). Provision for bad debts

Unit: Ten thousand yuan 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
Provision for bad debt				
Balance on January 1, 2021	1,712		1,957	3,669
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period	447		154	601
Reversal of current period			49	49
Resale of the current period				
Written off of the current period			424	424
Others changes				
Balance as at December 31, 2021	2,159		1,638	3,797

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(3). Provision for bad debts (Continued)

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

(4). Information on provision for bad debts

Unit: Ten thousand yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	Others changes	
Provision on other receivables	3,669	601	49	424		3,797
Total	3,669	601	49	424		3,797

In which, significant amount reversed from bad debt provision or recovered bad debt

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(5). Other receivables actually written off in the current period

Unit: Ten thousand yuan Currency: RMB

Project	Amount of written off
Other receivables actually written off	424

The important cancellation of other receivables:

☐ Applicable ☒ Not Applicable

Description on the cancellation of other receivables:

☐ Applicable ☒ Not Applicable

(6). Information of top five clients of other receivables classified by account balance

Unit: Ten thousand yuan Currency: RMB

Name of entity	Fund nature	Closing balance	Aging	The ratio of which to total ending balance of other receivables (%)	Ending balance of bad debt reserve
First place	Contracts for derivatives settled and uncollected	30,580	Within 1 year	13.88	306
Second place	Contracts for derivatives settled and uncollected	23,936	Within 1 year	10.86	239
Third place	Contracts for derivatives settled and uncollected	17,403	Within 1 year	7.9	174
Fourth place	Current account	11,245	Within 1 year, 1-2 years, 3-5 years, more than 5 years	5.10	5
Fifth place	Current account	9,325	Within 1 year, 1-2 years, 2-3 years, 3-5 years	4.23	310
Total	/	92,489	/	41.97	1,034

VII. Notes on the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(7). Receivables related to government subsidies

☐ Applicable ☒ Not Applicable

(8). Derecognized other receivables as a result of transfer of financial assets

☐ Applicable ☒ Not Applicable

(9). The amount of assets and liabilities formed from the transfer of other receivables with continuous involvement

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

11. Treasury

(1). Classification of Treasury

Unit: Ten thousand yuan Currency: RMB

Project	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	130,809		130,809	126,038		126,038
Products under fabrication	7,271		7,271	4,356		4,356
Merchandise Treasury	212,580	39,110	173,470	64,926		64,926
Materials in transit				710		710
Self-manufactured semi-finished products				1,082		1,082
Goods in transit	1,663		1,663	2,592		2,592
Consigned processing materials	610		610	50		50
Others	17		17	107		107
Total	352,950	39,110	313,840	199,861		199,861

VII. Notes on the Consolidated Financial Statements (Continued)

11. Treasury (Continued)

(2). Provision for inventory depreciation and contract performance cost impairment

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase		Current decrease		Closing balance
		Accrual	Others	Reversed or written-off	Others	
Raw materials						
Products under fabrication						
Merchandise Treasury		39,110				39,110
Materials in transit						
Self-manufactured semi-finished products						
Goods in transit						
Consigned processing materials						
Others						
Total		39,110				39,110

Other Description:

The provision for decline in value of inventories in this period was relatively higher, which is mainly due to the higher increase in the spot purchase cost of imported gas due to the international environmental, while the increase of sales price in China was lower than that of international procurement price.

(3). Description on inventories with capitalized borrowing costs at the end of the period

☐ Applicable ☒ Not Applicable

(4). Description on the amortization amount of contract performance cost in this period

☐ Applicable ☒ Not Applicable

Other description:

The inventory increased by 57.03% at the end of the period as compared with that at the end of the previous period, mainly due to the increase of natural gas inventories of subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

12. Contract assets

(1). Disclosure of contract assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Contract assets	275,271	4,805	270,466	262,245	3,541	258,704
Total	275,271	4,805	270,466	262,245	3,541	258,704

(2). The amount of and the reasons for the significant changes in book value during the reporting period

☐ Applicable ☒ Not Applicable

(3). Provision for impairment of contract assets in this period

Unit: Ten thousand yuan Currency: RMB

Project	Withdrawal for the current period	Reversal of current period	Amount written off/cancelled in this period	Reasons
Provision for bad debts of contract assets	1,264			
Total	1,264			/

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

(1) Non-current assets due within one year

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Non-current assets due within one year	12,061	14,813
Total	12,061	14,813

(2) Provision for impairment of non-current assets due within one year during the current period:

	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
Depreciation Reserve				
Balance on January 1, 2021	129			129
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period				
Reversal of current period	18			18
Resale of the current period				
Written off of the current period				
Others changes	956			956
Balance as at December 31, 2021	1,067			1,067

Important debt investments and other debt investments at the end of the period:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

15. Other current assets

(1) Other current assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
VAT to be deducted, certified or been prepaid	199,768	180,066
Prepaid enterprise income tax	82,103	65,968
Prepaid business tax	4,516	5,047
Prepaid individual income tax	359	728
Construction tax and surcharges prepaid for other parties		7
Prepaid social insurance and housing provident fund	323	94
Entrusted Loan	1,692	3,976
Factoring Payment Receivable	601	12,626
Others	668	312
Total	290,030	268,824

(2) Provision for impairment of other current assets:

	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
Depreciation Reserve				
Balance on January 1, 2021	287		762	1,049
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period	43			43
Reversal of current period	266		655	921
Resale of the current period				
Written off of the current period				
Others changes				
Balance as at December 31, 2021	64		107	171

VII. Notes on the Consolidated Financial Statements (Continued)

16. Loans and Advances

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Corporate Loans	1,119	
Total loans and advances issued	1,119	
Less: Loan Loss Reserves	22	
Book value of loans and advances issued	1,097	

17. Debt investment

(1). Disclosure of debt investments

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Entrusted Loan	305	12	293	1,669	21	1,648
Total	305	12	293	1,669	21	1,648

(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) Provision for impairment:

Unit: Ten thousand yuan Currency: RMB

Depreciation Reserve	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, 2021	21			21
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period	2			2
Reversal of current period				
Resale of the current period				
Written off of the current period				
Others changes	-11			-11
Balance as at December 31, 2021	12			12

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:

The debt investment decreased by 82.22% at the end of the period compared with that at the end of the previous period, mainly due to the recovery of factoring funds and the reclassification of factoring and entrusted loans to non-current assets with maturity within one year by subsidiaries of the Company during the reporting period.

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

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:

☐ Applicable ☒ Not Applicable

19. Long-term receivables

(1) Long-term receivables

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance			Discount rate interval
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value	
Finance lease receivables	36,382	364	36,018	23,385	1,081	22,304	5.00%-9.2%
Including: Unrealized financing income	2,742		2,742	3,204		3,204	
Total	36,382	364	36,018	23,385	1,081	22,304	/

VII. Notes on the Consolidated Financial Statements (Continued)

19. Long-term receivables (Continued)

(2) Provision for bad debts

Unit: Ten thousand yuan 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, 2021	1,081			1,081
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period	228			228
Reversal of current period				
Resale of the current period				
Written off of the current period				
Others changes	-945			-945
Balance as at December 31, 2021	364			364

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:

Long-term receivables increased by 61.49% at the end of the period compared with the end of the previous period, mainly due to the increase of financial leasing business of subsidiaries of the Company during the reporting period.

20. Long-term equity investment

Unit: Ten thousand yuan Currency: RMB

Unit Invested	Current increase or decrease changes										Ending balance of depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment gains and losses 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	
I. Joint Venture											
Yancheng ENN Compressed Natural Gas Co., Ltd.	1,937			-159							1,778
Luquan Fuxin Gas Co., Ltd.	10,241			2,559							12,800
Ningbo ENN Gas Co., Ltd.	11,317			1,718			2,940				10,095
Yantai ENN Gas Development Co., Ltd.	47,205			9,433			4,250				52,388
Kaifeng ENN Yin Hai Automobile Gas Co., Ltd.	270			-45							225
Tangshan ENN Yiyun Clean Energy Co., Ltd.	866		788	-78							
Yunnan Yuntou Xin'ao Gas Co., Ltd.	12,891			774							13,665
Haining Xinxin Natural Gas Co., Ltd.	2,867			116							2,983
Tangshan ENN Yongshun Clean Energy Co., Ltd.	5,986			-754							5,232
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	25,100			2,749							27,849
Henan Jingbao ENN New Energy Co., Ltd.	4,006			1,478							5,484
Hangzhou Xiaoshan Huanneng Industrial Co., Ltd.	707			-38							669
Quzhou ENN Sinopec Automobile Gas Co., Ltd.	1,005			130			131				1,004
Shanghai Kunlun ENN Clean Energy Co., Ltd.	21,118			554			1,078				20,594

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 gains and losses 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			
Jiaxing Sinopec ENN Gas Co., Ltd.	496			-29							467	
Langfang Huagang ENN Gas Investment Co., Ltd.	2,036			5							2,041	
Baoding ENN Gas Co., Ltd.	13,767	7,713		2,168							23,648	
Langfang ENN Longyu Clean Energy Co., Ltd.	911			-55							856	
Jinhua Sinopec ENN Automobile Natural Gas Co., Ltd.	544			-10			23				511	
Liaocheng Shihua Natural Gas Co., Ltd.	5,593	1,470		1,935							8,998	
Guangxi Xijiang ENN Clean Energy Co., Ltd.	1,712			-139							1,573	
Anhui Wanneng ENN Natural Gas Co., Ltd.	3,732			945							4,677	
Taizhou ENN Petrochemical Automobile Gas Co., Ltd.	308		308									
Luoyang Hongxin Gas Co., Ltd.	885			-5							880	
Beijing Beiran ENN Clean Energy Co., Ltd.	2,056		2,014	-42								
Xuzhou Guotou ENN Energy Co., Ltd.	2,268			115							2,383	
Qingdao International Airport New Energy Development Co., Ltd.	6,417			72							6,489	
Jiangxi Poyang Lake LNG Co., Ltd.	3,503			-71							3,432	
Dongguan Haofeng ENN Energy Co., Ltd.	2,979			217							3,196	
Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	3,879			41							3,920	
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	2,018			-101			459				1,458	
Nanjing ENN Sanxin Traffic Science&Technology Co., Ltd.	563		580	17								
Wulian Run'ao Energy Development Co., Ltd.	757	735		-24							1,468	
Xuancheng Hezhong Natural Gas Pipeline Network Co., Ltd.	3,603			519			750				3,372	
Dongguan Zhongdian ENN Heating Co., Ltd.	2,980			634							3,614	
Changsha Nanneng ENN New Energy Technology Co., Ltd.	431		431									
Zhuzhou Tai'ao Energy Co., Ltd.	202			24							226	
Dongguan Changping Haofeng ENN Energy Development Co., Ltd.	49										49	
Lianyungang Chengxin Gas Co., Ltd.		3,900		-1							3,899	

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 gains and losses 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			
Sinopec Yuexi Pipeline Network Co., Ltd.		10,881		-386							10,495	
Huai'an Zhongyou Tianhuai Gas Co., Ltd.		680									680	
Henan Zhongyuan Natural Gas Development Co., Ltd.		44,000									44,000	
Dongguan Xinde Gas Engineering Project Management Co., Ltd.	203			-7							19	
Subtotal	207,408	69,379	4,121	24,259			9,631				287,294	1,307
II. Joint ventures												
Levima (Shandong) Chemical Co., Ltd.	47,645		50,369	2,724								
CNOOC Gas and Electricity North Sea Gas Co., Ltd.	6,595			-578				1,563			4,454	1,563
Beijing Zhongnong Big Biotechnology Incorporated Company	1,150			-475							675	
Erdos Xinneng Logistics Co., Ltd.	274		211	-63								
Chongqing Longran Energy Technology Co., Ltd.	1,504			1,310							2,814	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	7,487			247			800				6,934	
Changsha Xinneng Automobile Gas Co., Ltd.	1,572			59			30				1,601	
Zhanjiang Xinyi Real Estate Development Co., Ltd.	3,568			-48							3,520	
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	3,223			-171			438				2,614	
Vietnam Urban Gas Investment and Development Corporation (PVGAS).	2,997	3	3,007	7								
Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd.	1,528			-47							1,481	
Shijiazhuang Kunlun ENN Gas Co., Ltd.	35,293			7,324							42,617	
Huai'an Zhongyou Tianhuai Gas Co., Ltd.	661	60	680	103			144					
Sinopec ENN (Tianjin) Energy Co., Ltd.	4,063			-342							3,721	
Taizhou City Natural Gas Co., Ltd.	4,636			-326		-941					3,369	
Guangzhou Ganghua Gas Co., Ltd.	5,758			-249			1,000				4,509	
Taizhou Yinxingshu Gas Co., Ltd.	459			107			83				483	
CNOOC Xinrun Liaoning Gas Co., Ltd.	1,220			129			41				1,308	
Xinyu ENN Clean Energy Co., Ltd.	635			-173							462	
Changzhou Meilu ENN Energy Co., Ltd.	510			13							523	

20. Long-term equity investment (Continued)

Unit Invested	Current increase or decrease changes										
	Opening balance	Additional investment	Reduced investment	Investment gains and losses 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	Ending balance of depreciation provision
Suzhou Wanneng Natural Gas Co., Ltd.	3,221			110						3,331	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	5,806			2,779			2,383			6,202	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	4,079			543						4,622	
Shantou Huarun ENN Gas Co., Ltd.	15,863			2,900			2,450			16,313	
Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	48			-7						41	
Ningbo ENN Gas Development Co., Ltd	1,642			1,935			784			2,793	
Guangxi Yilongyuan Electricity Distribution Co., Ltd.	1,188			176			109			1,255	
Shanghai Zhuoxiao Energy Technology Co., Ltd.	441			24						465	
Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd.	4,234			354						4,588	
Shandong Lule Natural Gas Co., Ltd.	812			-39						773	
Zhoushan Natural Gas Trading Market Co., Ltd	487		468	-19						0	
Zhoushan Lanyan Gas Co., Ltd.	52,183			1,600						53,783	
Hunan Yiwei Power Distribution Co., Ltd	2,960			32						2,992	
Zhejiang Xinyongzhou Logistics Co., Ltd.	911			-180						731	
Heilongjiang Natural Gas Pipeline Network Co., Ltd.	23,535		23,576	41							
Guangxi Daren Energy Co., Ltd.	3,610			86						3,696	
Luoyang Natural Gas Storage and Transportation Co., Ltd.	3,239			16						3,255	
Hechi Yizhou Huazhi Clean Energy Co., Ltd.	151									151	
Tengzhou Huazhi Clean Energy Co., Ltd.	77			-4						73	
Changshu Huazhi Clean Energy Co., Ltd.	143		143								
Huzhou ENN Gas Co., Ltd.	33,256			5,350						38,606	
Huzhou Nanxun Xin'ao Gas Co., Ltd.	25,713			2,517			5,787			22,443	
Huzhou Nanxun Xin'ao Gas Development Co., Ltd.	7,907			693			2,377			6,223	
Shandong Airport Intelligent Energy Development Co., Ltd.	671			-37						634	
Bengbu Ruiyuan Power Distribution Co., Ltd.	540									540	
Lianyungang Zhongxin Gas Co., Ltd.	8,826	2,702		905						12,433	

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 gains and losses 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	
Kaifeng Xingsong City Trade Co., Ltd.	96			20			22				94
Yancheng Guoneng ENN Energy Development Co., Ltd.	374			-283							91
Anhui Jinshi Xuanran Natural Gas Pipeline Co., Ltd.	2		2								
Ningbo ENN Xinrui Energy Development Co., Ltd.	842			640							1,482
Bozhou Xinglv New Energy Co., Ltd	95			1							96
Shandong Luxin Natural Gas Co., Ltd.	1,498			156							1,654
Jinhua Gaoya Natural Gas Co., Ltd.	1,357			-67							1,290
Hubei Highway Passenger Transport (Group) Shengshitong Transportation Co., Ltd.	439		439								
Changzhou Zhongwu Power Distribution Co., Ltd.	360			3							363
Changshu China Petroleum Kunlun Natural Gas Development Co., Ltd.		290		24							314
Danjiangkou ENN Energy Development Co., Ltd	97			-6							91
Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	5,378			1							5,379
Minshang (Guangdong) Investment Partnership (Limited Partnership)	5,705			-239							5,466
Beijing Shanjiang Huisheng Pipeline Technology Development Co., Ltd.		600		-18							582
Changzhou Gas Storage Co., Ltd.		875									875
Chizhou Qianjiang Gas Co., Ltd.		2,450		25							2,475
Xinsheng Natural Gas Sales Co., Ltd.		750		47							797
Yancheng National Investment Natural Gas Pipeline Network Co., Ltd.		21,524		-4							21,520
Qinzhou PetroChina Kunlun Gas Co., Ltd.		2,700		-41							2,659
Subtotal	348,564	31,954	78,895	29,585		-941	16,448	1,563		312,256	1,563
Total	555,972	101,333	83,016	53,844		-941	26,079	1,563		599,550	2,870

Other description

NO

VII. Notes on the Consolidated Financial Statements (Continued)

21. Investment in other equity instruments

(1). Description on other equity instrument investments

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Jiaxing Gas Group Co., Ltd.	11,293	6,179
Chongqing Petroleum and Natural Gas Trading Center Co., Ltd.	5,474	5,408
Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	4,362	4,397
Longchang Ruigao Energy Development Co., Ltd.	1,490	1,490
Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd.	1,230	1,004
Sanmenxia Swan Power Co., Ltd.	1,177	1,176
Shenzhen Dapeng LNG Sales Co., Ltd.	494	243
Nanjing Jiangbei New Area Power Distribution Co., Ltd.	464	461
Heilongjiang Electric Power Trading Center Co., Ltd.	356	356
Jibei Electric Power Trading Center Co., Ltd.	290	288
Guangxi Electric Power Trading Center Co., Ltd.	262	
Zhejiang Hesong Energy Co., Ltd.	166	170
Xiangtan Desheng Energy&Power Distribution Co., Ltd.	144	152
ENN (Inner Mongolia) Graphene Material Co., Ltd.	26	132
Dongguan Fengneng Liquefied Natural Gas Co., Ltd.	25	
Dongguan Fengneng Liquefied Natural Gas Terminal Co., Ltd.	25	
Santos Limited		6,670
Total	27,278	28,126

VII. Notes on the Consolidated Financial Statements (Continued)

21. Investment in other equity instruments (Continued)

(2). Information on non-trading equity instrument investments

Unit: Ten thousand yuan Currency: RMB

Project	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.	310	7,181			Strategic investment	
Chongqing Petroleum and Natural Gas Trading Center Co., Ltd.	40	224			Strategic investment	
Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	265	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.			-323		Strategic investment	
Shenzhen Dapeng LNG Sales Co., Ltd.	53	369			Strategic investment	
Nanjing Jiangbei New Area Power Distribution Co., Ltd.		14			Strategic investment	
Heilongjiang Electric Power Trading Center Co., Ltd.					Strategic investment	
Jibei Electric Power Trading Center Co., Ltd.			-1		Strategic investment	
Guangxi Electric Power Trading Center Co., Ltd.		2			Strategic investment	
Zhejiang Hesong Energy Co., Ltd.			-74		Strategic investment	
Xiangtan Desheng Energy&Power Distribution Co., Ltd.			-16		Strategic investment	
ENN (Inner Mongolia) Graphene Material Co., Ltd.			-1,086		Strategic investment	
Dongguan Fengneng Liquefied Natural Gas Co., Ltd.					Strategic investment	
Dongguan Fengneng Liquefied Natural Gas Terminal Co., Ltd.					Strategic investment	
Santos Limited	68	2,733		2,733	Strategic investment	Disposal of assets
Total	736	11,555	-1,500	2,733		

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

22. Other non-current financial assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Other non-current financial assets that are included in derivative financial assets	112,246	29,197
Non-hedging derivatives	102,442	29,197
Including: Commodity derivative contracts	102,442	29,197
Hedging derivatives	9,804	
Including: Commodity derivative contracts	9,804	
Financial assets measured at fair through current profit or loss	440,554	475,959
Total	552,800	505,156

Other description:

Among which, the financial assets measured at fair value through current profit or loss are as follows:

Name of invested company	Closing balance	Opening balance
Sinopec Sales Co., Ltd.	417,000	417,000
Shanghai Dazhong Public Utilities (Group) Co., Ltd.	18,072	24,369
Guokai Siyuan (Beijing) Investment Fund Co., Ltd.	5,444	5,881
Chenzhou Jingui Silver Industry Co., Ltd.	38	
Hony US Dollar Mezzanine Fund		28,709
Total	440,554	475,959

1. Please refer to "Note VII-4 Derivative Financial Assets" for details of the foreign exchange derivative contracts and commodity derivative contracts.
2. The company holds 1.13% equity stake in the non-listed company i. e. Sinopec Marketing Co., Ltd. The Company holds 4.38% of the shares of the listed company Shanghai Dazhong Public Utilities (Group) Co., Ltd. The Company holds 0.01% equity of the listed company Chenzhou Jingui Silver Industry Co., Ltd..

VII. Notes on the Consolidated Financial Statements (Continued)

23. Investment real estate

Measurement model of investment properties

(1). Investment properties using fair value measurement model

Unit: Ten thousand yuan Currency: RMB

Project	Houses and buildings	The rights to use land	Project under construction	Total
I. Balance at the beginning of the period	26,087			26,087
II. Changes in the current period	2,720			2,720
Plus: Outsourcing				
Transfer in of inventories, fixed assets, and construction in process	1,841			1,841
Increase in business combinations				
Less: Disposal				
Other roll-out				
Fair value changes	879			879
Foreign exchange gain and loss adjustment				
III. Balance at the end of the period	28,807			28,807

(2) Description of investment properties with property rights certificate uncompleted

Unit: Ten thousand yuan Currency: RMB

Project	Book value	Reasons for failure to complete title deeds
Buildings for rent	3,430	The Company is communicating with the local government departments on this matter.

Other description:

No

VII. Notes on the Consolidated Financial Statements (Continued)

24. Fixed assets

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Fixed assets	5,683,330	4,820,703
Disposal of fixed assets		
Total	5,683,330	4,820,703

Other description:

☐ Applicable ☒ Not Applicable

Fixed assets

(1). Fixed Assets

Unit: Ten thousand yuan Currency: RMB

Project	Houses and buildings	Machinery & Equipment	Office & Electronic Communication Equipment	Transportation equipment	Gas pipeline	Total
I. Book original value:						
1. Opening balance	1,006,221	1,034,389	187,424	63,385	3,876,891	6,168,310
2. Amount increased for the current period	174,001	289,086	20,379	7,795	683,186	1,174,447
(1) Purchase	14,426	41,321	14,324	6,540	43,689	120,300
(2) Transfer of construction in progress	156,477	241,369	5,803	1,126	574,061	978,836
(3) Increase in business combinations	3,098	6,396	252	129	65,436	75,311
(4) Investment real estate roll-in						
3. Current decrease	9,864	15,521	4,814	7,301	57,219	94,719
(1) Disposal or scrap	7,940	14,951	4,814	7,301	57,219	92,225
(2) Transferred in investment real estate	1,841					1,841
(3) Transferred in Technically improve	83	570				653
4. Closing balance	1,170,358	1,307,954	202,989	63,879	4,502,858	7,248,038

VII. Notes on the Consolidated Financial Statements (Continued)

24. Fixed assets (Continued)

Fixed assets (Continued)

(1). Fixed Assets (Continued)

Project	Houses and buildings	Machinery & Equipment	Office & Electronic Equipment	Transportation equipment	Gas pipeline	Total
II. Accumulated Depreciation						
1. Opening balance	161,499	331,367	126,907	34,401	689,791	1,343,965
2. Current increase	30,215	78,714	17,523	6,037	126,752	259,241
(1) Accrual	30,215	78,714	17,523	6,037	126,752	259,241
3. Current decrease	1,821	8,827	3,505	6,336	22,692	43,181
(1) Disposal or scrap	1,625	8,655	3,505	6,336	22,692	42,813
(2) Transferred in investment real estate	167					167
(3) Transferred in technically improve	29	172				201
4. Closing balance	189,893	401,254	140,925	34,102	793,851	1,560,025
III. Depreciation Reserve						
1. Opening balance		3,642				3,642
2. Current increase	577	1,191				1,768
(1) Accrual	577	1,191				1,768
3. Current decrease		727				727
(1) Disposal or scrap		727				727
4. Closing balance	577	4,106				4,683
IV. Book value						
1. End book value	979,888	902,594	62,064	29,777	3,709,007	5,683,330
2. Initial book value	844,722	699,380	60,517	28,984	3,187,100	4,820,703

(2). Temporary idled fixed assets

☐ Applicable ☒ Not Applicable

(3). Information on fixed assets acquired through financial lease

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

24. Fixed assets (Continued)

Fixed assets (Continued)

(4). Fixed assets leased out through operating leases

Unit: Ten thousand yuan Currency: RMB

Project	End Book Value
Leased out through operating leases	20,418
Total	20,418

(5). Description of fixed-assets with property rights certificate uncompleted

Unit: Ten thousand yuan Currency: RMB

Project	Book value	Reasons for uncompleted certificate of property rights
Production&office premises	136,833	The Company is communicating with the local government departments on this matter.
Dormitory for duty shift	1,185	The Company is communicating with the local government departments on this matter.
Total	138,018	

Other description:

☐ Applicable ☒ Not Applicable

Disposal of fixed assets

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

25. Project under construction

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Project under construction	419,548	755,172
Project material	28,195	27,169
Total	447,743	782,341

Other description:

The construction in progress decreased by 42.77% at the end of the period compared with that at the end of the previous period, mainly due to the transfer of fixed assets from some major projects under construction of subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

25. Project under construction (Continued)

Project under construction

(1). Construction in progress

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Distributed energy project	43,101		43,101	135,882		135,882
Gas engineering	315,152		315,152	414,481	663	413,818
Natural gasoline project with annual capacity of 200,000 tons				143,681		143,681
Pulverized Coal Gasification Project (Pulverized Coal Coupling Renovation Project)	28,149		28,149	27,860		27,860
Production period expansion project	2,986		2,986	514		514
Fully enclosed coal yard project	228		228	183		183
Public works (park integration)	1,216		1,216	1,938		1,938
Environmental protection technology reform to water system	10,986		10,986	16,043		16,043
Other construction projects	19,040	1,310	17,730	15,253		15,253
Total	420,858	1,310	419,548	755,835	663	755,172

VII. Notes on the Consolidated Financial Statements (Continued)

25. Project under construction (Continued)

Project under construction (Continued)

(2). Changes of major construction in progress in the period

Project Name	Budget	Opening balance	Current increase	Amount transferred to fixed assets in the current period	Other reduced amount in the current period	Closing balance	The proportion of accumulated investment accounted for in the budget (%)	Project progress	Accumulated capitalized amount of interest in current period	Including: Capitalized amount of interest in current period	Capitalization rate of interest in current period (%)	Sources of funding
Langfang LNG Gas Storage Station Project	23,000	2,760			46	2,714	96.61	99.00%				Self-financing
Longping High-Tech Project	17,695	4,325	606	56	1,854	3,021	85.81	99.50%				Self-financing
High-Pressure Gas Pipeline Project from Minggao Yichuan Luoyang to Song County to Luanchuan	32,000	870	3,900	4,770			96.71	99.00%	141			Self-financing, loans
High-Pressure Gas Pipeline Project from Xiameimen Station to Taishang Pressure Control Station	17,256	11,086	6,436	17,502		20	101.54	99.00%				Self-financing
Intermediate Pressure Natural Gas Pipeline Network Project in Jinnan Area	11,248	1,795	542	2,337			113.20	99.00%				Self-financing
High-pressure Gas Pipeline Project from Taishang Pressure Control station to Hui'anmen Station	21,267		4,749			4,749	22.33	15.00%				Self-financing
Mamu-Yushan Intermediate Pressure Natural Gas Pipeline Project	18,000	11,306	3,134	14,440			80.22	80.22%	611	324	4.65	Self-financing, loans
Zhoushan DSIC 8,500m ³ LNG Ship Filling Construction Project	37,480	7,987	4,401			12,388	33.05	33.05%				Self-financing
The first phase project of Pan-Energy Microgrid in Yangpu Economic Development Zone, Danzhou City, Hainan Province	19,523	16,311	1,567	17,849		29	91.58	99.00%	392	135	4.50	Self-financing, loans
The Project of Pan-energy Master Station of No. 1 Pan-Energy Microgrid in Daqing Linyuan Chemical Industry Park	108,928	61,559	22,427	83,417		569	77.10	98.14%	2,811	1,917	4.80	Self-financing, loans
West Third Ring High-Pressure	11,900	3,793			2,752	1,041	60.05	60.05%	229			Self-financing, loans
Heating Project in West Zhengding County	28,322	234		234			34.49	34.49%	322			Self-financing, loans
High-Pressure Pipeline Project of ENN Gas Co., Ltd. in Luquan District, Shijiazhuang	30,000	7,760			7,094	666	32.49	32.49%				Self-financing
The program of natural gas high-pressure pipe network project along the expressway along the river, waterside road, Shawanglu project in Dongguan city	16,100		4,390	4,390			120.14	99.00%				Self-financing
The program of natural gas high-pressure pipe network project along the Beiwang Road, Guangzhou-Shenzhen Expressway in Dongguan city	26,600		3,402	3,156		246	65.26	99.00%	427	427	3.60	Self-financing, loans
Production period expansion project	29,593	514	21,131	18,659		2,986	71.40	71.40%				Self-financing
Natural gasoline project with annual capacity of 200,000 tons	376,306	143,681	16,741	160,422			125.73	100.00%	28,771			Self-financing, loan, fund raising
Pulverized Coal Gasification Project	21,808	27,860	289			28,149	129.08	98.00%	2,099			Self-financing, loans
Environmental protection technology reform to water system	15,954	16,043	1,741	6,798		10,986	111.48	99.00%	401	326	6.32	Self-financing, loans
Total	862,980	317,884	95,456	334,030	11,746	67,564	/	/	36,204	3,129	/	/

VII. Notes on the Consolidated Financial Statements (Continued)

25. Project under construction (Continued)

Project under construction (Continued)

(3). Provision on the impairment of construction in progress in the current period

Unit: Ten thousand yuan Currency: RMB

Project	Provision made in the current period	Reasons to make provision
Synthesis Reactor Project	1,310	In the maintenance of imported equipment, there is uncertainty about the future economic benefits to enterprises.
Total	1,310	/

Other description

☐ Applicable ☒ Not Applicable

Project material

(1). Information on project materials

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Special materials	27,786		27,786	26,596		26,596
Special-purpose equipment	409		409	573		573
Total	28,195		28,195	27,169		27,169

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

VII. Notes on the Consolidated Financial Statements (Continued)

27. Oil-gas assets

☐ Applicable ☒ Not Applicable

28. Right-to-use assets

Unit: Ten thousand yuan Currency: RMB

Project	Land	Buildings	Equipment	Means of transportation	Others	Total
I. Book original value						
1. Opening balance	24,022	22,082	2,803	564	4	49,475
2. Current increase	365	10,422	239			11,026
3. Current decrease	3,522	1,099				4,621
4. Closing balance	20,865	31,405	3,042	564	4	55,880
II. Accumulated Depreciation						
1. Opening balance						
2. Current increase	3,475	9,486	1,045	440	2	14,448
(1) Accrual	3,475	9,486	1,045	440	2	14,448
3. Current decrease	494	376				870
(1) Disposal	494	376				870
4. Closing balance	2,981	9,110	1,045	440	2	13,578
III. provision for diminution in value						
1. Opening balance						
2. Current increase						
(1) Accrual						
3. Current decrease						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. End Book Value	17,884	22,295	1,997	124	2	42,302
2. Initial Book Value	24,022	22,082	2,803	564	4	49,475

Other description:

No

VII. Notes on the Consolidated Financial Statements (Continued)

29. Intangible Assets

(1). Intangible assets

Unit: Ten thousand yuan Currency: RMB

Project	The rights to use land	Patent right	Mining rights	Software	Capacity index	Right of management	Others	Total
I. Book original value								
1. Opening balance	252,961	23,695	68,600	90,877	9,670	552,457	22,776	1,021,036
2. Current increase	20,614	2,986	237,203	22,318		19,862	272	303,255
(1) Purchase	11,090	2,403	237,203	19,919			272	270,887
(2) Internal Research&Development				2,393				2,393
(3) Increase in business combinations	2,674	583				19,862		23,119
(4) Transfer of construction in progress	6,850			6				6,856
3. Current decrease	8,380			540		810	15	9,745
(1) Disposal	7,124			540		810	15	8,489
(2) Other Decreases	1,256							1,256
4. Closing balance	265,195	26,681	305,803	112,655	9,670	571,509	23,033	1,314,546
II. Accumulated amortization								
1. Opening balance	40,390	6,694	8,927	29,531	275	110,636	10,073	206,526
2. Current increase	5,183	3,397	1,385	12,028	174	25,596	1,294	49,057
(1) Accrual	5,040	3,289	1,385	12,028	174	25,596	1,294	48,806
(2) Increase in business combinations	143	108						251
3. Current decrease	727			103		611	3	1,444
(1) Disposal	727			103		611	3	1,444
4. Closing balance	44,846	10,091	10,312	41,456	449	135,621	11,364	254,139
III. Depreciation Reserve								
1. Opening balance								
2. Current increase								
(1) Accrual								
3. Current decrease								
(1) Disposal								
4. Closing balance								
IV. Book value								
1. End Book Value	220,349	16,590	295,491	71,199	9,221	435,888	11,669	1,060,407
2. Initial Book Value	212,571	17,001	59,673	61,346	9,395	441,821	12,703	814,510

At the end of this period, intangible assets formed through internal R&D accounts for 0.18% 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

Unit: Ten thousand yuan Currency: RMB

Project	Book value	Reasons for uncompleted certificate of property rights
The rights to use land	15,493	In progress
Total	15,493	/

Other description:

Intangible assets increased by 30.19% at the end of the period compared with that at the end of the previous period, mainly due to the recognition of mine equity funds by subsidiaries of the Company during the reporting period.

30. Development expenditure

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase		Current decrease		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to current profit or loss	
Integrated Energy Technology Service Project		2,311		2,311		
Online LNG Data Platform Project	282	368	170		7	813
Other projects	41	588	169	82	92	624
Total	323	3,267	339	2,393	99	1,437

Other description:

The development expenses increased by 344.89% at the end of the period compared with that at the end of the previous period, mainly due to the increase of investment in the online LNG data platform project, Yuntu Could logistics platform, as well as other projects of subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

31. Goodwill

(1). Book value of goodwill

Unit: Ten thousand yuan 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 Pipeline Gas Development 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
Xuancheng ENN 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
CGN Shuangmin Gas Jiangsu Co., Ltd.		974		974
Others	3,384		90	3,294
Total	56,501	974	90	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*

The composition of asset group or asset combination is a long-lived assets associated with goodwill, and the recognized asset group or combination of asset groups are determined to be capable of generating cash flows independently.

(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*

The Company shall carry out impairment test on each asset group related to goodwill at the end of the period. The goodwill and goodwill attributable to minority shareholders shall first be included to adjust each asset group to its carrying value, and then the adjusted carrying value of each asset group shall be compared with its recoverable amount to determine whether each asset group (including goodwill) has been impaired.

In performing the goodwill impairment test, the recoverable amount of the asset group is calculated as the present value of the estimated future cash flows, and the estimated cash flow is based on the 5-year cash flow projections, and the cash flow after the projection period remains unchanged at the net cash flow of the previous year of the projection period.

Other key data used in impairment test shall include: Estimated selling price, sales volume, costs and other related expenses of the expenses of the product. The Company shall determine the above key data based on historical experience and forecasts of market development. The discount rate adopted by the Company is a pre-tax interest rate that reflects the current market time value of the currency and the specific risk of the relevant asset group.

(5). *Test of goodwill impairment impact*

After testing, goodwill has not been impaired.

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

32. Long-term unamortized expenses

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Amortization amount at the current period	Other decreasing amount	Closing balance
Decoration	5,021	3,928	2,755		6,194
Software	1,915	52	244	613	1,110
Road construction	3,713		362		3,351
Compensation for demolition and ecological environment restoration	23,711		1,248		22,463
Maintenance and renovation expenses	12,415	3,377	2,594		13,198
Service Charges	3,739	2,235	1,320		4,654
Construction of gas station	543	102	163		482
Others	7,262	4,825	2,031	1,813	8,243
Total	58,319	14,519	10,717	2,426	59,695

33. Deferred income tax assets/deferred income tax liabilities

(1). Deferred income tax asset without offset

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Property depreciation preparation	64,146	14,573	49,028	10,860
Unrealized profits from internal transactions	318,298	70,030	243,212	53,424
Deductible losses	500	75	500	75
Deferred income	448,081	111,516	449,488	112,592
Long-term account current	6,118	918	6,118	918
Fair value changes			9,053	1,526
Total	837,143	197,112	757,399	179,395

VII. Notes on the Consolidated Financial Statements (Continued)

33. Deferred income tax assets/deferred income tax liabilities (Continued)

(2). Deferred income tax liability without offset

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Value-added assessment on intangible assets from merger under different controls	336,085	84,021	334,514	83,628
The impact of one-time pretax deduction of fixed assets	680,068	166,340	541,790	131,473
Capitalized interest	108,101	27,025	99,014	24,754
Tax on dividends	746,514	37,326	666,401	33,320
Changes in the fair value of financial assets	91,696	19,120	6,654	1,664
Others	18,896	3,864	17,873	3,548
Total	1,981,360	337,696	1,666,246	278,387

(3). Deferred income tax assets or liabilities listed at net value after offset

☐ Applicable ☒ Not Applicable

(4). Details of unrecognized deferred income tax assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Deductible losses	431,403	328,665
Property depreciation preparation	58,600	17,895
Unrealized profits from internal transactions		23,344
Others		3,715
Total	490,003	373,619

VII. Notes on the Consolidated Financial Statements (Continued)

33. Deferred income tax assets/deferred income tax liabilities (Continued)

(5). Unrecognized deductible losses on deferred tax assets will mature in the following years

Unit: Ten thousand yuan Currency: RMB

Year	Final amount	Balance at the beginning of the period	Remarks
2021		21,970	
2022	26,585	35,518	
2023	49,134	66,844	
2024	88,171	92,722	
2025	79,099	111,611	
2026	188,414		
Total	431,403	328,665	/

Other description:

☐ Applicable ☒ Not Applicable

34. Other non-current assets

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Deposit paid on fixed assets and land use rights	1,357		1,357	640		640
Prepayment for land use rights				950		950
Prepayment for equipment works	12,630		12,630	2,994		2,994
Others	783		783			
Total	14,770		14,770	4,584		4,584

Other description:

Other non-current assets increased by 222.21% at the end of the period compared with that at the end of the previous period, mainly due to the increase in prepayment for equipment engineering by subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

35. Short-term borrowings

(1). Classification of short-term borrowings

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Pledged loan	95,678	65,891
Mortgage loan	200	
Guaranteed loan	229,917	621,523
Loan on credit	469,939	247,336
Mortgage and guaranteed loans	1,500	1,500
Total	797,234	936,250

Description of the classification of short-term borrowings:

1. Pledged loan: RMB596 million of loans were obtained by pledging the gas tariff rights of the subsidiaries, Shijiazhuang Xinao Gas Company Limited, Dongguan ENN Gas Co., Ltd., Weifang ENN Natural Gas Pipeline Network Co., Ltd. and Suqian Shuangmin Pipeline Gas Co., Ltd. RMB193.85 million of loans were generated by bill discount; RMB166.93 million of loans were obtained from pledge margin of the subsidiary, Xinao (Tianjin) Energy Investment Co., Ltd..
2. Mortgage loan: RMB2 million of loans were obtained by pledging the land use right of the south side of Tongqu Avenue on the east side of Huaihai South Road in Huai'an Industrial Park.
3. Guaranteed loan: RMB700.55 million of loans were guaranteed by ENN (Hainan) Energy Trade Co., Ltd.; RMB253.62 million of loans were guaranteed by ENN Natural Gas Co., Ltd.; RMB550 million of loans were guaranteed by Changsha ENN Gas Co., Ltd.; The loan of RMB20 Million Yuan was guaranteed by Hefei Xingtai Science and Technology Financing Guarantee Co., Ltd.; RMB360 million of loans were guaranteed by Changzhou Xin'ao Gas Engineering Co., Ltd.; RMB20 million loans were guaranteed by Changsha Xin'ao Gas Development Co., Ltd.; RMB85 million of loans were guaranteed by Xinao (China) Gas Investment Co., Ltd; RMB100 million of the loans were guaranteed by Shijiazhuang Xinao Gas Company Limited, and RMB30 million of loans were guaranteed by Changzhou Xinao Gas Development Co., Ltd.
4. Mortgage and guaranteed loans: RMB15 million of loans were guaranteed by Xinao (China) Gas Investment Co., Ltd, as well as by pledging the plant at No. 505 Huachuang Road, Jinshanwei Town, Jinshan District, Shanghai.

VII. Notes on the Consolidated Financial Statements (Continued)

35. Short-term borrowings (Continued)

(2). Outstanding overdue short-term borrowings

☐ Applicable ☒ Not Applicable

Wherein the important overdue short-term loans are as follows:

☐ Applicable ☒ Not Applicable

Other description

☐ Applicable ☒ Not Applicable

36. Transaction financial liabilities

☐ Applicable ☒ Not Applicable

37. Derivative financial liabilities

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Non-hedging derivatives	196,935	26,977
Including: Commodity derivative contracts	196,935	26,977
Hedging derivatives	12,116	13,516
Including: Foreign exchange derivative contracts	2,443	4,331
Commodity derivative contracts	9,673	9,185
Total	209,051	40,493

Other description:

See "Notes VII-4 Derivative Financial Assets" for the description of foreign exchange derivative contracts and commodity derivative contracts.

VII. Notes on the Consolidated Financial Statements (Continued)

38. Bills Payable

(1). List of notes payable

Unit: Ten thousand yuan Currency: RMB

Type	Closing balance	Opening balance
Trade acceptance		10,104
Bank's acceptance bill	126,108	87,436
Total	126,108	97,540

The total amount of notes payable due and outstanding at the end of the current period is 0.

39. Payables

(1). Account payable report

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Payables	1,190,150	909,882
Total	1,190,150	909,882

(2). Significant account payable aging over 1 year

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	The reason for failure of repayment or carry-over
First place	7,323	Payment terms unsatisfied
Second place	2,908	Payment terms unsatisfied
Third place	2,618	Payment terms unsatisfied
Fourth place	2,523	Payment terms unsatisfied
Fifth place	2,167	Payment terms unsatisfied
Total	17,539	/

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

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

41. Contract liabilities

(1). Information on contract liabilities

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Deferred income	349,743	362,569
Advance collection of gas fee, methanol payment, coal payment, etc.	1,224,237	1,154,816
Payment received on settled but uncompleted project	396,572	363,274
Reclassification: Contractual liabilities included in other non-current liabilities	-319,096	-335,240
Total	1,651,456	1,545,419

(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

VII. Notes on the Consolidated Financial Statements (Continued)

42. Financial assets sold for repurchase

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Notes	55,785	24,410
Interest accrued	-295	-148
Total	55,490	24,262

Other description:

The financial assets sold for repurchase increased by 128.71% at the end of the current period compared with the beginning of the period, mainly due to reasons as follows: 1. The volume of corporate bills settled increased and discounted bills increased. 2. The People's Bank of China focused on supporting private small and micro enterprises with increased investment.

43. Deposits from customers and interbank

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Demand deposit	12,666	10,255
– Company	12,666	10,255
– Individual		
Time deposit	4,156	4,097
– Company	4,156	4,097
– Individual		
Other deposits	2,486	352
Subtotal	19,308	14,704
Total	19,308	14,704

VII. Notes on the Consolidated Financial Statements (Continued)

44. Employee pay payable

(1). List of Payable Staff Salaries

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
I. Short-term salary	99,968	492,184	482,379	109,773
II. Post-Departure Benefits-Defined Retention Plan	797	52,248	51,969	1,076
III. Termination Benefits		1,397	1,386	11
IV. Other benefits due within one year		50	41	9
Total	100,765	545,879	535,775	110,869

(2). List of short-term remunerations

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
I. Wages, bonuses, allowances and subsidies	91,697	382,088	374,379	99,406
II. Employee Welfare	56	29,455	29,500	11
III. Social Insurance Premiums	512	24,165	24,084	593
Including: Medical insurance	353	22,050	21,968	435
Industrial injury insurance	94	1,558	1,559	93
Birth insurance premium	65	557	557	65
IV. Housing Provident Fund	925	45,643	45,177	1,391
V. Union funds and staff education funds	6,778	10,807	9,213	8,372
VI. Short-term paid absence				
VII. Short-term profit-sharing schemes				
VIII. Others		26	26	
Total	99,968	492,184	482,379	109,773

VII. Notes on the Consolidated Financial Statements (Continued)

44. Employee pay payable (Continued)

(3). List of defined contribution plans

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
1. Basic Endowment Insurance	677	49,736	49,603	810
2. Unemployment insurance	116	2,175	2,028	263
3. Payment of enterprise annuity	4	337	338	3
Total	797	52,248	51,969	1,076

Other description:

☐ Applicable ☒ Not Applicable

45. Tax payable

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Value added tax (VAT)	53,377	40,177
Business tax	748	822
Enterprise income tax	194,463	153,439
Individual income tax	532	1,865
Urban maintenance and construction tax	1,158	491
Education surtax	372	310
Property tax	125	93
Resources tax	10,147	1,468
Stamp duty	87	72
Environmental protection tax	15	134
Water resources tax	264	452
Farming land occupation tax	4,660	3,234
Others	323	198
Total	266,271	202,755

VII. Notes on the Consolidated Financial Statements (Continued)

46. Other payables

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Interest payable		
Dividends payable	24,669	10,513
Other payables	212,378	374,805
Total	237,047	385,318

Other description:

1. Other payables decreased by 38.48% at the end of the period compared with that at the end of the previous period, mainly due to the cash consideration payable by the Company for the major asset restructuring during the reporting period.
2. Including: The dividend payable increased by 134.65% at the end of the period compared with that at the end of the previous period, mainly due to the announcement of dividend distribution by subsidiaries of the Company and the increase of dividends payable during the reporting period.

Interest payable

- (1) Listed by classification

☐ Applicable ☒ Not Applicable

Dividends payable

- (1) Listed by classification

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Common stock dividends	24,669	10,513
Total	24,669	10,513

VII. Notes on the Consolidated Financial Statements (Continued)

46. Other payables (Continued)

Other payables

- (1). The nature of payment indicates other payable

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Current account	77,396	41,148
Margin and Deposit	30,579	22,323
Payments on share transfer	67,807	264,258
Cash collected and deducted for other party	4,723	4,542
Restricted share repurchase obligation	12,545	
Others	19,328	42,534
Total	212,378	374,805

- (2). Important other payables mature beyond 1 year

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	The reason for failure of repayment or carry-over
First place	15,844	Payment terms unsatisfied
Second place	3,571	Payment terms unsatisfied
Third place	2,450	Payment terms unsatisfied
Fourth place	1,242	Payment terms unsatisfied
Fifth place	916	Payment terms unsatisfied
Total	24,023	/

Other description:

☐ Applicable ☒ Not Applicable

47. Liabilities held for sale

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

48. Non-current liabilities due within 1 year

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Long-term borrowings due within 1 year	110,314	123,079
Bonds payable due within 1 year	581,217	574,480
Long-term payables due within 1 year	26,413	10,667
Lease liabilities due within 1 year	9,211	9,091
Total	727,155	717,317

Other description:

Bonds payable due within one year:

1. VEYONG 7.5% 2021

The “Proposal on Overseas Issuance of Bonds by Wholly-owned Overseas Subsidiaries of the Company” and the “Proposal on Guarantee for Overseas Bonds Issued by Wholly-owned Overseas Subsidiaries” of the Company were reviewed and approved at the 27th meeting of the 8th Session of the Board of Directors and the 2nd Extraordinary General Meeting of Shareholders in 2018, which agreed that the Xinneng (Hong Kong) Energy Investment Limited (hereinafter referred to as “Xinneng Hong Kong”), a wholly-owned overseas subsidiary, to establish ENN Clean Energy International Investment Limited in British Virgin Islands to issue bonds of no more than USD500 million (including USD500 million) outside PRC as the issuer, and the Company would provide unconditional and irrevocable cross-border joint liability guarantee for the bond issuance. (For details, please refer to the Announcement on the Resolutions of the Twenty-seventh Meeting of the Eighth Session of the Board of Directors, Announcement on the Proposal of Overseas Issuance of Bonds by Overseas Wholly-owned Subsidiary Companies, Announcement on the Guarantee of Overseas Issuance of Bonds by Overseas Wholly-owned Subsidiary Companies, and the Announcement on the Resolution of the Second Extraordinary General Meeting of Shareholders, 2018, which were disclosed on the website of Shanghai Stock Exchange on August 21, 2018 and September 6, 2018 respectively.)

VII. Notes on the Consolidated Financial Statements (Continued)

48. Non-current liabilities due within 1 year (Continued)

1. VEYONG 7.5% 2021 (Continued)

On February 27, 2019, ENN Clean Energy International Investment Limited, a wholly-owned overseas subsidiary of the Company, completed the overseas issuance of senior unsecured fixed-interest bonds of USD250 million with a bond term of 2 years and a coupon rate of 7.5%. The Company provides unconditional and irrevocable cross-border joint and several liability guarantee for the bond issued this time. This bond was issued to qualified institutional investors outside the United States and was listed on the Stock Exchange of Hong Kong Exchanges and Clearing Limited on 28 February, 2019, According to Order S of Securities Regulation of U. S. A. (For details, please refer to the "Progress Announcement on the Issuance of Dollar Bonds of wholly-owned subsidiary overseas by ENN Ecological Holdings Co., Ltd." disclosed on the website of Shanghai Stock Exchange On February 28, 2019). On September 24, 2019, ENN Clean Energy International Investment Limited, a wholly-owned overseas subsidiary of the Company, completed the overseas issuance of USD250 million of senior unsecured fixed-interest bonds, and the total issuance size of the USD bonds was USD500 million upon completion of the additional issue. The issuance of additional bonds, in line with the maturity date of the original bonds, will expire on February 27, 2021 at a bond coupon rate of 7.5%. The additional bonds will be guaranteed by the Company with unconditional and irrevocable cross-border joint liability guarantee. This bond will be offered to qualified institutional investors outside the United States in reliance with Regulation S under the Securities Act. According to a notice from Hong Kong Exchanges and Clearing Limited, the additional bonds were listed on Hong Kong Exchanges and Clearing Limited on October 31, 2019 and were merged with the original bonds into the same series, sharing the same bond code. (For details, please refer to the "Announcement on the Additional Issuance of Dollar Bonds by ENN Ecological Holdings Co., Ltd." and the "Progress Announcement on the Issuance of Dollar Bonds of wholly-owned subsidiary overseas by ENN Ecological Holdings Co., Ltd.", which was disclosed on the website of the Shanghai Stock Exchange on September 25, 2019 and November 1, 2019). The balance of the bond on December 31, 2020 is RMB3,343,030,000, and the non-current liabilities due within one year have been listed and fully repaid in the current period of RMB3,343,030,000.

VII. Notes on the Consolidated Financial Statements (Continued)

48. Non-current liabilities due within 1 year (Continued)

2. 2021 Senior Notes

On May 13, 2011, the subsidiary ENN Energy Holdings Limited, issued priority bills with a total face value of US \$750 million (equivalent to about RMB4.863 billion) and an interest rate of 6% ("2021 priority bills"). The net amount after deducting the issue cost was US \$735 million (equivalent to about RMB4.765 billion). The "2021 Priority Bill" will expire on May 13, 2021. It is listed on the Singapore Stock Exchange and traded by financial institutions as primary agents in the over-the-counter market.

Subject to the terms of the "Senior Notes of 2021", the subsidiary, ENN Energy Holdings Limited may, at its option, redeem the Notes at any time or from time to time prior to the expiry of the Notes at a redemption price equal to 100% of the amount of the Notes, plus the applicable premium and accrued and unpaid interest to the date of redemption.

In September 2015 and December 2016, the subsidiary ENN Energy Holdings Limited, reacquired its principal at the open market for US \$35 million and US \$34.946 million (equivalent to about RMB222 million and RMB2.41 billion). As at December 31 of 2019 and 2018, the outstanding principal amount of the 2021 Senior Notes was USD366 million (equivalent to approximately RMB2,385 million). The balance of the bond on December 31, 2020 is RMB2,401,770,000, and the non-current liabilities due within one year have been listed and fully repaid in the current period of RMB2,401,770,000.

49. Other current liabilities

Information on other current liabilities

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Output tax to be carried forward	149,171	139,871
Total	149,171	139,871

Changes in short-term bonds payable:

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

50. Long-term loans

(1). Classification of long-term borrowings

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Pledged loan	7,500	7,682
Guaranteed loan	341,276	371,003
Loan on credit	213,768	89,059
Mortgage and guaranteed loans	2,160	4,060
Borrowings on pledge and guarantee	5,124	
Total	569,828	471,804

Description of the classification of long-term borrowings:

1. Pledged loan: RMB75 million of loans were obtained by pledging the gas tariff rights of the subsidiaries, Dongguan ENN Gas Co., Ltd. and Dingzhou Fuyuan Natural Gas Co., Ltd.
2. Guaranteed loan: RMB1,980.39 million of loans were guaranteed by ENN Natural Gas Co., Ltd.; RMB89.03 million of loans were guaranteed by Xin'ao Fuel Gas Development Co., Ltd. (with a guarantee proportion of 60%) and Zhejiang Rongsheng Holding Group Co., Ltd.(with a guarantee proportion of 40%); RMB1,293.34 million of loans were guaranteed by Xinao (China) Gas Investment Co., Ltd; RMB50 million of loans were guaranteed by Changsha Xin'ao Gas Development Co., Ltd..
3. Mortgage and guaranteed loans: RMB21.6 million of loans were obtained by pledging the residential property at Room 1702, No. 23, Lane 879, Zhong'an Road, Xinchang Town, Pudong New Area, Shanghai, and was guaranteed by Shanghai Sinofinn New Energy Investment Co. and also were guaranteed by Shanghai Sinofinn New Energy Investment Co., Ltd., Li Chunxuan, Zhang Qin and Li Chunbing.
4. Borrowings on pledge and guarantee: RMB51.24 million of loans were guaranteed by Changsha ENN Changran Energy Development Co., Ltd.(with a guarantee proportion 55%) and Hunan Xiangjiang New Area Investment Group Co., Ltd.(with a guarantee proportion of 55%), as well as by pledging part of accounts receivable.

Other information, including the interest rate range:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

51. Notes payable

(1) Notes payable

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Corporate bond		215,581
Bond issued overseas	984,096	862,843
Total	984,096	1,078,424

(2). Increase or decrease in bonds payable (excluding other financial instruments such as preferred share and perpetual bonds divided into financial liabilities)

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	Transferred to non-current liabilities due within one year at the end of this period	Closing balance
2022 Unsecured Bond	USD 100	2017/7/24	5 years	USD 600 million	376,451		11,714	-8,007	3,188	365,256	
19 Xinran 01	100 Yuan	2019/1/22	3 years	RMB 500 million	51,937		2,095	112		52,049	
19 Xinran 02	100 Yuan	2019/3/8	3 years	RMB 1 billion	103,345		4,200	203		103,548	
19 Xinran 03	100 Yuan	2019/11/11	3 years	RMB 600 million	60,299		2,388	65		60,364	
Priority bill for 2030	USD 100	2020/9/17	10 years	USD 750 million	486,392		12,552	-10,580			475,812
VEYONG 3.375%2026	USD 100	2021/5/12	5 years	USD 800 million		510,056	11,189	-1,772			508,284
Total	/	/	/	USD 2.15 Billion, RMB2.100 Billion Yuan	1,078,424	510,056	44,138	-19,979	3,188	581,217	984,096

VII. Notes on the Consolidated Financial Statements (Continued)

51. Notes 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)

1. 2022 Unsecured Bond

On July 24, 2017, the subsidiary ENN Energy Holdings Limited issued unsecured bonds with a total face value of USD600 million (equivalent to about RMB4.066 billion), and an interest rate of 3.25% ("2022 unsecured bonds"). Net amount of USD596 million (equivalent to about RMB4.037 billion) after allowance and deduction of the issuance cost. The "unsecured bond of 2022" will mature on July 24, 2022.

Subject to the terms of the "Unsecured Bonds of 2022", the subsidiary, ENN Energy Holdings Limited may, by not less than 30 days but not more than 60 days' notice to the holders of the Unsecured Bonds, at any time or from time to time, redeem the whole (but not part) of the Unsecured Bonds at the aggregate price of the Bonds to the date of redemption (excluding the date of redemption) and pay the full amount of the early redemption plus unpaid interest calculated up to but excluding the date of redemption.

In October 2020 and November 2020, ENN Energy Holdings Limited, a subsidiary of the Company, repurchased principal amounts of USD19.56 million and USD10.1 million (equivalent to RMB133 million and RMB68 million) in the open market. As at December 31, 2021, the outstanding principal amount of unsecured bonds for 2022 will be USD565 million (approximately RMB3.604 billion), which has been reclassified into non-current liabilities due within one year.

2. 19 Xinran 01/02/03

On January 22, 2019, the subsidiary ENN (China) Gas Investment Co., Ltd., issued 500 million company bonds for unsecured bonds at a fixed annual interest rate of 4.19% and the bonds should be paid on January 22, 2022. Interest is paid annually. The net amount after deducting issuance costs was 498 million. On February 20, 2019 the Company's bonds were listed on the Shanghai Stock Exchange.

On March 8, 2019, the subsidiary ENN (China) Gas Investment Co., Ltd., issued 1 billion company bonds for unsecured bonds at a fixed annual interest rate of 4.20% and the bonds should be paid on March 8, 2022. Interest is paid annually. The net amount after deducting issuance costs was 996 million. The Company's bonds were listed on the Shanghai Stock Exchange on March 29, 2019.

On November 11, 2019, the subsidiary ENN (China) Investment Co., Ltd., issued 0.6 billion company bonds for unsecured bonds at a fixed annual interest rate of 3.98% and the bonds should be paid on December 8, 2022. Interest is paid annually. The net amount after deducting issuance costs was 599 million. On November 22, 2019, the Company's bonds were listed on the Shanghai Stock Exchange.

As at December 31, 2021, the total balance of newly issued bonds in 2019 was RMB2,159.61 million, which was reclassified into non-current liabilities due within one year.

VII. Notes on the Consolidated Financial Statements (Continued)

51. Notes 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. 2030 Senior Notes

On September 17, 2020, the subsidiary ENN Energy Holdings Limited issued priority bills with a total face value of USD750 million (equivalent to about RMB5.137 billion) and an interest rate of 2.625% ("2030 priority bills") the net amount after deducting the issue cost was USD739 million (equivalent to about RMB5.065 billion). The "2030 Priority Bill" will expire on September 17, 2030.

Subject to the terms of the "Senior Notes of 2030", the subsidiary, ENN Energy Holdings Limited may, by not less than 30 days or 60 days' notice to the holders of the "Senior Notes of 2030", redeem all (but not part) of the bonds at any time or from time to time at the aggregate price of the bonds to the date of redemption (excluding the date of redemption) and pay the full amount of early redemption plus unpaid interest calculated up to but excluding the date of redemption.

4. VEYONG 3.375% 2026

On May 12, 2021, ENN Clean Energy International Investment Limited, wholly-owned overseas subsidiary of the Company, issued USD800 million of senior notes("VEYONG 3.375% 2026") at an interest rate of: 3.375% per annum; Interest payment dates on May 12 and November 12 of each year commencing on November 12, 2021; The interest accrual dates are April 27 and October 28. The bonds will mature in 2026 and is unconditionally guaranteed by ENN Natural Gas Co., Ltd.. From May 12, 2024, the issuer may choose to redeem all or any part of the Notes at any time within a period of 12 months commencing on May 12 of each year, and the redemption price will be at 101.688% of the price in 2024 and 100.844% of the price in 2025. The Issuer may redeem all, but not any part, of the Bonds at its option at any time prior to May 12, 2024 at a redemption price equal to 100% of the principal amount of the Redemption Bonds, plus a premium for accrued and unpaid interest (if any) applicable to, but not including, the date of redemption.

(3). The conditions and time of conversion of convertible corporate bonds

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

51. Notes payable (Continued)

(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

52. Lease liabilities

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Lease liabilities	32,060	36,191
Total	32,060	36,191

Other description:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

53. Long-term payables

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Long-term payables	162,870	14,457
Special payables		
Total	162,870	14,457

Other description:

☐ Applicable ☒ Not Applicable

Long-term payables

(1). Long-term payables listed by nature of payment

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Finance lease receivables	14,457	
Installment payable for intangible assets		162,870
Total	14,457	162,870

Other description:

The long-term payables increased by 1,026.58% at the end of the period compared with that at the end of the previous period, mainly due to the installment payment of mine equity funds by subsidiaries of the Company during the reporting period.

Special payables

(1). Special payables listed by nature of payment

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

54. Long-term employee pay payable

☐ Applicable ☒ Not Applicable

55. Anticipation liabilities

☐ Applicable ☒ Not Applicable

56. Deferred income

Information on deferred income

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance	Reasons
Government subsidies	88,261	13,179	4,693	96,747	Government subsidies related to assets and revenue
Total	88,261	13,179	4,693	96,747	/

Projects involving government subsidies:

Unit: Ten thousand yuan 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	2,317				53	2,264	Assets related
Government subsidy on induced draft fan and integral electric bag hybrid dust removing device	279				30	249	Assets related
Special subsidy on power demand side	39				9	30	Assets related
Water pollution prevention and treatment fund	162				36	126	Assets related
Industrial internet innovation and development demonstration project	21				4	17	Assets related
Subsidies on replacing coal with gas	24,266	680			840	24,106	Assets related
Subsidies on pipeline network demolition and construction	7,034				264	6,770	Assets related
Subsidies on emergency gas storage facilities	9,814				57	9,757	Assets related

VII. Notes on the Consolidated Financial Statements (Continued)

56. Deferred income (Continued)

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
Subsidies on pipeline modification	11,648	4,876		354		16,170	Assets related
Subsidies on land	2,854			83		2,771	Assets related
Subsidies on distributed energy project of natural gas	2,970			110		2,860	Assets related
Energy station projects	968			140		828	Assets related
New Chaoyang integrated microenergy network demonstration project	1,024			41		983	Assets related
Subsidies on the new passenger station project	841			120		721	Assets related
Subsidies on phasing out coal-fired heating boiler	3,348			104		3,244	Assets related
Renovation Project of Old Residential Communities		743		12		731	Assets related
Supply assurance allowance		1,906			-763	1,143	Revenue related
Subsidy for change the bottle to pipe		1,416		10		1,406	Assets related
SOFC Cogeneration Project		670				670	Assets related
Others	20,676	2,888		1,615	-48	21,901	Asset related, Income related
Total	88,261	13,179		3,882	-811	96,747	

Other description:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

57. Other non-current liabilities

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Derivative financial liabilities that are included in other non-current liabilities:	135,134	53,146
Non-hedging derivatives	85,875	42,667
Including: Foreign exchange derivative contracts		567
Commodity derivative contracts	85,875	42,100
Derivative products designated as hedging instruments	49,259	10,479
Including: Foreign exchange derivative contracts	530	4,296
Commodity derivative contracts	48,729	6,183
Contractual liabilities included in other non-current liabilities	319,097	335,241
Total	454,231	388,387

Other description:

Please refer to "Note VII-4 Derivative Financial Assets" for details of the foreign exchange derivative contracts and commodity derivative contracts.

58. Capital stock

Unit: Ten thousand yuan Currency: RMB

	Changes in current period (+,-)						Closing balance
	Opening balance	Issue of new shares	Share donation	Reserved fund Share transfer	Others	Subtotal	
Total amount of shares	259,998	24,587				24,587	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

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
Capital premium (capital stock premium)		278,249	7,087	271,619
Other capital reserve		16,300	1,924	14,376
Total		294,549	9,011	285,538

Other description, including changes in the current period and reasons for the changes:

1. The current increase in the capital premium (equity premium) is due to the company's accounting for the share premium in the non-public offering of shares into the capital reserve;
2. The current decrease in capital premium (equity premium) is due to the impact of the cost difference between the company's restricted share incentive and the treasury shares;
3. The increase in other capital reserves in the current period was mainly due to share of the Company in the recognition of restricted stock incentive expenses for the period, the share of the Company's subsidiary, ENN Energy Holdings Limited. in the recognition of stock options and the exercise of stock options;

VII. Notes on the Consolidated Financial Statements (Continued)

60. Capital reserve (Continued)

- The decrease in other capital reserves for the current period is caused by the dilution of the company's equity in ENN Energy Holdings Co., LTD., due to the exercise of stock options granted by ENN Energy Holdings Limited, the reduction of capital reserves and the acquisition of minority shareholders' equity by subsidiaries of the Company.

61. Treasury stock

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
Treasury stock	19,958	12,872	20,285	12,545
Total	19,958	12,872	20,285	12,545

Other description, including changes in the current period and reasons for the changes:

- The increase of inventory share capital period was mainly due to the recognition of repurchase obligations for restricted share incentives granted by the Company to incentive recipients.
- The decrease of the period of treasury share capital was mainly due to the limited stock incentive granted by the Company to the incentive recipients for inventory shares reduction.
- The inventory shares decreased by 37.14% at the end of the period compared with that at the end of the previous period, mainly due to the limited stock incentive granted by the Company to the incentive recipients during the reporting period to reduce the inventory shares.

VII. Notes on the Consolidated Financial Statements (Continued)

62. Other comprehensive income

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in current period							Closing balance
	Opening balance	Incurring amount before current income tax	Less: Comprehensive income transferred to profit or loss which previously recognized as other income	Less: Recorded in other comprehensive income in previous periods and transferred into retained earnings in current period	Less: Income tax expenses	Belong to parent company after tax	Belong to minority stockholders after tax	
I. Other consolidated income that cannot be reclassified into gains or losses	2,383	2,644		2,733	442	-1,451	920	932
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	2,383	2,644		2,733	442	-1,451	920	932
Changes in fair value of enterprise's own credit risk								
II. Other consolidated income can reclassified into gains and losses	27,211	130,169	80,848		10,139	-684	39,867	26,526
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	-1,214	139,895	80,848		10,139	9,104	39,805	7,889
Conversion difference of foreign currency financial statements	27,677	-9,726				-9,788	62	17,889
Others	748							748
Other comprehensive income	29,594	132,813	80,848	2,733	10,581	-2,135	40,787	27,458

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:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

63. Special reserves

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
Safety production cost	8,449	14,213	18,371	4,291
Coal mine maintenance fee		3,739	3,739	
Total	8,449	17,952	22,110	4,291

Other description, including changes in the current period and reasons for the changes:

The special reserve decreased by 49.21% at the end of the period compared with that at the end of the previous period, mainly due to the increase of safety expenses invested by subsidiaries of the Company during the reporting period.

64. Surplus reserves

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Current increase	Current decrease	Closing balance
Legal surplus		22,415		22,415
Total		22,415		22,415

Description on surplus reserve, including its changes in the current period and the reasons for the changes:

Surplus reserves increased by RMB224 million at the end of the period compared with that at the end of the previous period, mainly due to legal surplus reserves withdrawn by the Company during the reporting period.

65. General risk preparation

Unit: Ten thousand yuan Currency: RMB

Project	Opening balance	Increase this year	Decrease this year	Closing balance
General risk preparation	15,024	2,440		17,464
Total	15,024	2,440		17,464

Other description

The general reserve shall be withdrawn based on provisions of "Administrative Measures for the Provision of Reserves of Financial Enterprises" (No. 20 [2012] of the Ministry of Finance) issued by the Ministry of Finance

VII. Notes on the Consolidated Financial Statements (Continued)

66. Undistributed profit

Unit: Ten thousand yuan Currency: RMB

Project	Current period	Previous period
Undistributed profit at the end of last period before adjustment	535,146	612,947
Total undistributed profits at the beginning of the adjustment period (increase+, decrease-)	-15,024	722,842
Undistributed profit at the beginning of the adjustment period	520,122	1,335,789
Plus: Net profits in current period attributable to equity holder of the parent company	410,165	210,696
Less: Appropriation of legal surplus	22,415	
Withdrawal of discretionary surplus reserve		
Extraction of general risk reserve	2,440	
Common stock dividends payable	54,050	25,431
Ordinary stock dividend transferred to share capital		
Others	-2,733	985,908
Undistributed profit at the end of the period	854,115	535,146

Other Description:

1. The details of the adjustments to the undistributed profit at the beginning of the period:

- (1) The undistributed profit at the beginning of the period was RMB150.24 million due to the change of accounting policies.
2. The undistributed profit increased by 59.60% at the end of the period compared with that at the end of the previous period, mainly due to the increase of the net profit of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

67. Operating income and cost of sales

(1). Operating revenue and cost of sales

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main business	11,541,307	9,640,853	8,757,292	7,167,013
Other Businesses	50,656	10,449	52,585	11,231
Total	11,591,963	9,651,302	8,809,877	7,178,244

Other description:

Operating revenue increased by 31.58% in the current period compared with the same period previous year, and operating cost increased 34.45% in the current period compared with the same period of previous year, mainly due to the increase of natural gas business (retail, wholesale and direct sales) volume, unit price increase and rapid growth of comprehensive energy business of subsidiaries of the Company during the reporting period.

(2). Revenue generated from contracts

Unit: (Ten thousand yuan) Currency: RMB

Classification of contracts	ENN Natural Gas Co., Ltd.	Total
Types of products		
Natural gas retail	5,674,876	5,674,876
Gas wholesale	2,456,143	2,456,143
Natural gas direct sale	578,461	578,461
Project Construction and Installation	1,040,868	1,040,868
Integrated Energy Sales and Services	872,560	872,560
Energy chemicals	279,875	279,875
Extended Businesses	228,428	228,428
Chemical trading	189,414	189,414
Coal	220,682	220,682
Total	11,541,307	11,541,307

Description on income generated from contracts:

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

67. Operating income and cost of sales (Continued)

(3). Description of performance obligations

☐ Applicable ☒ Not Applicable

(4). Description of the apportionment to the remaining performance obligations

At the end of the reporting period, the revenue attributable to the performance obligations that have been contracted for but not yet performed or have not been performed in full was RMB6,012,580,000.

Other description:

NO

68. Interest revenue and interest expense

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Interest revenue	11,051	
Including: Loan interest revenue	803	
Discount interest revenue	28	
Interest revenue from financial institutions	2,726	
Lease interest revenue	1,870	
Factoring interest revenue	5,624	
Interest expense	1,784	

Other description:

The interest revenue for the current period increased by RMB111 million compared with the same period of previous year, and the interest expenses increased by RMB18 million in the current period compared with the same period of the previous year, mainly due to the Company's implementation of No. 15 Interpretation of Accounting Standards for Business Enterprises during the reporting period and the separate listing of the businesses of financial companies within the scope of merger of listed companies according to the statement presentation requirements of financial enterprises.

VII. Notes on the Consolidated Financial Statements (Continued)

69. Handling fee and commission revenue and handling fee and commission expenses

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Handling charges and commissions income	85	
Including: Entrusted loan business	5	
Leasing business	70	
Others	10	
Handling charges and commissions expense	170	

Other description:

The handling fee and commission revenue increased by RMB850,000 compared with the same period of previous year, and the handling fee and commission expenses increased by RMB1.7 million compared with the same period of the previous year, mainly due to the implementation of No. 15 Interpretation of Accounting Standards for Business Enterprises during the reporting period, which separately shows the operations of finance companies within the scope of consolidation of listed companies in accordance with the presentation requirements of financial companies.

70. Taxes and surcharges

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	10,500	8,057
Education surtax	8,403	6,139
Resources tax	19,767	13,874
Property tax	4,612	4,018
Land use tax	4,911	4,513
Stamp duty	8,375	8,995
Charges collected by the local government	3,451	2,453
Environmental protection tax	56	423
Water resources tax	544	800
Farming land occupation tax	1,427	6,165
Others	1,438	1,499
Total	63,484	56,936

VII. Notes on the Consolidated Financial Statements (Continued)

71. Selling expenses

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Payroll	86,592	77,234
Travel expenses	2,005	1,730
Advertising, publicity and promotion fees	3,084	4,863
Business entertainment expenses	661	599
Tenancy expenses	1,576	1,516
Maintenance fee	27,668	18,228
Depreciation expenses	14,003	10,029
Commission fee for products commissioned to sell	487	909
Communication expenses	379	354
Others	8,134	5,557
Total	144,589	121,019

Other description:

NO

72. Administrative expenses

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Payroll	195,085	180,862
Repair cost	17,000	12,921
Depreciation and amortization	52,034	40,825
Administrative expenses and expenses for business trips	15,247	14,233
Business entertainment expenses	20,299	17,874
Vehicle costs	6,813	7,436
Fees for intermediaries	16,353	19,779
Water and electricity expenses	2,405	1,640
Premiums for property insurance	2,965	2,331
Tenancy expenses	901	7,002
Amortization of share purchase right	12,665	7,000
Loss from shut-down	16,133	4,886
Others	18,455	14,150
Total	376,355	330,939

Other description:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

73. Research and development expenditure

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Payroll	37,691	19,081
Depreciation expenses	9,734	4,429
Materials	36,889	26,458
Experiments and tests fee	89	3
Water and electricity expenses	1,338	942
Consultation expenses	1,379	125
Others	16,412	7,470
Total	103,532	58,508

Other description:

The research and development expenses increased by 76.95% in this period compared with the same period of previous year, mainly due to the increase of research and development investment of subsidiaries of the Company during the reporting period.

74. Financing Expense

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	101,253	120,548
Plus: Interest revenue	-13,015	-16,604
Exchange gains and losses (or income)	-47,142	-71,968
Bank charges	9,298	5,381
Others	110	353
Total	50,504	37,710

Other description:

Financial expenses increased by 33.93% in the current period compared with the same period of previous year, mainly due to the decrease of exchange earnings caused by the decrease of RMB appreciation in the subsidiaries of the Company during the reporting period compared with the same period of previous year.

VII. Notes on the Consolidated Financial Statements (Continued)

75. Other income

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies that are directly included in profit and loss	26,528	23,360
Value added tax refund	8,090	11,761
Amortization of deferred income	3,882	3,850
Others	969	
Total	39,469	38,971

Other description:

NO

76. Investment income

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Income on long-term equity investment calculated by equity method	53,844	25,243
investment income arising from disposal of long-term equity investments	12,847	-2,713
Dividend revenue derived from other equity instrument investments during the holding period	736	251
Interest revenue derived from debt investments during the holding period	365	
Investment revenue derived from the disposal of trading financial assets	4,144	30
Proceeds from debt restructuring	-266	-859
Settlement gains and losses arising from derivative financial instruments	26,902	13,246
Profit or loss from remeasuring previously held equity	168	-2,247
Investment income on other non-current financial assets during the holding period	19,749	7,311
Investment revenue arising from disposal of other non-current financial assets	-603	
Others	1	176
Total	117,887	40,438

VII. Notes on the Consolidated Financial Statements (Continued)

76. Investment income (Continued)

Other description:

The investment revenue increased by 191.53% in the current period compared with the same period of previous year, mainly due to: ① the impairment loss of the important affiliated company Santos of the company in the same period of previous year was calculated and recognized as the investment loss (the associated company was disposed of on June 30, 2020); ② The recognition of investment revenue from the disposal of some of the Company's associates, etc. during the reporting period; ③ The increase in gain of settlement of derivative financial instruments of subsidiaries of the Company during the reporting period.

77. Exchange proceeds

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Exchange proceeds	3	
Total	3	

Other description:

The exchange gains increased by RMB30,000 compared with the same period of previous year, mainly due to the Company has implemented No. 15 of Accounting Standards for Business Enterprises during the reporting period and separated the listing of the businesses of financial companies within the scope of merger of listed companies according to the statement presentation requirements of financial enterprises.

78. Net exposure hedging income

☐ Applicable ☒ Not Applicable

VII. Notes on the Consolidated Financial Statements (Continued)

79. Income from changes in fair value

Unit: Ten thousand yuan 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	-4,353	-4,420
Fair value change benefit generated by derivative financial instrument	43,509	4,081
The unrealized income on the invalid part of cash flow hedge	5,749	-6,748
Real estate of investment measured in accordance with the fair value	879	-1,017
Gains from changes in fair value arising from cash-settled share-based payments in liabilities	316	
Total	45,650	-8,104

Other description:

The incomes from Fair Value changes increased by 538 Million Yuan from the same period last year, mainly due to the increase in the Fair Value of Derivative Financial Instruments held by the subsidiaries of the Company during the reporting period.

80. Credit impairment loss

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss on notes receivable	17	526
Bad debt loss on accounts receivable	-13,625	-18,953
Loss on other receivables	-553	-1,192
Impairment loss on debt investments	-2	66
Loss on long-term receivables	-228	-174
Provisions for loan losses and bad debt losses on loans issued and advances granted	25	
Bad debt loss on other current assets	878	-688
Impairment loss on non-current assets due within one year	18	-65
Total	-13,470	-20,480

Other description:

Credit impairment loss was reduced by RMB70 Million Yuan from the same period last year, mainly due to the return of the long-term account receivable bad debt reserve of the subsidiary of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

81. Assets impairment loss

Unit: Ten thousand yuan Currency: RMB

Project	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	-39,111	
III. Impairment loss on long-term equity investments	-1,563	
IV. Impairment loss on investment properties		
V. Impairment loss on fixed-assets	-1,768	-6,468
VI. Impairment loss on project materials		
VII. Impairment loss on construction in progress	-1,310	-663
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		
XIV. Impairment loss of contract assets	-1,264	816
Total	-45,016	-6,315

Other description:

The asset impairment loss increased by RMB387 million in the current period compared with the same period of previous year, mainly due to the increase of inventory falling price reserves withdrawn by subsidiaries of the Company during the reporting period.

82. Asset disposal income

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Gain on the disposal of fixed assets	-6,308	-14,634
Gain on the disposal of intangible assets	3,365	2,091
Total	-2,943	-12,543

VII. Notes on the Consolidated Financial Statements (Continued)

82. Asset disposal income (Continued)

Other description:

The revenue from asset disposal increased by RMB96 million compared with the same period of previous year, mainly due to the decrease of net loss from disposal of fixed assets of subsidiaries of the Company during the reporting period.

83. Non-operating income

Information about non-operating income

Unit: Ten thousand yuan Currency: RMB

Project	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			
Non-monetary assets exchange gains			
Donations accepted			
Government subsidies			
Profit from asset surplus	447	242	447
Revenue from default	2,156	2,670	2,156
Unpayable accounts payable	3,759	515	3,759
Income from the disposal of waste and old materials	1,886	1,102	1,886
Compensation income	5,500	2,002	5,500
Acquisition premium			
Others	2,709	1,789	2,709
Total	16,457	8,320	16,457

Government subsidy included in current profit and loss

☐ Applicable ☒ Not Applicable

Other description:

Non-operating revenue increased by 97.80% in the current period compared with the same period of previous year, mainly due to the increase of compensation received by subsidiaries of the Company during the reporting period.

VII. Notes on the Consolidated Financial Statements (Continued)

84. Non-operating expenditure

Unit: Ten thousand yuan Currency: RMB

Project	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	1,239	4,245	1,239
Including: Loss on disposal of fixed assets	1,239	4,245	1,239
Losses from disposal of Intangible assets			
Non-monetary asset swap loss			
External Donation	11,039	7,434	11,039
Fines forfeits and penalty expenditure	1,329	1,064	1,329
Loss on disposal of waste and old materials	3,010	4,066	3,010
Compensation expenditure	2,979	3,224	2,979
Others	3,175	3,310	3,175
Total	22,771	23,343	22,771

Other description:

NO

85. Income tax expenses

(1) Income tax expense schedule

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	262,589	197,582
Deferred income tax expense	31,011	62,576
Total	293,600	260,158

VII. Notes on the Consolidated Financial Statements (Continued)

85. Income tax expenses (Continued)

(2) The adjustment process of accounting profit and income tax expense

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period
Gross profit	1,346,645
Income tax expense calculated according to statutory/applicable tax rate	336,661
The effect from the adoption of different applicable tax rate for subsidiaries	-54,236
The effect from adjusting the income tax of previous periods	-7,128
Impact of non-taxable income	-13,461
The effect of non-deductible costs, expenses and losses	14,103
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-16,090
Impacts of deductible temporary differences or deductible losses of deferred income tax assets not recognized during the current period	36,670
Others	-2,919
Income tax expenses	293,600

Other description:

☐ Applicable ☒ Not Applicable

86. Other comprehensive income

For details, see Note VII-62, other comprehensive income

VII. Notes on the Consolidated Financial Statements (Continued)

87. Cash flow statement items

(1). Cash received from other activities related to operating activities

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Interest income from bank deposits	13,380	16,604
Government subsidy income	41,271	35,175
Performance deposit and cash pledge received	18,049	22,758
Total	72,700	74,537

Information on other cash received related to operating activities:

NO

(2). Cash paid for other activities related to operating activities

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Administration expenses paid by cash	121,360	94,536
Sales expenses paid by cash	45,641	33,687
R&D expenses paid by cash	56,988	34,998
Charges from financial institutions	9,641	5,381
Performance deposits and cash pledged paid by cash	1,527	39,718
Total	235,157	208,320

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

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Cash received as borrowings from related parties	35,863	23,133
Third party entity repayments	1,344	102,552
Reduction of restricted bank deposits	84,431	41,759
Total	121,638	167,444

Information on other cash received related to investment activities:

NO

(4). Cash paid for other activities related to investment activities

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Cash paid as borrowings to related parties	35,610	56,383
Cash paid for third party entity		117,718
Option proceeds	995	700
Increase in restricted bank deposit	116,025	30,360
Total	152,630	205,161

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

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Inter-bank borrowings		1,083,000
Proceeds from the exercise of the share option		11,300
Cash received from associated companies related to financing	27,931	21,142
Received bill discounts, bills maturity acceptance, bank acceptance bill deposit	19,385	13,603
Total	47,316	1,129,045

Information on other cash received related to financing activities:

Other cash received related to financing activities decreased by 95.81% in the current period compared with the same period of previous year, mainly due to the implementation of No. 15 Interpretation of Accounting Standards for Business Enterprises during the reporting period, which shows the operations of finance companies within the scope of consolidation of listed companies on a net basis in the net increase in funds borrowed from other financial institutions in operating cash flows in accordance with the presentation requirements for financial companies.

(6). Cash paid for other activities related to financial activities

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Inter-bank increase and recovery funds		1,083,000
Cash paid to associated companies related to financing	21,683	37,710
Share repurchase		1,743
Share purchase payments under the same control	218,525	279,587
Principal, rent rate and charges from financial lease	22,878	62,890
Release of Bank Acceptance Bill at Maturity	10,843	
Others	1,944	10,001
Total	275,873	1,474,931

VII. Notes on the Consolidated Financial Statements (Continued)

87. Cash flow statement items (Continued)

(6). Cash paid for other activities related to financial activities (Continued)

Information on other cash paid related to financing activities:

The cash payment related to other financing activities decreased by 81.30% in the current period compared with the same period of previous year, mainly due to the implementation of the No. 15 Interpretation of the Accounting Standards for Business Enterprises in this reporting period, which shows the operations of finance companies within the scope of consolidation of listed companies on a net basis in the net increase in operating cash flows from funds borrowed from other financial institutions in accordance with the presentation requirements for financial companies.

88. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

Unit: Ten thousand yuan Currency: RMB

Supplementary information	Current amount	Amount of previous period
1. Adjust the net profit to operating cash flow:		
Net Profit	1,053,045	783,307
Plus: Property depreciation preparation	45,016	6,315
Credit impairment loss	13,470	20,480
Depreciation of fixed assets, loss of oil and gas assets, depreciation of productive biological assets	259,241	227,823
Amortization of right-of-use assets	14,448	–
Amortization of intangible assets	48,805	46,315
Amortization of long-term deferred expenses	10,717	11,890
Loss from disposal of fixed assets, intangible assets and other long-term assets (income expressed with “-”)	2,943	12,543
Loss on scrapping of fixed assets (income expressed with “-”)	1,124	4,245
Loss from fair value changes (income expressed with “-”)	-45,650	8,104
Financial expenses (income expressed with “-”)	54,111	13,666
Loss of investment (income expressed with “-”)	-117,888	-40,438
Decrease in deferred income tax asset (Increase expressed with “-”)	-10,077	-19,569

VII. Notes on the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement (Continued)

(1) Supplementary information on cash flow statement (Continued)

Supplementary information	Current amount	Amount of previous period
Increase in deferred income tax liabilities (decrease expressed with "-")	53,109	61,262
Decrease of inventory (increase expressed with "-")	-154,097	-29,981
Decrease in operating receivables (increase expressed with "-")	-410,528	-213,201
Increase in operating payables (decrease expressed with "-")	533,249	352,007
Others		
Net cash flow from operating activities	1,351,038	1,244,768
2. Major investment and financing activities that do not involve the cash deposit and withdrawal:		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net change of cash and cash equivalents:		
Ending balance of cash	1,234,758	1,163,099
Less: Beginning balance of cash	1,163,099	1,057,662
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	71,659	105,437

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

Unit: Ten thousand yuan Currency: RMB

	Amount
Cash or cash equivalents paid in current period for business mergers incurred in current period	57,132
Henan ENN Zhongyu Gas Pipeline Co., Ltd.	34,320
Caihong (Nantong) Energy Co., Ltd.	3,708
Langfang Hengsheng Heat Supply Co., Ltd.	2,981
Luoyang Shunhe Energy Co., Ltd.	6,190
Tangshan ENN New Energy Development Co., Ltd.	300
CGN Shuangmin Gas Jiangsu Co., Ltd.	9,633
Less: Cash and cash equivalents held by subsidiaries on the date of purchase	1,139
Caihong (Nantong) Energy Co., Ltd.	156
Langfang Hengsheng Heat Supply Co., Ltd.	14
Luoyang Shunhe Energy Co., Ltd.	1
Tangshan ENN New Energy Development Co., Ltd.	46
CGN Shuangmin Gas Jiangsu Co., Ltd.	922
Plus: Cash or cash equivalents paid in current period for business mergers incurred in previous periods	19,598
Inner Mongolia Huayi Energy Co., Ltd.	1,507
Shanghai Zhongfen Pyroelectricity Co., Ltd.	8,500
Tangshan Lantian Gas Co., Ltd.	1,086
Shuangcheng Zhongqing Gas Co., Ltd.	4,840
Lincheng Guoyuan Gas Co., Ltd.	1,385
Chizhou ENN Energy Development Co., Ltd. and other companies	2,280
Net cash paid to acquire subsidiaries	75,591

Other description:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement (Continued)

(3) Net cash received from disposal of subsidiaries in the current period

Unit: Ten thousand yuan Currency: RMB

	Amount
Cash or cash equivalents received in current period from disposal of subsidiaries incurred in current period	3,074
Tengzhou Xin'ao Energy Development Co., Ltd.	500
Guangzhou Yuhuai Trading Co., Ltd.	800
Huai'an ENN Automobile Gas Co., Ltd.	1,000
Hengshui ENN Automobile Gas Co., Ltd.	100
Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd.	674
Less: Cash and cash equivalents held by subsidiaries on the date of losing control	1,156
Guangzhou Yuhuai Trading Co., Ltd.	75
Zhanjiang ENN Gas High Pressure Pipe Network Co., Ltd.	787
Hengshui ENN Automobile Gas Co., Ltd.	157
Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd.	137
Plus: Cash or cash equivalents received in current period from disposal of subsidiaries incurred in previous periods	1,329
Net cash received from disposal of subsidiaries	3,247

Other description:

NO

VII. Notes on the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement (Continued)

(4) Composition of cash and cash equivalents

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
I. Cash	1,234,758	1,163,099
Including: Cash on hand	1,130	826
Bank deposits available for payment at any time.	1,010,203	920,786
Other monetary funds available for payment at any time	1,326	2,316
Deposits of central bank available for payment.		
Inter-bank deposits	222,099	239,171
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	1,234,758	1,163,099
Including: Restricted cash and cash equivalents are used by the parent company or subsidiary companies within the group		23,598

Other description:

☐ Applicable ☒ Not Applicable

89. Notes on the statement of changes in shareholders' 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 shareholdership or use right

Unit: Ten thousand yuan Currency: RMB

Project	End Book Value	Reasons of restriction
Monetary fund	131,361	Deposit with central bank statutory reserve fund, bank acceptance bill margin, etc.
Fixed assets	57,125	Finance lease and loan mortgage
Intangible assets	254	Mortgage loan
Transaction financial assets	15,160	Pledge of structured deposits
Total	203,900	/

Other description:

1. The restricted monetary fund mainly represents the reserves and deposits of the Company in various financial institutions, mainly comprising RMB443 million in legal reserves with the central bank and RMB336 million in deposits for bank acceptance bill.
2. The Company pledged the gas tariff right of some subsidiaries as the 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

Unit: Ten thousand yuan Currency: RMB

Project	Balance of foreign currency at the end of the period	Converted exchanged rate	Balance of RMB converted at the end of the period
Monetary fund			
Including: US	32,668	6.3757	208,281
EUR	9	7.2197	65
HKD	5,859	0.8176	4,790
AUD	19	4.6220	88
SGD	8	4.7179	38
GBP	2	8.6064	17
Receivables			
Including: US	10,226	6.3757	65,198
Other receivables			
Including: US	11,280	6.3757	71,918
payables			
Including: US	20,931	6.3757	133,450
Other payables			
Including: US	6	6.3757	38
Short-term borrowings			
Including: US	60,233	6.3757	384,028
Long-term loans			
Including: US	29,493	6.3757	188,039
Non-current liability due within one year			
Including: US	64,294	6.3757	409,919
Bonds payable			
Including: US	154,351	6.3757	984,096

Other description:

NO

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.*

Overseas business entity	Principal place of business	Recording currency
Xinneng (Hong Kong) Energy Investment Co., Ltd.	Hong Kong	US
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

92. Hedging

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 risks faced by the Company for its dollar-denominated bonds payable and bank loans, so as to avoid the risks arising from the fluctuations of expected future cash flows when repaying dollar-denominated bonds and bank loans resulted by the fluctuations of RMB/USD exchange rate. The pricing of LNG is linked to indexes such as crude oil and natural gas, and the commodity derivatives are used to hedge the Company's exposure to commodity price risk as a means of hedging the Company's exposure to fluctuations in expected future cash flow caused by the anticipated purchase of LNG with the fluctuation of market prices of crude oil and natural gas. The Company designated those transactions as cash-flow hedging.

As at the balance sheet date, the fair value of the assets of the position hedge foreign exchange derivative contracts and commodity derivatives contracts was RMB732.88 million, and the fair value of the liabilities for foreign exchange derivative contracts and commodity derivatives contracts was RMB613.75 million. The pre-tax profit of cash flow hedge reserve included in other comprehensive revenue in the current period is RMB59,047,000 and is expected to be progressively transferred to the revenue statement after the balance sheet date.

VII. Notes on the Consolidated Financial Statements (Continued)

93. Government subsidies

(1). Basic information on government subsidies

Unit: Ten thousand yuan Currency: RMB

Type	Amount	Reporting items	The amount included into current profit and loss
Refund on land	2,264	Other income	53
Government subsidy on induced draft fan and integral electric bag hybrid dust removing device	249	Other income	30
Special subsidy on power demand side	30	Other income	9
Water pollution prevention and treatment fund	126	Other income	36
Industrial internet innovation and development demonstration project	17	Other income	4
Subsidies on replacing coal with gas	24,106	Other income	840
Subsidies on pipeline network demolition and construction	6,770	Other income	264
Subsidies on emergency gas storage facilities	9,757	Other income	57
Subsidies on pipeline modification	16,170	Other income	354
Subsidies on land	2,771	Other income	83
Subsidies on distributed energy project of natural gas	2,860	Other income	110
Energy station projects	828	Other income	140
New Chaoyang integrated microenergy network demonstration project	983	Other income	41
Subsidies on the new passenger station project	721	Other income	120
Subsidies on phasing out coal-fired heating boiler	3,244	Other income	104
Renovation Project of Old Residential Communities	731	Other income	12
Supply assurance allowance	14,342	cost of sales	13,961
Subsidy for change the bottle to pipe	1,406	Other income	10
SOFC Cogeneration Project	670	Other income	
Others	21,901	Other income	1,615
Government discount	595	Financing expense	643
Value added tax refund	8,090	Other income	8,090
Government subsidies that are directly included in profit and loss	26,528	Other income	26,528
Import VAT refunds	41,261	cost of sales	41,261
Total	186,420		94,365

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 combinations of enterprises under different control

(1). Merger under different controls incurred in current period

Unit: Ten thousand yuan Currency: RMB

Name of acquiree	Time of equity acquisition	Equity acquisition cost	Share ratio acquired (%)	The way of acquisition	Date of purchase	Standards to determine 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
Langfang Hengsheng Heat Supply Co., Ltd.	September 6, 2021	3,138	100	Acquisition	September 6, 2021	Complete registration of equity change	144	118
Caihong (Nantong) Energy Co., Ltd.	June 25, 2021	3,708	100	Acquisition	June 25, 2021	Complete registration of equity change	2,523	-763
Henan ENN Zhongyu Gas Pipeline Co., Ltd.	July 16, 2021	34,320	60	Acquisition	July 16, 2021	Complete registration of equity change	6,905	504
Tangshan ENN New Energy Development Co., Ltd.	September 26, 2021	300	40	Acquisition	September 26, 2021	Complete registration of equity change	1,674	785
Luoyang Shunhe Energy Co., Ltd.	September 29, 2021	7,669	100	Acquisition	September 29, 2021	Complete registration of equity change	95	67
CGN Shuangmin Gas Jiangsu Co., Ltd. and its subsidiaries	December 13, 2021	9,633	100	Acquisition	December 13, 2021	Complete registration of equity change		

Other description:

NO

VIII. Changes in the scope of consolidation (Continued)

1. Business combinations of enterprises under different control (Continued)

(2). Acquisition cost and goodwill

Unit: Ten thousand yuan Currency: RMB

Combined cost	Langfang Hengsheng Heat Supply Co., Ltd.	Caihong (Nantong) Energy Co., Ltd.	Henan ENN Zhongyu Gas Pipeline Co., Ltd.	Tangshan ENN New Energy Development Co., Ltd.	Luoyang Shunhe Energy Co., Ltd.	CGN Shuangmin Gas Jiangsu Co., Ltd. and its subsidiaries
- Cash	3,138	3,708	34,320	300	7,669	9,633
- Fair value of non-cash assets						
- The fair value of debt issued or assumed						
- The fair value of equity securities issued						
- The fair value of contingent consideration						
- The fair value of shares on the date of purchase that are held by the Company prior to the date of purchase						
- Others						
Total acquisition cost	3,138	3,708	34,320	300	7,669	9,633
Less: Share of fair value of identifiable net assets acquired	3,138	3,708	34,320	300	7,669	8,659
Goodwill/the amount of acquisition cost lower than the share of fair value of identifiable net assets acquired						974

The method to determine the fair value of the acquisition cost, contingent consideration and illustration to the changes:

NO

The main reasons for the formation of large amount of goodwill:

NO

Other description:

NO

VIII. Changes in the scope of consolidation (Continued)

1. Business combinations of enterprises under different control (Continued)

(3). The identifiable assets and liabilities of the acquiree at the date of purchase

Unit: Ten thousand yuan Currency: RMB

	Langfang Hengsheng Heat Supply Co., Ltd.		Caihong (Nantong) Energy Co., Ltd.		Henan ENN Zhongyu Gas Pipeline Co., Ltd.		Tangshan ENN New Energy Development Co., Ltd.		Luoyang Shunhe Energy Co., Ltd.		CGN Shuangmin Gas Jiangsu Co., Ltd. and its subsidiaries	
	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Book value on purchase day
Properties:	7,666	2,795	5,843	820	57,200	40,500	1,712	2,078	9,461	4,196	24,393	14,753
Monetary fund	14	14	156	156			46	46	1	1	921	921
Bills Receivable											106	106
Receivables			10	10			201	201			2,576	2,576
Prepayments			5	5							377	377
Other receivables	377	377	12	12					7	7	643	643
Treasury	1	1	57	57			1	1			804	804
Other current assets	110	110	48	48			24	24	2	2	25	25
Fixed assets	2,110	1,941	451	451	57,200	40,500	1,422	1,788	4,809	3,536	9,260	7,053
Project under construction	352	352					18	18	285	285	625	625
Intangible Assets	4,702		5,104	81			-	-	4,357	365	8,721	1,288
Long-term unamortized expenses											20	20
Other non-current assets											315	315
Liabilities:	4,528	3,310	2,135	879			962	962	1,792	476	15,734	13,324
Borrowings											500	500
Accounts payable	3	3	468	468			952	952	458	458	9,557	9,557
Advance receipts			410	410			10	10	18	18	914	914
Tax payable											12	12
Employee pay payable	16	16									93	93
Other payables	3,291	3,291	1	1							2,060	2,060
Deferred income											188	188
Deferred income tax liabilities	1,218		1,256						1,316		2,410	
Net assets	3,138	-515	3,708	-59	57,200	40,500	750	1,116	7,669	3,720	8,659	1,429
Less: Minority shareholders' rights					22,880	16,200						
Net assets acquired	3,138	-515	3,708	-59	34,320	24,300	750	1,116	7,669	3,720	8,659	1,429

VIII.Changes in the scope of consolidation (Continued)

1. Business combinations of enterprises under different control (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 a 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 to 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

2. Business combination under the Same Control

☐ 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

Unit: Ten thousand yuan Currency: RMB

Name of subsidiary	Consideration of equity disposal	Disposed share ratio (%)	The way of disposal	The time of losing power of control	The standards to determine the time of losing power of control	The difference in the share of the subsidiary' net assets in the consolidated financial statement level corresponding to the disposal price and disposal investment separately	Remaining equity ratio on the date of losing power of control (%)	The book value of remaining equity on the date of losing power of control	The fair value of the remaining equity on the date of losing power of control	Gains or losses generated from remeasuring the remaining equity with fair value	The method to determine the fair value of the remaining equity on the date of losing power of control and main assumptions	The amount of other comprehensive income related to the original subsidiary that is transferred to investment income
Tengzhou Xin'ao Energy Development Co., Ltd.	1,382	100	Transfer of shares	March 15, 2021	Complete registration of equity change	72						
Dongguang County Xin'ao Gas Co., Ltd.	150	100	Transfer of shares	February 5, 2021	Complete registration of equity change	-257						
Hengshui ENN Automobile Gas Co., Ltd.	100	80	Transfer of shares	July 15, 2021	Complete registration of equity change	-52						
Huai'an ENN Qinghe Automobile Gas Co., Ltd.	1,000	100	Transfer of shares	July 8, 2021	Complete registration of equity change	610						
Guangzhou Yuhuai Trading Co., Ltd.	5,432	100	Transfer of shares	December 30, 2021	Complete registration of equity change	3,189						
Zhanjiang ENN Gas High Pressure Pipe Network Co., Ltd.	10,881	100	Transfer of shares	August 6, 2021	Complete registration of equity change	570						
Shanghai Dazhong Jiuquan Chemical Storage and Transportation Management Co., Ltd.	674	60	Transfer of shares	September 8, 2021	Complete registration of equity change	-22						

VIII.Changes in the scope of consolidation (Continued)

4. Disposal of subsidiaries (Continued)

Other description:

1. On January 5, 2021, Beijing Xin'ao Xinneng Energy Investment Co., Ltd., a subsidiary of the Company, signed the "Equity Transfer Agreement of Tengzhou Xin'ao Energy Development Co., Ltd." with Tengzhou Qiyuan Thermal Power Co., Ltd. to sell 100% equity of Tengzhou Xin'ao Energy Development Co., Ltd., with the transaction price intends to be RMB13.82 Million Yuan. Tengzhou Xin'ao Energy Development Co., Ltd. completed the registration of industrial and commercial changes on March 15, 2021. The Company has received the transfer price of 5 Million Yuan of equity paid by the counter party and RMB8.82 Million Yuan of transferred creditor's rights. The company no longer holds the shares of Tengzhou Xin'ao Energy Development Co., Ltd., and no longer includes Tengzhou Xin'ao Energy Development Co., Ltd. into the scope of the company's consolidated statements.
2. Tianjin Xin'ao Clean Energy Co., Ltd., a subsidiary of the Company, and Hebei Zhongji New Energy Technology Co., Ltd. signed the "Agreement on the Transfer of Shares of Dongguang Xin'ao Gas Co., Ltd.", and sold 100% of the shares of Dongguang Xin'ao Gas Co., Ltd. The transaction price is set to be RMB1.5 Million Yuan. Dongguang Xin'ao Gas Co., Ltd. completed the registration of industrial and commercial change on Feb. 5, 2021. The Company has received the transferring price of 1.35 Million Yuan from the counter party. The company no longer owns the shares of Dongguang County Xin'ao Gas Co., Ltd., and no longer includes Dongguang County Xin'ao Energy Development Co., Ltd. into the scope of the company's consolidated statements.
3. Tianjin ENN Clean Energy Co., Ltd., a subsidiary of the Company, entered into the Equity Transfer Agreement of Hengshui ENN Automobile Gas Co., Ltd. with Shijiazhuang Yongning Energy Technology Co., Ltd. to dispose 80% equity in Hengshui ENN Automobile Gas Co., Ltd. for a transaction price of RMB1 million. Hengshui ENN Automobile Gas Co., Ltd. completed the registration procedures for industrial and commercial change on July 15, 2021, and the Company has received a payment of RMB1,000,000 from the counterparty for the equity transfer. The Company no longer holds the equity of Hengshui ENN Automobile Gas Co., Ltd. and no longer includes Hengshui ENN Automobile Gas Co., Ltd. into the consolidated statement scope.

VIII.Changes in the scope of consolidation (Continued)

4. Disposal of subsidiaries (Continued)

4. Tianjin ENN Clean Energy Co., Ltd., a subsidiary of the Company, entered into the "Equity Transfer Agreement of Huai'an ENN Qinghe Automobile Gas Co., Ltd. " with Huai'an Tianfu Gas Co., Ltd. on March 2, 2021 to dispose 100% equity in Huai'an ENN Qinghe Automobile Gas Co., Ltd. for a transaction price of RMB10 million. Huai'an ENN Qinghe Automobile Gas Co., Ltd. completed the registration procedures for industrial and commercial change on July 8, 2021, and the Company has received a payment of RMB10 million from the counterparty for the equity transfer. The Company no longer holds the equity of Huai'an ENN Qinghe Automobile Gas Co., Ltd. and no longer includes Huai'an ENN Qinghe Automobile Gas Co., Ltd. into the consolidated statement scope.
5. Guangzhou ENN Gas Co., Ltd., a subsidiary of the Company, entered into the "Equity Transfer Agreement of Guangzhou Yuhuai Trading Co., Ltd." with Guangzhou Hesheng Real Estate Co., Ltd. to dispose 100% equity interest in Guangzhou Yuhuai Trading Co., Ltd. for a transaction price of RMB54.32 million. Guangzhou Yuhuai Trading Co., Ltd. completed the registration procedures for industrial and commercial change on December 30, 2021, and the Company has received a payment of RMB40 million from the counterparty for the equity transfer. The Company no longer holds the equity of Guangzhou Yuhuai Trading Co., Ltd. and no longer includes Guangzhou Yuhuai Trading Co., Ltd. into the consolidated statement scope.
6. Rongcheng Xin'ao Gas Co., Ltd., a subsidiary of the Company, entered into the "Equity Transfer Agreement between Rongcheng Xin'ao Gas Co., Ltd. and Sinopec Yuexi Pipeline Network Co., Ltd." with Sinopec Yuexi Pipeline Network Co., Ltd. on June 29, 2021, to dispose 100% equity in Zhanjiang ENN Gas High-pressure Gas Pipeline Network Co., Ltd. for an evaluation value of RMB108,810,600. Zhanjiang ENN Gas High-pressure Gas Pipeline Network Co., Ltd. Completed registration procedures for industrial and commercial change on August 6, 2021. The Company no longer includes Zhanjiang Xinao Gas High Pressure Pipe Network Co. LTD., in the consolidated statement scope.
7. Xin'ao Fuel Gas Development Co., Ltd., a subsidiary of the Company, entered into the "Equity Transfer Agreement of Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd. " with Shanghai Yongxun Industrial Co., Ltd. to dispose 60% of the equity in Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd. for a transaction price of RMB6,738,000. Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd. completed registration procedures for the industrial and commercial change on September 8, 2021, and the Company has received a payment of RMB6.738 million from the counterparty for the transfer of equity. The Company no longer includes Shanghai Dazhong Jiuhuan Chemical Storage and Transportation Management Co., Ltd. in the consolidated statement scope.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons

Description to the changes of scope of consolidation for other reasons (e. g., newly established subsidiaries, liquidation of subsidiaries) and related information:

1. On January 21, 2021, the Company's holding subsidiary, Xinao (China) Gas Investment Co., Ltd., invested with the Development and Construction Administration Bureau of Daqiuzhuang Eco-City, Jinghai District, Tianjin in establishing Tianjin Jinghai Xinao Energy Co., Ltd. with registered capital of RMB20 Million Yuan. As at December 31, 2021, the Company's capital had not been contributed.
2. On April 7, 2021, the Company's holding subsidiary, Luoyang Xin'ao Energy Development Co., Ltd., invested with Luoyang Ruida Development and Construction Co., Ltd. to set up Luoyang Xin'ao Ruida New Energy Co., Ltd. with registered capital of RMB10 Million Yuan. As at December 31, 2021, the Company's capital had not been contributed.
3. The Company's wholly-owned subsidiary, ENN (Tianjin) Energy Investment Co., Ltd., invested in the establishing Xin'ao Xinneng (Guangdong) Energy Trade Co., Ltd. on April 12, 2021, and Xin'ao Xinneng (Guangdong) Energy Trade Co., Ltd., with registered capital of RMB50 Million Yuan. As at December 31, 2021, the Company's capital had not been contributed.
4. On May 14, 2021, the Company's holding subsidiary, Xin'ao (China) Gas Investment Co., Ltd., invested with Chongqing Tongnan Industrial Investment Development (Group) Co., Ltd. in establishing Chongqing Xin'ao Xinrui Energy Development Co., Ltd. with registered capital of RMB20 Million Yuan. As at December 31, 2021, the Company's capital had not been contributed.
5. The Company's holding subsidiary, Beijing Xin'ao Xinneng Energy Investment Co., Ltd., invested in establishing Shanghai Xin'ao New Energy Development Co., Ltd. and Shanghai Xin'ao New Energy Development Co., Ltd. with registered capital of RMB50 Million Yuan on May 25, 2021. As at December 31, 2021, the paid-up capital of the Company was RMB6 million, accounting for 15% of the total registered capital.
6. On June 7, 2021, the Company's holding subsidiary, Xin'ao (China) Gas Investment Co., Ltd., invested with Liaocheng Shihua Gas Co., Ltd., Shandong Liaocheng Living and Building City Investment Development Co., Ltd. in establishing Liaocheng Xin'ao High-speed Railway New Energy Co., Ltd. with registered capital of RMB100 Million Yuan. As at December 31, 2021, the Company's capital had not been contributed.
7. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Dalian Xinrui Energy Development Co., Ltd. on July 12, 2021, with a registered capital of RMB4 million. As at December 31, 2021, the paid-up capital of the Company was RMB4 million, accounting for 100% of the total registered capital.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

8. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Guangxi Qinzhou Xinrui Photovoltaic Energy Co., Ltd. on August 2, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the paid-up capital of the Company was RMB2 million, accounting for 100% of the total registered capital.
9. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Hai'an Xinrui New Energy Co., Ltd. on July 2, 2021, with a registered capital of RMB15 million. As at December 31, 2021, the paid-up capital of the Company was RMB15 million, accounting for 100% of the total registered capital.
10. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Suzhou Wujiang ENN Energy Development Co., Ltd. on July 22, 2021, with a registered capital of USD20 million. As at December 31, 2021, the Company's capital had not been contributed.
11. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Ningbo Xinrui New Energy Co., Ltd. on August 5, 2021, with a registered capital of RMB5.2 million. As at December 31, 2021, the paid-up capital of the Company was RMB5.2 million, accounting for 100% of the total registered capital.
12. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Xinxiang Xinrui Solar Power Generation Co., Ltd. on August 5, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the paid-up capital of the Company was RMB5 million, accounting for 50% of the total registered capital.
13. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Yanjin Xinrui Photovoltaic Energy Co., Ltd. on August 6, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the paid-up capital of the Company was RMB1.44 million, accounting for 77% of the total registered capital.
14. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zhoushan Xinrui Photovoltaic Energy Co., Ltd. on August 10, 2021, with a registered capital of RMB3 million. As at December 31, 2021, the registered capital of the Company was changed to RMB20 million, and the paid-up capital was RMB8.4 million, accounting for 42% of the total registered capital.
15. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Shangqiu Xinrui Energy Development Co., Ltd. on August 2, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
16. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Pujiang Xinrui Photovoltaic Energy Co., Ltd. on August 30, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the paid-up capital of the Company was RMB3.3 million, accounting for 66% of the total registered capital.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

17. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Quanzhou Xinrui Energy Development Co., Ltd. on August 19, 2021, with a registered capital of RMB45 million. As at December 31, 2021, the paid-up capital of the Company was RMB12 million, accounting for 26.67% of the total registered capital.
18. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Jinhua Xinrui Photovoltaic Energy Co., Ltd. on August 27, 2021, with a registered capital of RMB16 million. As at December 31, 2021, the Company's capital had not been contributed.
19. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Weixian Xinrui Energy Development Co., Ltd. on August 19, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the paid-up capital of the Company was RMB2,346,000, accounting for 23.46% of the total registered capital.
20. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Haiyan Xinrui Photovoltaic Energy Co., Ltd. on August 31, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the paid-up capital of the Company was RMB3.5 million, accounting for 70% of the total registered capital.
21. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Quzhou Xinrui Photovoltaic Energy Co., Ltd. on August 13, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
22. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Lanxi Xinrui Photovoltaic Energy Co., Ltd. on July 6, 2021, with a registered capital of RMB1.5 million. As at December 31, 2021, the paid-up capital of the Company was RMB1.5 million, accounting for 100% of the total registered capital.
23. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Longyou Xinrui Photovoltaic Energy Co., Ltd. on August 5, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
24. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Huai'an ENN Xinrui New Energy Co., Ltd. on August 12, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the paid-up capital of the Company was RMB4 million, accounting for 80% of the total registered capital.
25. ENN Hengxin Investment Co., Ltd., a holding subsidiary of the Company, invested to established Anhui ENN Clean Energy Co., Ltd. on August 18, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

26. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Yancheng Xiangshui ENN Energy Co., Ltd. on August 18, 2021, with a registered capital of USD10.08 million. As at December 31, 2021, the paid-up capital of the Company was RMB65,194,416.
27. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Huai'an ENN Light Energy Technology Co., Ltd. on September 13, 2021, with a registered capital of USD5 million. As at December 31, 2021, the paid-up capital of the Company was RMB19,118,700.
28. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Longyan Xinrui Energy Development Co., Ltd. on September 17, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the paid-up capital of the Company was RMB1.9 million, accounting for 9.5% of the total registered capital.
29. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Jiangsu Xinrui Photovoltaic Technology Co., Ltd. on August 30, 2021, with a registered capital of RMB50 million. As at December 31, 2021, the paid-up capital of the Company was RMB50 million, accounting for 100% of the total registered capital.
30. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Yutian Xinrui Energy Development Co., Ltd. on September 26, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the paid-up capital of the Company was RMB5 million, accounting for 50% of the total registered capital.
31. ENN Xinrui Energy Development Co., Ltd., the holding subsidiary of the Company, invested to establish Zibo Xinrui Energy Development Co., Ltd. on September 9, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the paid-up capital of the Company was RMB7.6 million, accounting for 76% of the total registered capital.
32. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zaozhuang Shanting Xinrui Energy Development Co., Ltd. on September 13, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
33. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Laiyang Xinrui Energy Development Co., Ltd. on September 8, 2021, with a registered capital of RMB15 million. As at December 31, 2021, the Company's capital had not been contributed.
34. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Qingdao Jiaocheng Xinrui Energy Development Co., Ltd. on September 24, 2021, with a registered capital of RMB3 million. As at December 31, 2021, the paid-up capital of the Company was RMB3 million, accounting for 100% of the total registered capital.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

35. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Dongguan Xinrui Photovoltaic Energy Technology Co., Ltd. on October 22, 2021, with a registered capital of RMB40 million. As at December 31, 2021, the Company's capital had not been contributed.
36. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Pizhou Xinheng Energy Development Co., Ltd. on November 9, 2021, with a registered capital of USD5 million. As at December 31, 2021, the Company's capital had not been contributed.
37. Beijing ENN Xinneng Energy Investment Co., Ltd., a holding subsidiary of the Company invested to establish Taixing ENN Jinjiang Energy Co., Ltd. jointly with Taixing ENN Jinjiang Investment Co., Ltd. on November 9, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the Company's capital had not been contributed.
38. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Fuzhou Xinrui Yinsheng Photovoltaic Energy Co., Ltd. jointly with Zhejiang Yinsheng New Energy Technology Co., Ltd. on November 10, 2021, with a registered capital of RMB25 million. As at December 31, 2021, the paid-up capital of the Company was RMB25 million, accounting for 100% of the total registered capital, among which ENN Xinrui Energy Development Co., Ltd. contributed RMB21.25 million and Zhejiang Yinsheng New Energy Technology Co., Ltd. contributed RMB3.75 million.
39. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Dongying Xinrui Clean Energy Co., Ltd. on November 15, 2021, with a registered capital of RMB40 million. As at December 31, 2021, the Company's capital had not been contributed.
40. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Ningde Xinrui Energy Development Co., Ltd. on September 16, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the Company's capital had not been contributed.
41. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Xinghua Xinrui New Energy Co., Ltd. on November 11, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
42. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Qingdao ENN Xinrui Energy Development Co., Ltd. on September 28, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the paid-up capital of the Company was RMB8 million, accounting for 26.67% of the total registered capital.
43. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Qingdao Chengyang ENN Xinrui Energy Development Co., Ltd. on November 16, 2021, with a registered capital of RMB3.6 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

44. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Heyuan Xinrui Photovoltaic Energy Co., Ltd. on November 10, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the Company's capital had not been contributed.
45. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zouping Xinrui Energy Development Co., Ltd. on October 19, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
46. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Hangzhou Xinrui Photovoltaic Energy Co., Ltd. on October 12, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
47. Beijing ENN New Energy Investment Co., Ltd., a holding subsidiary of the Company, invested to establish Taihe ENN Fanneng Energy Development Co., Ltd. Jointly with Huarong Investment Management Co., Ltd. on October 10, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
48. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Yongkang Xinrui Photovoltaic Energy Co., Ltd. on September 18, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
49. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zhanjiang Xinrui Photovoltaic Energy Technology Co., Ltd. on November 17, 2021, with a registered capital of RMB50 million. As at December 31, 2021, the Company's capital had not been contributed.
50. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Guangzhou Xinrui Photovoltaic Energy Co., Ltd. on October 28, 2021, with a registered capital of RMB40 million. As at December 31, 2021, the Company's capital had not been contributed.
51. ENN Hengxin Investment Co., Ltd., a holding subsidiary of the Company, invested to establish Guangdong Xinzhi Energy Service Co., Ltd. Jointly with Dongguan Xinfeng Energy Technology Co., Ltd. on August 10, 2021, with a registered capital of RMB14 million. As at December 31, 2021, the paid-up capital of the Company was RMB14 million, accounting for 100% of the total registered capital, among which RMB9.1 million was contributed by ENN Hengxin Investment Co., Ltd. and RMB4.9 million was contributed by Dongguan Xinfeng Energy Technology Co., Ltd.
52. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Luoyang Xinrui Photovoltaic Energy Co., Ltd. on November 3, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

53. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zhaoqing Xinrui Photovoltaic Technology Co., Ltd. on October 22, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the paid-up capital of the Company was RMB6 million, accounting for 30% of the total registered capital.
54. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Sanming Xinrui Energy Development Co., Ltd. on October 19, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the Company's capital had not been contributed.
55. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Yancheng Xinrui New Energy Co., Ltd. on September 24, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the paid-up capital of the Company was RMB5 million, accounting for 25% of the total registered capital.
56. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Yangzhou Xinrui Energy Development Co., Ltd. on September 16, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the Company's capital had not been contributed.
57. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Tai'an Xinrui Energy Development Co., Ltd. on September 15, 2021, with a registered capital of RMB15.3 million. As at December 31, 2021, the Company's capital had not been contributed.
58. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Changle Xinrui Energy Development Co., Ltd. on September 16, 2021, with a registered capital of RMB15 million. As at December 31, 2021, the Company's capital had not been contributed.
59. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Gucheng Xinrui Energy Development Co., Ltd. on September 8, 2021, with a registered capital of RMB15 million. As at December 31, 2021, the paid-up capital of the Company was RMB15 million, accounting for 100% of the total registered capital.
60. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Ruzhou Xinrui Photovoltaic Energy Co., Ltd. on November 12, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
61. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Harbin Xinrui Energy Development Co., Ltd. on November 1, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

62. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Zhucheng Xinrui Energy Development Co., Ltd. on September 23, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
63. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Haining Xinrui Photovoltaic Energy Co., Ltd. on November 12, 2021, with a registered capital of RMB8 million. As at December 31, 2021, the Company's capital had not been contributed.
64. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Liaocheng ENN Xinrui Energy Development Co., Ltd. on November 10, 2021, with a registered capital of RMB6 million. As at December 31, 2021, the Company's capital had not been contributed.
65. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Xinyi Xinrui Energy Development Co., Ltd. on November 24, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
66. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Linyi High Tech Zone Xinrui Energy Development Co., Ltd. on September 26, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
67. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Nanjing ENN Xinrui New Energy Co., Ltd. on September 8, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
68. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Ningbo Daxie Development Zone Xinrui Photovoltaic Co., Ltd. on September 17, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
69. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Wenzhou Xinrui Photovoltaic Energy Co., Ltd. on September 16, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
70. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Binzhou Zhanhua Xinrui Energy Development Co., Ltd. on October 13, 2021, with a registered capital of RMB1 million. As at December 31, 2021, the Company's capital had not been contributed.
71. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Taixing ENN Xinrui New Energy Co., Ltd. on November 9, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

72. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Taizhou Xinrui Photovoltaic Energy Co., Ltd. on November 29, 2021, with a registered capital of RMB5 million. As at December 31, 2021, the Company's capital had not been contributed.
73. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Jinxiang Xinrui Energy Development Co., Ltd. on December 10, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
74. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Chizhou Xinheng New Energy Co., Ltd. on December 27, 2021, with a registered capital of RMB20 million. As at December 31, 2021, the Company's capital had not been contributed.
75. Beijing ENN Xinneng Energy Investment Co., Ltd., a holding subsidiary of the Company, invested to establish Xiangyang ENN Xinneng Energy Development Co., Ltd. on December 1, 2021, with a registered capital of RMB100 million. As at December 31, 2021, the Company's capital had not been contributed.
76. Beijing ENN Xinneng Energy Investment Co., Ltd., a holding subsidiary of the Company, invested to establish Huanggang ENN New Energy Co., Ltd. on December 7, 2021, with a registered capital of RMB30 million. As at December 31, 2021, the Company's capital had not been contributed.
77. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Handan Xinzhi Energy Development Co., Ltd. on December 15, 2021, with a registered capital of RMB2 million. As at December 31, 2021, the Company's capital had not been contributed.
78. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Nantong ENN Clean Energy Co., Ltd. on December 20, 2021, with a registered capital of RMB32 million. As at December 31, 2021, the paid-up capital of the Company was RMB32 million, accounting for 100% of the total registered capital.
79. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Guangxi Nanning Xinrui Photovoltaic Energy Co., Ltd. on December 20, 2021, with a registered capital of RMB48.5 million. As at December 31, 2021, the Company's capital had not been contributed.
80. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Yancheng Tinghu Xincheng Smart Home Co., Ltd. on October 28, 2021, with a registered capital of RMB100,000. As at December 31, 2021, the paid-up capital of the Company was RMB100,000, accounting for 100% of the total registered capital.
81. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Ruian Xin'ao Fuel Gas Development Co., Ltd. jointly with Ruian Public Utilities Investment Group Co., Ltd. on December 10, 2021, with a registered capital of RMB50 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

82. Xinao (China) Gas Investment Co., Ltd, a holding subsidiary of the Company, invested to establish Henan Shengzhong New Energy Technology Development Co., Ltd. together with Zhao Yujing on December 13, 2021, with a registered capital of RMB124,151,500. As at December 31, 2021, the paid-up capital of the Company was RMB124,151,500, accounting for 100% of the total registered capital, among which Xinao (China) Gas Investment Co., Ltd contributed RMB122,910,000 and Zhao Yujing contributed RMB1,241,500.
83. ENN Xinrui Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Beijing Xinrui Photovoltaic Energy Co., Ltd. on December 20, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
84. Henan Shengzhong New Energy Technology Development Co., Ltd., a holding subsidiary of the Company, invested to establish Henan Shengdong New Energy Technology Development Co., Ltd. on December 21, 2021, with a registered capital of RMB78 million. As at December 31, 2021, the Company's capital had not been contributed.
85. Bazhou Xinrong Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Yutian Xinrong Energy Development Co., Ltd. on December 9, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
86. Beijing ENN Xinneng Energy Investment Co., Ltd., a holding subsidiary of the Company, invested to establish Hengshui ENN Energy Development Co., Ltd. jointly with Hengshui Jiu'ao New Energy Technology Co., Ltd. on December 28, 2021, with a registered capital of RMB10 million. As at December 31, 2021, the Company's capital had not been contributed.
87. Changsha ENN Changran Energy Development Co., Ltd., a holding subsidiary of the Company, invested to establish Changsha ENN Xiaohao New Energy Development Co., Ltd. jointly with Hunan Xiaohao New Energy Co., Ltd. on November 12, 2021, with a registered capital of RMB50 million. As at December 31, 2021, the Company's capital had not been contributed.

VIII.Changes in the scope of consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

88. The holding subsidiaries of the Company, Huludao PetroChina ENN Gas Co., Ltd., Nanyang ENN Clean Energy Co., Ltd., Dongguan Fenggang ENN Heat Co., Ltd., Shaoguan ENN Energy Development Co., Ltd., Guizhou ENN Energy Development Co., Ltd., Dingxi ENN Energy Development Co., Ltd., Shenmu ENN Xinneng Energy Development Co., Ltd., Langfang Blue Sky Equity Funds Center (Limited Partnership), Tianjin ENN Energy Trading Co., Ltd., Tengzhou Guangfan Enterprise Management Center (Limited Partnership), Jilin ENN Xinneng Energy Co., Ltd., Jingshan ENN Energy Development Co., Ltd., Inner Mongolia Xinneng Mining Co., Ltd., Jiahe ENN Energy Development Co., Ltd., Yingshang ENN Transportation Clean Energy Co., Ltd., Huizhou Longmen ENN Energy Development Co., Ltd., ENN (Hangzhou) Network Consulting Service Partnership (Limited Partnership), Pingdingshan ENN Clean Energy Co., Ltd., Jinhua Xin'ao Fuel Gas Development Co., Ltd., Xingyang ENN Tanshan Energy Development Co., Ltd., Shaoyang ENN Energy Development Co., Ltd., ENN (Tianjin) Energy Sales Co., Ltd., Zhangjiakou Chongli ENN Energy Sales Co., Ltd., Xiapu China Gas New Energy Co., Ltd., Shouning China Gas New Energy Co., Ltd., Huludao ENN Transport Energy Co., Ltd. and Changsha ENN Jinmandi Clean Energy Co., Ltd. have been cancelled during the reporting period, and the above companies are no longer included in the consolidated statement at the end of the period.

6. Others

☐ Applicable ☒ Not Applicable

IX. Rights and interests in other entities

1. Rights and interests in subsidiary

(1). Composition of enterprise group

Unit: Ten thousand yuan Currency: RMB

Name of subsidiary	Principal place of business	Registered place	Nature of business	Shareholdership percentage (%)		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		32.67	Business combination under the same control
ENN Energy Trading Co., Ltd.	Hebei	Langfang	Wholesale and retail of gas, gas pipeline facilities, gas equipment and appliances, etc.		32.67	Business combination under the same control
ENN Energy Holdings Limited	Hong Kong	British Cayman Islands	Investment holding		32.67	Business combination under the same control

A description of the proportion of shares 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

The basis for control of important structured entities that is included in the scope of the consolidation:

NO

The standards to determine 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 subsidiary (Continued)

(2). Important non-wholly-owned subsidiaries

Unit: Ten thousand yuan 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 Ltd.	67.33%	66,004	189,915	-8,091
ENN (China) Gas Investment Co., Ltd.	67.33%	101,819		1,136,311

Description to 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

Unit: (Ten thousand yuan) 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	193,447	1,470,830	1,664,277	1,186,119	490,175	1,676,294	550,733	1,058,456	1,609,189	474,419	970,404	1,444,823
ENN (China) Gas Investment Co., Ltd.	1,416,480	1,985,072	3,401,552	1,219,041	494,838	1,713,879	1,395,796	1,689,752	3,085,548	1,091,014	374,994	1,466,008

Name of subsidiary	Closing balance					Opening balance			
	Operating income	Net Profit	Total comprehensive income	Cash flows from operating activities		Current assets	Non-current assets	Total assets	Current liabilities
ENN Energy Holdings Limited	889	98,030	98,030	-1,169		1,040	190,570	194,157	-1,234
ENN (China) Gas Investment Co., Ltd.	67,409	151,224	151,221	5,758		78,711	132,741	137,118	-9,700

Other description:

NO

IX. Rights and interests in other entities (Continued)

1. Rights and interests in subsidiary (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. The Company's transactions that led to significant change in the share of owner's equity in a subsidiary but still takes control of the subsidiary

(1). *Description to the changes in the share of the owner's equity in the subsidiary*

1. ENN Energy Holdings Limited, the holding subsidiary of the Company, has exercised its share incentive right, so that the shareholding ratio of the Company to ENN Energy Holdings Limited has been changed from 32.72% to 32.67%, without losing the control right of ENN Energy Holdings Limited.
2. The holding subsidiary Xinxiang ENN Lihua Energy Development Co., Ltd. in this reporting period has been increased in capital, so that the shareholding ratio of the Company in Xinxiang ENN Lihua Energy Development Co., Ltd. has been changed from 16.67% to 23.20%.

IX. Rights and interests in other entities (Continued)

2. The Company's transactions that led to significant change in the share of owner's equity in a subsidiary but still takes control of the subsidiary (Continued)

(2). The effect of the transaction on minority shareholders' equity and equity attributable to the parent company

Unit: Ten thousand yuan Currency: RMB

	ENN Energy Holdings Limited	Xinxiang ENN Lihua Energy Development Co., Ltd.
Purchase cost/disposal consideration		
– Cash		272
– Fair value of non-cash assets		
Total purchase cost/disposal consideration		272
Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio	-2,524	185
Difference	2,524	87
Including: Adjusted capital reserve	2,524	87
Adjusted surplus reserve		
Adjusted undistributed profit		

Other description

☐ Applicable ☒ Not Applicable

3. Rights and interests in joint venture or associates

(1). Significant joint enterprise or cooperative enterprise

☐ 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 venture or associates (Continued)

(4). Summary financial information of unimportant joint ventures and associates

Unit: Ten thousand yuan Currency: RMB

	Balance at the end of the period/ amount incurred in current period	Balance at the beginning of the period/amount incurred in the previous period
Associates:		
Total book value of investments	287,294	207,408
The sum of the following items according to share proportion		
– Net Profit	24,259	19,235
– Other comprehensive income		
– Total comprehensive income	24,259	19,235
Joint ventures:		
Total book value of investments	312,256	348,564
The sum of the following items according to share proportion		
– Net Profit	29,585	6,008
– Other comprehensive income		850
– Total comprehensive income	29,585	6,858

Other description

NO

(5). Description to 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 venture or associates (Continued)

(6). Excess losses incurred in joint ventures or associates

Unit: Ten thousand yuan Currency: RMB

Name of joint enterprise or cooperative enterprise	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.	321	89	410
Luoyang Tongyu ENN CBM Transmission and Distribution Co., Ltd	1,919	23	1,942
Henan ENN Hengji Transportation New Energy Co., Ltd.	337	-337	0
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	136	36	172
Lianyungang Zhongxin Gas Co., Ltd.	3	-3	
Total	2,716	-192	2,524

Other description

NO

(7). Unrecognized commitments related to investment of joint ventures

☐ Applicable ☒ Not Applicable

(8). Contingent liabilities related to the investment of a joint venture or an associate

☐ Applicable ☒ Not Applicable

4. Important joint operations

☐ Applicable ☒ Not Applicable

5. Equity in structured entities that is not included in the consolidated financial statements

Descriptions to 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

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 notes 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: Ten thousand yuan Currency: RMB

	June 30, 2021	December 31, 2020
Financial assets		
Financial assets measured at fair value and changes recorded into current period or loss	849,938	545,732
Financial assets measured at fair value and changes recorded into other comprehensive income	113,668	116,165
Financial assets measured at amortized value	2,342,368	1,904,152
Financial liability		
Financial liabilities measured at fair value and changes recorded into current period or loss	344,186	93,639
Other financial liabilities	4,835,406	4,630,354

The main risks that the company's financial instruments cause are credit risk, liquidity risk and market risk.

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. The Company's credit risk mainly comes from cash and cash equivalents, accounts receivable, other receivables and notes receivable. The maximum credit risk exposure to the Company is the book value of such financial assets. Except for financial assets whose book value represents the greatest credit risk exposure, the maximum credit risk exposure to the Company is the financial guarantee contract it entered into. The Company does not hold any collateral or other credit enhancement measures to guarantee the credit risk related to its financial assets, except that the credit risk related to loans receivable is secured by equipment, receivables and the equity of other entities, and the repayment of certain receivables is guaranteed by notes issued by reputable financial institutions with good credit. The management will continue monitoring the credit risk exposure.

The cash and cash equivalents of the Company includes cash on hand, bank deposits and other cash and cash equivalents. The Company's credit risk management policy requires that cash and cash equivalents be deposited primarily in international and Chinese banks with high credit ratings. As of December 31, 2021, the Company's management believes that the credit risk to which the monetary funds are exposed is low and highly liquid, and that expected credit loss over the next 12 months considered minimal.

X. Risk associated with financial instruments (Continued)

1. Credit Risk (Continued)

In order to minimize the credit risk of accounts receivable and contract assets arising from contracts with customers, the management of the Company has assigned a team to determine credit limits and credit approvals. Additionally, the Company has set monitoring procedures to ensure follow-up actions on the recovery of overdue debts. In addition, after the implementation of the new standards for financial instruments, the Company shall conduct impairment assessment to accounts receivable according to the impairment matrix based on the expected credit loss model. The Company uses maturities of the debtors to assess operational-related impairments for its customers, because such customers include a large number of small customers with common risk characteristics that reflect the customers' ability of the to pay the full amount due under the terms of the contracts.

In order to minimize the impairment risk of other receivables and receivables from related parties, the Company shall conduct impairment assessment to other receivables and receivables from related parties according to the expected credit loss model after the implementation of new standards for financial instruments.

Please refer to Note V-10 Financial Instruments 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 writedowns of financial instruments. Please refer to Note VII-5/6/10/12 for the disclosure of credit risk exposure of notes receivable, accounts receivable, other receivables and contract assets.

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.

X. Risk associated with financial instruments (Continued)

3. Market Risk (Continued)

(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 December 31, 2021, some bank loans, priority notes, unsecured bonds, receivables and payable, and some bank deposits were valued in foreign currency.

For details of foreign currency financial assets and foreign currency financial liabilities held by the Company as at December 31, 2021, see the disclosure of "Note VII-91 Foreign Currency Monetary Items of this Note".

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.

(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 a 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

Unit: Ten thousand yuan Currency: RMB

Project	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 of fair value measurement	
I. Continuous fair value measurement				
(I) Tradable financial assets	18,644	393,339	437,955	849,938
1. Financial assets measured at fair value through profit or loss of the current period	534	393,339	15,510	409,383
(1) Debt instrument investment			15,510	15,510
(2) Equity tool investment				
(3) Derivative financial assets	534	393,339		393,873
2. Financial assets that are designated to be measured at fair value through profit and loss	18,110		422,445	440,555
(1) Debt instrument investment				
(2) Equity tool investment	18,110		422,445	440,555
Including: Shanghai Dazhong Public Utilities (Group) Co., Ltd.	18,072			18,072
Sinopec Sales Co., Ltd.			417,000	417,000
Chenzhou Jingui Silver Industry Co., Ltd.	38			38
Other non-listed equity investments – fair value through profit and loss			5,445	5,445
(II) Other debt investments				
(III) Other equity instrument investments	11,293		16,055	27,348
Jiaxing Gas Group Co., Ltd.	11,293			11,293
Other non-listed equity investments-measured at fair value through other comprehensive income			16,055	16,055

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)

Project	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 of fair value measurement	
(IV) Accounts receivable financing			86,389	86,389
(V) Investment properties			28,807	28,807
1. Land use right for rent				
2. Buildings for rent			28,807	28,807
3. Land use right held for transfer after appreciation				
(VI) Biological assets				
1. Consumptive biological assets				
2. Productive biological asset				
Total amount of assets continued to be measured at fair value	29,937	393,339	569,206	992,482
(VI) Transactive Financial Liabilities		344,186		344,186
1. Financial liabilities measured at fair value through current profit or loss		344,186		344,186
Including: Tradable bonds issued				
Derivative financial liabilities		209,051		209,051
Other				
Derivative financial liabilities that are included in other non-current liabilities		135,135		135,135
2. Financial liabilities designated to be measured at fair value through current profit or loss				
Total liabilities continued to be measured at fair value		344,186		344,186
II. Non-continuous fair value measurement				
(I) Held-for-sale assets				
Total amount of assets not continuously measured at fair value				
Total amount of liabilities non-continuously measured at fair value				

XI. Disclosure of Fair Value (Continued)

2. The basis to determine the market value of continuous and non-continuous items measured at Level 1 fair value

Project	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

Project	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 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.

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

Project	Valuation information
Sinopec Sales Co., Ltd.	Estimates 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 the bill
Investment real estate	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

Unit: Ten thousand yuan Currency: RMB

Project	December 31, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Fixed rate bank loans and other loans	483,440	470,447	679,314	666,861
Senior Notes	475,812	476,289	726,569	734,441
Unsecured Bond	873,540	872,263	710,754	709,346
Corporate bonds	215,961	210,702	215,581	210,667

The fair values disclosed in the table above are Level 2 fair values, except for the fair values disclosed for bank loans which are Level 3 fair values. The fair value of senior notes and unsecured bonds was 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 was calculated using the discounted cash flow technique 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 enterprise

Unit: Ten thousand yuan Currency: RMB

Name of the Parent Company	Registered place	Nature of business	Registered Capital	Proportion of the parent company's shareholding in the enterprise (%)	Proportion of voting rights of the parent company to the enterprise (%)
ENN GROUP INTERNATIONAL INVESTMENT LIMITED	British Virgin Islands	Controlling investment	USD 50,000	48.16	48.16

The ultimate controller of the Company is Wang Yusuo

Other description:

NO

XII.Related Party and Related Party Transactions (Continued)

2. Subsidiary of the enterprise

Please refer to Note IX for details of the important subsidiaries of this enterprise, and their rights and interests in other entities.

☐ Applicable ☒ Not Applicable

3. Information about the Company's joint ventures and associates

Please refer to Notes IX Equity in Other Entities for details of the important joint ventures or 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 are as follows

The name of joint ventures or associates	Relationship with the enterprise
Anhui Wanneng ENN Natural Gas Co., Ltd.	Associates
Baoding ENN Gas Co., Ltd.	Associates
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	Associates
Dongguan Haofeng ENN Energy Co., Ltd.	Associates
Guangxi Xijiang ENN Clean Energy Co., Ltd.	Associates
Haining Xinxin Natural Gas Co., Ltd.	Associates
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Associates
Henan Jingbao ENN New Energy Co., Ltd.	Associates
Jiangxi Poyang Lake LNG Co., Ltd	Associates
Kunming ENN Gas Co Ltd.	Associates
Langfang ENN Longyu Clean Energy Co., Ltd.	Associates
Liaocheng Shihua Natural Gas Co., Ltd.	Associates
Luquan Fuxin Gas Co., Ltd.	Associates
Ningbo ENN Automobile Energy Co., Ltd.	Associates
Shanghai Jiuhuan Automobile Natural Gas Development Co., Ltd.	Associates
Wenshan Yuntou ENN Gas Co., Ltd.	Associates
Yantai City Honesty Gas Engineering Co., Ltd.	Associates
Yantai ENN Gas Development Co., Ltd.	Associates
Yantai ENN Industry Co., Ltd.	Associates

XII.Related Party and Related Party Transactions (Continued)

3. Information about the Company's joint ventures and associates (Continued)

The name of joint ventures or associates	Relationship with the enterprise
Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	Associates
Yunnan Yuntou Xin'ao Gas Co., Ltd.	Associates
Luoyang Hongxin Gas Co., Ltd.	Associates
Qijing Yuntou ENN Energy Development Co., Ltd.	Associates
Shanghai North Jiuhuan Automobile Natural Gas Sales Co., Ltd.	Associates
Tangshan ENN Yongshun Clean Energy Co., Ltd.	Associates
Xuzhou Guotou ENN Energy Co., Ltd.	Associates
Bengbu ENN PetroChina Sales Co., Ltd.	Associates
Zhanjiang ENN Gas High Pressure Pipe Network Co., Ltd.	Associates
Nanjing ENN Sanxin Traffic Science&Technology Co., Ltd.	Associates
Shanghai Kunlun ENN Clean Energy Co., Ltd.	Joint ventures
Yancheng ENN Compressed Natural Gas Co., Ltd.	Joint ventures
Lianyungang Chengxin Gas Co., Ltd.	Joint ventures
Dongguan Xinde Gas Engineering Project Management Co., Ltd.	Joint ventures
Dingzhou Kunlun ENN Energy Development Co., Ltd.	Joint ventures
Erdos Xinneng Logistics Co., Ltd.	Joint ventures
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Joint ventures
Guangxi Yilongyuan Electricity Distribution Co., Ltd.	Joint ventures
Huzhou Nanxun Xin'ao Gas Co., Ltd.	Joint ventures
Huzhou Sinopec ENN Natural Gas Co., Ltd.	Joint ventures
Huai'an Zhongyou Tianhuai Gas Co., Ltd	Joint ventures
Jinhua Gaoya Natural Gas Co., Ltd.	Joint ventures
Lianyungang Zhongxin Gas Co., Ltd.	Joint ventures
Luoyang Tongyu ENN CBM Transmission and Distribution Co., Ltd	Joint ventures
Shandong Luxin Natural Gas Co., Ltd.	Joint ventures
Shantou Huarun ENN Gas Co., Ltd.	Joint ventures
Shijiazhuang Kunlun ENN Gas Co., Ltd.	Joint ventures
Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	Joint ventures
Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	Joint ventures
Shijiazhuang ENN Zhonghong Gas Co., Ltd.	Joint ventures
Taizhou City Natural Gas Co., Ltd	Joint ventures
Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	Joint ventures
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Joint ventures
Changsha Xinneng Automobile Gas Co., Ltd.	Joint ventures
Zhejiang Xinyongzhou Logistics Co., Ltd.	Joint ventures

XII.Related Party and Related Party Transactions (Continued)

3. Information about the Company's joint ventures and associates (Continued)

The name of joint ventures or associates	Relationship with the enterprise
Sinopec ENN (Tianjin) Energy Co., Ltd.	Joint ventures
Chongqing Longran Energy Technology Co., Ltd.	Joint ventures
Zhoushan North Lanyan Island Gas Co., Ltd.	Joint ventures
Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	Joint ventures
Zhoushan Lanyan Gas Co., Ltd.	Joint ventures
Huzhou ENN Gas Co., Ltd.	Joint ventures
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Joint ventures
Changshu China Petroleum Kunlun Natural Gas Development Co., Ltd.	Joint ventures
Henan ENN Hengji Transportation New Energy Co., Ltd.	Joint ventures
Shandong Lule Natural Gas Co., Ltd.	Joint ventures
Shijiazhuang Airport Gas Co., Ltd.	Joint ventures
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	Joint ventures
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	Joint ventures
Yancheng Guoneng ENN Energy Development Co., Ltd.	Joint ventures
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	Joint ventures
Hengshui Jiantou Blue Sky Equity Investment Fund Center (Limited Partnership)	Joint ventures
Junan Dadian Zhongfu Natural Gas Development&Utilization Co., Ltd.	Joint ventures
Shijiazhuang Kunlun ENN Energy Development Co., Ltd.	Joint ventures
Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd.	Joint ventures
Yancheng National Investment Natural Gas Pipeline Network Co., Ltd.	Joint ventures
Guangzhou Ganghua Gas Co., Ltd.	Joint ventures
Shanghai Zhuoxiao Energy Technology Co., Ltd.	Joint ventures

Other description

☐ Applicable ☒ Not Applicable

Tangshan ENN New Energy Development Co., Ltd. will be changed from a joint venture to a subsidiary of the company on September 26, 2021.

XII.Related Party and Related Party Transactions (Continued)

4. Other related party

Other related party name	Relationship between other related parties and the enterprise
Beijing Yongxin Environmental Protection Co., Ltd.	The same actual controller
Bituo E-Commerce Co., Ltd.	The same actual controller
Bokang Intelligent Information Technology Co., Ltd.	The same actual controller
Enniu Chengfu (Bengbu) Public Service Technology Co., Ltd.	The same actual controller
Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	The same actual controller
Enniu Chengfu Public Service Technology Co., Ltd.	The same actual controller
Enniu Sincere Services (Shijiazhuang) Technology Co., Ltd.	The same actual controller
Kaixin Urban Development and Construction Co., Ltd.	The same actual controller
Laikang Technology (Beijing) Co., Ltd.	The same actual controller
Langfang Aili Maple House Property Services Co., Ltd.	The same actual controller
Langfang Huijia Property Services Co., Ltd.	The same actual controller
Langfang ENN Real Estate Development Co., Ltd.	The same actual controller
Langfang ENN Longhe Environmental Protection Technology Co., Ltd.	The same actual controller
Langfang Yitongcheng Business Services Limited	The same actual controller
Nanjing ENN Environmental Protection Technology Co., Ltd.	The same actual controller
Shijiazhuang ENN Environmental Protection Technology Co., Ltd.	The same actual controller
ENN (Inner Mongolia) Graphene Material Co., Ltd.	The same actual controller
ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	The same actual controller
ENN (Zhoushan) LNG Co., Ltd.	The same actual controller
ENN Insurance Brokers Co., Ltd.	The same actual controller
ENN Bawei Technology Co., Ltd.	The same actual controller
ENN Group Co., Ltd.	The same actual controller
ENN Technology Development Co., Ltd.	The same actual controller
ENN Energy Power Technology (Shanghai) Co., Ltd.	The same actual controller
ENN Shuneng Technology Co., Ltd.	The same actual controller
Xin'ao Cultural Industry Development Co., Ltd.	The same actual controller
ENN Sunshine Yicai Technology Co., Ltd.	The same actual controller
Ennova Seven-Cultivations Hotel	The same actual controller
Xinzhi Super Brain Science&Technology Co., Ltd.	The same actual controller
Xinzhi Cognitive Data Services Co., Ltd.	The same actual controller
Xinzhi Cognitive Digital Technology Co., Ltd.	The same actual controller
Xinzhi iCome Network Technology Co., Ltd.	The same actual controller

XII.Related Party and Related Party Transactions (Continued)

4. Other related party (Continued)

Other related party name	Relationship between other related parties and the enterprise
Xinzhi Cloud Data Services Co., Ltd.	The same actual controller
E City and E Home Network Technology Co., Ltd.	The same actual controller
Zhong Zhihe Insurance Assessment (Beijing) Co., Ltd.	The same actual controller
Gu'an Jiankangjun Real Estate Development Co., Ltd.	The same actual controller
Quanzhou Enniu Chengfu Network Technology Co., Ltd.	The same actual controller
Shanghai Xinzhishuneng Technology Co., Ltd.	The same actual controller
Enniu Chengfu (Chaohu) Public Service Technology Co., Ltd.	The same actual controller
Beihai ENN Sunshine Intelligent Technology Co., Ltd.	The same actual controller
ENN ENC Technology Co., Ltd.	The same actual controller
ESSENTIAL INVESTMENT HOLDING COMPANY LIMITED	The same actual controller
ENC Digital Technology Co., Ltd.	The same actual controller
Hebei Financial Leasing Co., Ltd.	The enterprises which the ultimate controller invested
Levima (Shandong) Chemical Co., Ltd.	Other related party
Nanxiang (Zhoushan) Natural Gas Sales Co., Ltd.	Other related party
Shanghai 3040 Technology Co., Ltd.	Other related party
Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	Other related party
Langfang Aili Maple House Property Services Co., Ltd.	The same actual controller

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

Unit: Ten thousand yuan Currency: RMB

Related party	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
ENN Sunshine Yicai Technology Co., Ltd	Purchasing materials	558	1,846
Levima (Shandong) Chemical Co., Ltd.	Purchasing methanol	8,726	9,208
Erdos Xinneng Logistics Co., Ltd.	Purchasing coal	1,991	7,037
Anhui Wanneng ENN Natural Gas Co., Ltd.	Purchasing gas	28,021	20,880
Baoding ENN Gas Co., Ltd.	Purchasing gas	1,471	1,489
Haining Xinxin Natural Gas Co., Ltd.	Purchasing gas	98,674	55,537
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Purchasing gas	91,650	94,721
Henan Jingbao ENN New Energy Co., Ltd.	Purchasing gas	10,016	9,353
Jiangxi Poyang Lake LNG Co., Ltd	Purchasing gas	1,424	4,669
Jinhua Gaoya Natural Gas Co., Ltd.	Purchasing gas	9,567	2,868
Lianyungang Zhongxin Gas Co., Ltd.	Purchasing gas	34,460	8,532
Liaocheng Shihua Natural Gas Co., Ltd.	Purchasing gas	27,615	24,557
Luoyang Tongyu ENN CBM Transmission and Distribution Co., Ltd	Purchasing gas	1,548	4,724
Shandong Luxin Natural Gas Co., Ltd.	Purchasing gas	2,039	3,428
Shanghai Jiuhuan Automobile Natural Gas Development Co., Ltd.	Purchasing gas	368	1,380
Shijiazhuang Kunlun ENN Gas Co., Ltd.	Purchasing gas	21,262	12,537
Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	Purchasing gas	939	875
Taizhou City Natural Gas Co., Ltd	Purchasing gas	14,521	2,094
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Purchasing gas	1,609	1,698
Changshu China Petroleum Kunlun Natural Gas Development Co., Ltd.	Purchasing gas	1,219	
Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	Purchasing gas	3,028	
Enniu Chengfu (Bengbu) Public Service Technology Co., Ltd.	Purchasing equipment	5	896
Shanghai 3040 Technology Co., Ltd.	Purchasing equipment	1,939	
ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	Receiving use service of LNG terminal	25,979	

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	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
ENN (Zhoushan) LNG Co., Ltd.	Receiving use service of LNG terminal	97,477	82,538
Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	Acceptance of outsourcing services	405	889
Enniu Chengfu Public Service Technology Co., Ltd.	Acceptance of outsourcing services	1,473	4,046
Bokang Intelligent Information Technology Co., Ltd.	Acceptance of information digital technology services	10,442	3,493
Xinzhi Super Brain Science&Technology Co., Ltd.	Acceptance of information digital technology services	3,887	4,150
Xinzhi Cognitive Data Services Co., Ltd.	Acceptance of information digital technology services	2,896	1,375
Xinzhi iCome Network Technology Co., Ltd.	Acceptance of information digital technology services	1,416	1,804
Xinzhi Cloud Data Services Co., Ltd.	Acceptance of information digital technology services	4,663	6,188
Xinzhi Cognitive Digital Technology Co., Ltd.	Acceptance of information digital technology services		4,869
Shanghai Xinzhishuneng Technology Co., Ltd.	Acceptance of information digital technology services	5,942	
Erdos Xinneng Logistics Co., Ltd.	Acceptance of shipping services	1,596	2,368
Zhejiang Xinyongzhou Logistics Co., Ltd.	Acceptance of shipping services	4,745	4,450
Langfang Aili Maple House Property Services Co., Ltd.	Accept administrative logistics services	49	2,300
Langfang Huijia Property Services Co., Ltd.	Accept administrative logistics services	187	1,573
Langfang Yitongcheng Business Services Limited	Accept administrative logistics services	3,791	279
Ennova Seven-Cultivations Hotel	Accept administrative logistics services	2,613	2,473
ENN Group Co., Ltd.	Purchasing LNG		10,669
Chongqing Longran Energy Technology Co., Ltd.	Purchasing LNG	13,442	
Nanxiang (Zhoushan) Natural Gas Sales Co., Ltd.	Purchasing LNG		2,925
Others-The amount of transactions of which detail items are not listed		13,500	12,554

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)

Fact sheet of sales/services provided

Unit: Ten thousand yuan Currency: RMB

Related party	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
Baoding ENN Gas Co., Ltd.	Design, project construction and sales revenue	2,220	7,711
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Design, project construction and sales revenue	3,226	1,953
Lianyungang Zhongxin Gas Co., Ltd.	Design, project construction and sales revenue	4,975	1,287
Nanjing ENN Environmental Protection Technology Co., Ltd.	Design, project construction and sales revenue		1,626
Shijiazhuang Kunlun ENN Gas Co., Ltd.	Design, project construction and sales revenue	4,393	2,191
Shijiazhuang ENN Environmental Protection Technology Co., Ltd.	Design, project construction and sales revenue	34	940
ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	Design, project construction and sales revenue	11,118	61,547
ENN (Zhoushan) LNG Co., Ltd.	Design, project construction and sales revenue	15,629	24,774
ENN Technology Development Co., Ltd.	Design, project construction and sales revenue	1,476	311
Chongqing Longran Energy Technology Co., Ltd.	Design, project construction and sales revenue	679	16,055
Taizhou City Natural Gas Co., Ltd.	Design, project construction and sales revenue	1,009	
ENN Insurance Brokers Co., Ltd.	Providing technical services	6,879	6,330
Chongqing Longran Energy Technology Co., Ltd.	Providing technical services	1,345	3
Baoding ENN Gas Co., Ltd.	Providing gas porting service	23,269	493
Langfang ENN Real Estate Development Co., Ltd.	Providing gas porting service	438	1,121
Wenshan Yuntou ENN Gas Co., Ltd.	Providing gas porting service	1,859	208
Xin'ao Cultural Industry Development Co., Ltd.	Providing gas porting service	2,031	

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	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
ENN Insurance Brokers Co., Ltd.	Providing support services	1,828	4,769
Zhong Zhihe Insurance Assessment (Beijing) Co., Ltd.	Providing support services	3,406	
Huzhou ENN Gas Co., Ltd.	Providing support services	1,016	3
Baoding ENN Gas Co., Ltd.	Sales of materials	293	1,280
Dingzhou Kunlun ENN Energy Development Co., Ltd.	Sales of materials	249	5,857
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Sales of materials	1,921	3,049
Shijiazhuang Kunlun ENN Gas Co., Ltd.	Sales of materials	3,182	9,071
Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	Sales of materials	2,723	1,865
Shijiazhuang ENN Zhonghong Gas Co., Ltd.	Sales of materials	1,667	1,137
Wenshan Yuntou ENN Gas Co., Ltd.	Sales of materials	833	1,092
Yantai ENN Gas Development Co., Ltd.	Sales of materials	3,213	573
Levima (Shandong) Chemical Co., Ltd.	Selling coal	114	689
Anhui Wanneng ENN Natural Gas Co., Ltd.	Sales of gas	28,761	24,837
Baoding ENN Gas Co., Ltd.	Sales of gas	11,534	1,311
Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	Sales of gas	3,447	2,602
Dingzhou Kunlun ENN Energy Development Co., Ltd.	Sales of gas	2,064	1,769
Dongguan Haofeng ENN Energy Co., Ltd.	Sales of gas	7,999	8,957
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Sales of gas	585	11,272
Guangxi Xijiang ENN Clean Energy Co., Ltd.	Sales of gas	2,234	520
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Sales of gas	8,834	1,099
Huzhou Nanxun Xin'ao Gas Co., Ltd.	Sales of gas	1,374	1,528
Huai'an Zhongyou Tianhuai Gas Co., Ltd	Sales of gas	8,912	7,293
Jiangxi Poyang Lake LNG Co., Ltd	Sales of gas	1,801	3,138
Kunming ENN Gas Co Ltd.	Sales of gas	976	1,350
Langfang ENN Longyu Clean Energy Co., Ltd.	Sales of gas	1	1,358
Lianyungang Zhongxin Gas Co., Ltd.	Sales of gas	43,137	82
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd	Sales of gas	1,108	144
Ningbo ENN Automobile Energy Co., Ltd.	Sales of gas	2,763	2,482
Shantou Huarun ENN Gas Co., Ltd.	Sales of gas	13,043	8,783
Shanghai Jiuhuan Automobile Natural Gas Development Co., Ltd.	Sales of gas	646	4,079

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	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
Shijiazhuang Kunlun ENN Gas Co., Ltd.	Sales of gas	9,565	323
Wenshan Yuntou ENN Gas Co., Ltd.	Sales of gas	7,273	3,522
ENN (Zhoushan) LNG Co., Ltd.	Sales of gas		983
Xin'ao Cultural Industry Development Co., Ltd.	Sales of gas	918	121
Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	Sales of gas	3,025	
Yantai ENN Gas Development Co., Ltd.	Sales of gas	6,837	4,839
Yantai ENN Industry Co., Ltd.	Sales of gas	3,267	3,264
Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	Sales of gas	6	727
Yunnan Yuntou Xin'ao Gas Co., Ltd.	Sales of gas	4,656	5,009
Zhanjiang Zhongyou ENN Natural Gas Co., Ltd.	Sales of gas	3,327	3,756
Changsha Xinneng Automobile Gas Co., Ltd.	Sales of gas	1,114	1,130
Sinopec ENN (Tianjin) Energy Co., Ltd.	Sales of gas	84	2,044
Chongqing Longran Energy Technology Co., Ltd.	Sales of gas	5,405	
Zhoushan North Lanyan Island Gas Co., Ltd.	Sales of gas	8,984	11,124
Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	Sales of gas	10,627	476
Zhoushan Lanyan Gas Co., Ltd.	Sales of gas	8,438	886
Huzhou ENN Gas Co., Ltd.	Sales of gas	110,129	33,206
Nanxiang (Zhoushan) Natural Gas Sales Co., Ltd.	Sales of gas		4,005
Others-The amount of transactions of which detail items are not listed		19,772	15,602

Description of related transactions related to the purchase and sale of products, and the provision and acceptance of services

☐ Applicable ☒ Not Applicable

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(2). Information about related trusteeship/contracting and entrusted management/outsourcing

Statement of trusteeship/contracting of the Company:

Unit: Ten thousand yuan Currency: RMB

The name of the trustee/outsourcer	Name of trustee/contractor	Entrusted/contracted asset type	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.	Other trusted assets	October 29, 2020	October 29, 2022	Trust contract	94

Description on related trusteeship/contract

☐ Applicable ☒ Not Applicable

Statement of the commissioned management/outsourcing of the Company:

Unit: Ten thousand yuan Currency: RMB

The name of the trustee/outsourcer	Name of trustee/outsourcer	Type of entrusted/outsourced assets	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.	Other trusted assets	January 1, 2021	December 31, 2021	Trust contract	5,909

Information on related management/outsourcing

☐ Applicable ☒ Not Applicable

XII. Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(3). Description on related lease

The Company as a lessor:

Unit: Ten thousand yuan Currency: RMB

Name of lease	Type of leasing asset	Rental revenue recognized in current period	Rental revenue recognized in previous period
Baoding ENN Gas Co., Ltd.	Houses	4	
Beijing Yongxin Environmental Protection Co., Ltd.	Houses	7	6
Bokang Intelligent Information Technology Co., Ltd.	Houses		395
Erdos Xinneng Logistics Co., Ltd.	Houses		4
Enniu Chengfu (Chaohu) Public Service Technology Co., Ltd.	Houses		5
Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	Houses		
Gu'an Jiankangjun Real Estate Development Co., Ltd.	Vehicles	12	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	Vehicles	4	4
Guangxi Yilongyuan Electricity Distribution Co., Ltd.	Vehicles		3
Hebei PetroChina Kunlun Natural Gas Co., Ltd.	Houses	7	0
Henan Jingbao ENN New Energy Co., Ltd.	Vehicles	74	72
Huzhou Nanxun Xin'ao Gas Co., Ltd.	Vehicles		2
Huzhou Sinopec ENN Natural Gas Co., Ltd.	Vehicles		8
Langfang ENN Real Estate Development Co., Ltd.	Vehicles		25
Lianyungang Zhongxin Gas Co., Ltd.	Vehicles		4
Levima (Shandong) Chemical Co., Ltd.	Financial lease equipment		202
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Vehicles		1
Luquan Fuxin Gas Co., Ltd.	Vehicles	6	
Quanzhou Enniu Chengfu Network Technology Co., Ltd.	Houses		1
Tangshan ENN New Energy Development Co., Ltd.	Vehicles		146
ENN (Inner Mongolia) Graphene Material Co., Ltd.	Vehicles		3
ENN (Inner Mongolia) Graphene Material Co., Ltd.	Houses	21	
ENN Insurance Brokers Co., Ltd.	Houses	3	
ENN Group Co., Ltd.	Houses	300	286
ENN Technology Development Co., Ltd.	Financial lease equipment	435	132

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(3). Description on related lease (Continued)

Name of lease	Type of leasing asset	Rental revenue recognized in current period	Rental revenue recognized in previous period
Ennova Seven-Cultivations Hotel	Vehicles	25	
Xinzhi Cognitive Data Services Co., Ltd.	Houses	29	20
Xinzhi iCome Network Technology Co., Ltd.	Houses		91
Yantai City Honesty Gas Engineering Co., Ltd.	Vehicles		33
Yantai City Honesty Gas Engineering Co., Ltd.	Houses	41	
Yantai ENN Industrial Co., LTD	Vehicles	51	9

The Company as a lessee:

Unit: Ten thousand yuan Currency: RMB

Name of leaser	Type of leasing asset	Current confirmed lease cost	Last confirmed lease cost
Hebei Financial Leasing Co., Ltd.	Equipment	733	47
Laikang Technology (Beijing) Co., Ltd.	Houses	13	14
Langfang Huijia Property Services Co., Ltd.	Houses	20	5
ENN Bowei Technology Co., Ltd.	Houses	236	210
ENN Group Co., Ltd.	Houses	238	
ENN Technology Development Co., Ltd.	Houses	357	422
Xinzhi Cloud Data Services Co., Ltd.	Houses		6
Yantai ENN Gas Development Co., Ltd.	Houses	4	4
Yunnan Yuntou Xin'ao Gas Co., Ltd.	Houses	2	2
Langfang Yitongcheng Business Services Limited	Houses	13	
ENN Energy Power Technology (Shanghai) Co., Ltd.	Houses	12	
ENN (Zhoushan) LNG Co., Ltd.	Houses	150	

Description of related lease

☐ Applicable ☒ Not Applicable

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(4). Description of related guarantee

The Company as a guarantor

Unit: Ten thousand yuan Currency: RMB

Guaranteed party	Amount guaranteed	Starting date of the guarantee	Expiration date of the guarantee	Whether the guarantee has been fulfilled
Chongqing Fuling Energy Industry Group Co., Ltd.	2,324	March 8, 2021	December 31, 2025	No
Shijiazhuang Kunlun ENN Gas Co., Ltd.	3,980	October 15, 2019	October 15, 2031	No
		April 15, 2020	October 15, 2031	No
		December 24, 2012	December 23, 2024	No
		October 14, 2013	June 29, 2025	No
		December 6, 2013	June 29, 2025	No
		December 9, 2013	June 29, 2025	No
		December 11, 2013	June 29, 2025	No
		March 28, 2014	June 29, 2025	No
Jinhua Gaoya Natural Gas Co., Ltd.	1,047	April 23, 2014	June 29, 2025	No
		April 24, 2014	June 29, 2025	No
		September 19, 2014	June 29, 2025	No
		September 19, 2014	June 29, 2025	No
		January 28, 2015	June 29, 2025	No
		April 2, 2015	June 29, 2025	No
		December 23, 2015	June 29, 2025	No
		June 30, 2016	June 29, 2025	No
		July 27, 2016	June 29, 2025	No

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(4). Description of related guarantee (Continued)

The Company as a guaranteed party

Unit: Ten thousand yuan Currency: RMB

Guarantor	Amount guaranteed	Starting date of the guarantee	Expiration date of the guarantee	Whether the guarantee has been fulfilled
ENN Holdings Investment Co., Ltd.	20,000	June 15, 2020	May 25, 2022	No
ENN Holdings Investment Co., Ltd.	17,000	July 20, 2020	May 25, 2022	No
Wang Yusuo and his wife	475	December 24, 2020	December 19, 2022	No
Wang Yusuo and his wife	475	December 24, 2020	February 19, 2022	No
Wang Yusuo and his wife	32	March 29, 2021	January 28, 2024	No
Wang Yusuo and his wife	34	March 29, 2021	January 27, 2024	No
Wang Yusuo and his wife	1	April 26, 2021	January 20, 2024	No
Wang Yusuo and his wife	142	June 2, 2021	December 19, 2022	No
Wang Yusuo and his wife	142	June 2, 2021	February 19, 2022	No
Wang Yusuo and his wife	20	June 11, 2021	June 10, 2022	No
ENN Holdings Investment Co., Ltd., Wang Yusuo and his wife	4,624	March 10, 2021	March 31, 2022	No
ENN Holdings Investment Co., Ltd., Wang Yusuo and his wife	5,090	March 11, 2021	March 2, 2022	No
ENN Holdings Investment Co., Ltd., Wang Yusuo and his wife	4,901	June 30, 2021	March 30, 2022	No
ENN Holdings Investment Co., Ltd., Wang Yusuo and his wife	5,877	June 30, 2021	March 30, 2022	No
Wang Yusuo and his wife	2	August 13, 2021	May 31, 2022	No
Wang Yusuo and his wife	5	August 19, 2021	January 31, 2022	No
Wang Yusuo and his wife	80	September 6, 2021	August 31, 2023	No
Wang Yusuo and his wife	111	September 7, 2021	February 20, 2022	No
Wang Yusuo and his wife	158	September 15, 2021	September 18, 2023	No
Wang Yusuo and his wife	568	September 16, 2021	October 19, 2022	No
Wang Yusuo and his wife	654	September 24, 2021	March 16, 2022	No

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(4). Description of 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	16	September 24, 2021	February 28, 2022	No
Wang Yusuo and his wife	953	October 9, 2021	July 27, 2022	No
Wang Yusuo and his wife	2,599	October 21, 2021	November 30, 2022	No
Wang Yusuo and his wife	30	November 4, 2021	October 20, 2022	No
Wang Yusuo and his wife	120	November 4, 2021	June 30, 2022	No
Wang Yusuo and his wife	75	November 22, 2021	August 30, 2022	No
Wang Yusuo and his wife	30	November 24, 2021	November 30, 2022	No
Wang Yusuo and his wife	171	December 15, 2021	June 7, 2022	No

Description of related-party guarantee

The Company provided guarantees to related parties for a total of RMB7,131,340,000 from January to December 2021. Including: RMB6,487.49 million have been exercised; The unfulfilled amount was RMB643.85 million. The Company provided guarantees to related parties for a total of RMB73.51 million from January to December 2021.

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(5). Related-party borrowings

Unit: Ten thousand yuan Currency: RMB

Related party	Amount of inter-bank lending	Starting date	Due date	Description
Borrowed				
Yunnan Yuntou Xin'ao Gas Co., Ltd.	2,558	September 15, 2020	September 14, 2023	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	3,602	May 27, 2021	May 25, 2022	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	501	May 27, 2021	June 18, 2021	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	6,116	May 28, 2020	May 27, 2021	
Shanghai Kunlun ENN Clean Energy Co., Ltd.	921	June 15, 2020	June 15, 2021	
Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd.	3,651	December 25, 2018	December 24, 2021	
Lent				
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	446	March 23, 2020	March 23, 2021	
Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	460	March 24, 2021	March 23, 2022	
Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd.	312	November 29, 2020	November 28, 2021	
Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd.	301	November 29, 2021	November 28, 2022	
Dongguan Haofeng ENN Energy Co., Ltd.	549	March 30, 2018	March 29, 2021	
Dongguan Haofeng ENN Energy Co., Ltd.	115	December 28, 2019	March 29, 2021	
Dongguan Haofeng ENN Energy Co., Ltd.	303	January 25, 2019	March 29, 2021	
Dongguan Haofeng ENN Energy Co., Ltd.	396	March 1, 2019	March 29, 2021	

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
Luoyang Hongxin Gas Co., Ltd.	847	December 26, 2020	December 18, 2021	
Luoyang Hongxin Gas Co., Ltd.	801	December 26, 2021	December 18, 2022	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	313	May 22, 2019	May 20, 2022	
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	313	January 17, 2020	January 16, 2023	
Henan ENN Hengji Transportation New Energy Co., Ltd.	1,031	July 3, 2020	August 9, 2021	
Henan ENN Hengji Transportation New Energy Co., Ltd.	121	July 3, 2020	September 28, 2021	
Henan ENN Hengji Transportation New Energy Co., Ltd.	502	July 3, 2020	September 29, 2021	
Henan ENN Hengji Transportation New Energy Co., Ltd.	1,556	September 30, 2020	September 28, 2021	
Henan ENN Hengji Transportation New Energy Co., Ltd.	209	September 30, 2020	September 29, 2021	
Henan ENN Hengji Transportation New Energy Co., Ltd.	309	December 31, 2020	August 16, 2021	
Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	1,027	January 4, 2021	July 14, 2021	
Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	2,021	January 4, 2021	March 29, 2021	
Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	228	January 12, 2021	January 11, 2022	
Baoding ENN Gas Co., Ltd.	3,127	March 25, 2021	December 27, 2021	
Dongguan Haofeng ENN Energy Co., Ltd.	1,265	March 29, 2021	December 22, 2021	

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
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	1,340	July 1, 2020	June 30, 2021	
Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	1,340	July 1, 2021	June 30, 2022	
Yancheng Guoneng ENN Energy Development Co., Ltd.	831	March 10, 2021	March 10, 2024	
Yancheng Guoneng ENN Energy Development Co., Ltd.	1,048	July 23, 2020	July 22, 2023	
Baoding ENN Gas Co., Ltd.	2,574	July 14, 2020	July 13, 2021	
Baoding ENN Gas Co., Ltd.	10,243	July 14, 2020	June 8, 2021	
Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	5,143	May 8, 2021	December 30, 2021	
Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	1,022	July 27, 2021	July 26, 2022	
ENN Technology Development Co., Ltd.	6,961	July 2, 2020	June 30, 2023	
Langfang ENN Longhe Environmental Protection Technology Co., Ltd.	2,108	July 2, 2020	December 18, 2021	
Nanjing ENN Environmental Protection Technology Co., Ltd.	3,161	July 17, 2020	December 18, 2021	
Shijiazhuang ENN Environmental Protection Technology Co., Ltd.	1,581	July 17, 2020	December 18, 2021	

XII.Related Party and Related Party Transactions (Continued)

5. Related transactions (Continued)

(6). Information on assets transfer and debt restructuring with related parties

Unit: Ten thousand yuan Currency: RMB

Related party	Information of the content of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
ENC Digital Technology Co., Ltd.	Disposal of 51% equity of Nanjing ENN Sanxin Traffic Science&Technology Co., Ltd.	510	
ESSENTIAL INVESTMENT HOLDING COMPANY LIMITED	Purchased 32.8% of the equity of ENN Energy Holdings Limited		1,165,053
ENN GROUP INTERNATIONAL INVESTMENT LIMITED			

(7). Key managers' compensations

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Key managers' compensations	3,305	2,146

(8). Other related-party transactions

☐ Applicable ☒ Not Applicable

XII.Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties

(1). Items receivable

Unit: Ten thousand yuan Currency: RMB

Project 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.	2,057	46	60	1
Receivables	Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd.	430	15	430	65
Receivables	Zhanjiang ENN Gas High Pressure Pipe Network Co., Ltd.	892	16		
Receivables	Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd.	2,102	58	1,831	81
Receivables	E City and E Home Network Technology Co., Ltd.	9		423	58
Receivables	Yancheng Guoneng ENN Energy Development Co., Ltd.	1,800	41	1,000	10
Receivables	Yantai ENN Gas Development Co., Ltd.	3,717	50	771	37
Receivables	Xuzhou Guotou ENN Energy Co., Ltd.	412	13	412	27
Receivables	Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	936	9		
Receivables	Xinzhi Super Brain Science&Technology Co., Ltd.			370	4
Receivables	Ennova Seven-Cultivations Hotel	9		1,088	60
Receivables	ENN ENC Technology Co., Ltd.	468	5		
Receivables	Xin'ao Cultural Industry Development Co., Ltd.	2,092	42	316	4
Receivables	ENN Technology Development Co., Ltd.	7,895	87	6,939	81
Receivables	ENN Insurance Brokers Co., Ltd.	842	8	265	3
Receivables	ENN (Zhoushan) LNG Co., Ltd.	9,227	142	12,536	125
Receivables	ENN (Zhoushan) Natural Gas Pipeline Co., Ltd.	13,500	135	7,666	77
Receivables	Wuzhou PetroChina Kunlun ENN Gas Co., Ltd.	518	13	298	15
Receivables	Wenshan Yuntou ENN Gas Co., Ltd.	1,415	14	742	7
Receivables	Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd.	1,729	56	1,743	227
Receivables	Tangshan ENN Yongshun Clean Energy Co., Ltd.	118	4	4,218	4,120
Receivables	Tangshan ENN New Energy Development Co., Ltd.			926	116
Receivables	Taizhou City Natural Gas Co., Ltd	908	9	198	2

XII.Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(1). Items receivable (Continued)

Project Name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivables	Shijiazhuang ENN Zhonghong Gas Co., Ltd.	1,434	22	950	18
Receivables	Shijiazhuang ENN Environmental Protection Technology Co., Ltd.	23		1,558	17
Receivables	Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	4,572	78	2,107	38
Receivables	Shijiazhuang Gaocheng Zhongran Xiangke Gas Co., Ltd.	1,039	20	55	1
Receivables	Shijiazhuang Kunlun ENN Gas Co., Ltd.	33,471	881	47,865	2,367
Receivables	Shijiazhuang Airport Gas Co., Ltd.	1,162	34	933	74
Receivables	Shanghai Zhuoxiao Energy Technology Co., Ltd.	1,500	15		
Receivables	Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	1,084	11		
Receivables	Shanghai North Jiuhuan Automobile Natural Gas Sales Co., Ltd.	1,040	36	1,040	156
Receivables	Shandong Lule Natural Gas Co., Ltd.	378	13	378	30
Receivables	Qujing Yuntou ENN Energy Development Co., Ltd.	2,322	2,322	2,322	2,322
Receivables	Nanjing ENN Environmental Protection Technology Co., Ltd.	19		3,121	32
Receivables	Luoyang Hongxin Gas Co., Ltd.	806	28	805	120
Receivables	Luquan Fuxin Gas Co., Ltd.	942	28	1,061	95
Receivables	Liaocheng Shihua Natural Gas Co., Ltd.	1,064	11	858	9
Receivables	Lianyungang Zhongxin Gas Co., Ltd.	3,149	33	1,274	13
Receivables	Langfang ENN Longhe Environmental Protection Technology Co., Ltd.	76	2	2,208	27
Receivables	Langfang ENN Real Estate Development Co., Ltd.	233	2	1,205	93
Receivables	Kaixin Urban Development and Construction Co., Ltd.	676	11	927	78
Receivables	Jinhua Gaoya Natural Gas Co., Ltd.	149	1	723	7
Receivables	Huai'an Zhongyou Tianhuai Gas Co., Ltd	5		1,182	12

XII.Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(1). Items receivable (Continued)

Project Name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivables	Henan ENN Hengji Transportation New Energy Co., Ltd.			3,886	67
Receivables	Henan Jingbao ENN New Energy Co., Ltd.	268	3	1,462	17
Receivables	Hebei PetroChina Kunlun Natural Gas Co., Ltd.	18,489	338	7,725	77
Receivables	Hebei Financial Leasing Co., Ltd.	1,681	36	923	9
Receivables	Haining Xinxin Natural Gas Co., Ltd.	5,402	54	4,567	46
Receivables	Guangzhou Ganghua Gas Co., Ltd.	525	5		
Receivables	Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	2,951	38	791	10
Receivables	Enniu Chengfu (Langfang) Public Service Technology Co., Ltd.	103	3	653	31
Receivables	Dongguan Haofeng ENN Energy Co., Ltd.	4,278	60	4,307	85
Receivables	Dingzhou Kunlun ENN Energy Development Co., Ltd.	1,382	29	4,699	47
Receivables	Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	851	9	58	1
Receivables	Beihai ENN Sunshine Intelligent Technology Co., Ltd.	713	7		
Receivables	Baoding ENN Gas Co., Ltd.	22,813	406	22,511	265
Receivables	Bengbu ENN PetroChina Sales Co., Ltd.	510	5		
Receivables	Anhui Wanneng ENN Natural Gas Co., Ltd.	1,965	24	3,500	35
	Amount of other related parties that are not listed separately.	6,090	109	5,788	280

XII.Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(2). Items payable

Unit: Ten thousand yuan Currency: RMB

Project Name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	ENN GROUP INTERNATIONAL INVESTMENT LIMITED		218,647
Accounts payable	Anhui Wanneng ENN Natural Gas Co., Ltd.	97	2,058
Accounts payable	Baoding ENN Gas Co., Ltd.	2,620	2,081
Accounts payable	Beijing Yongxin Environmental Protection Co., Ltd.	3,199	3,341
Accounts payable	Bituo E-Commerce Co., Ltd.	355	2
Accounts payable	Bokang Intelligent Information Technology Co., Ltd.	9,499	1,740
Accounts payable	Chenzhou Sanxiang ENN Clean Energy Co., Ltd.	1,268	502
Accounts payable	Dingzhou Kunlun ENN Energy Development Co., Ltd.	451	983
Accounts payable	Dongguan Xinde Gas Engineering Project Management Co., Ltd.	363	158
Accounts payable	Enniu Sincere Services (Shijiazhuang) Technology Co., Ltd.	308	
Accounts payable	Guangxi Beibu Gulf ENN Gas Development Co., Ltd.	900	1,189
Accounts payable	Guangxi Yilongyuan Electricity Distribution Co., Ltd.	1,806	1,011
Accounts payable	Hebei Financial Leasing Co., Ltd.	645	865
Accounts payable	Hengshui Jiantou Blue Sky Equity Investment Fund Center (Limited Partnership)		960
Accounts payable	Huai'an Zhongyou Tianhuai Gas Co., Ltd.	430	781
Accounts payable	Junan Dadian Zhongfu Natural Gas Development&Utilization Co., Ltd.	244	288
Accounts payable	Kunming ENN Gas Co Ltd.	268	30
Accounts payable	Langfang ENN Real Estate Development Co., Ltd.	583	271
Accounts payable	Langfang ENN Longyu Clean Energy Co., Ltd.	1,246	565
Accounts payable	Langfang Yitongcheng Business Services Limited	265	42
Accounts payable	Lianyungang Zhongxin Gas Co., Ltd.	4,069	119
Accounts payable	Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd	438	146
Accounts payable	Nanjing ENN Sanxin Traffic Science&Technology Co., Ltd.	471	1,011
Accounts payable	Shantou Huarun ENN Gas Co., Ltd.	4,302	4,371
Accounts payable	Shanghai Kunlun ENN Clean Energy Co., Ltd.	3,554	6,931
Accounts payable	Shanghai 3040 Technology Co., Ltd.	1,614	
Accounts payable	Shijiazhuang Kunlun ENN Energy Development Co., Ltd.	310	1,530
Accounts payable	Shijiazhuang Kunlun ENN Gas Co., Ltd.	7,706	8,451

XII.Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(2). Items payable (Continued)

Project Name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd.		3,500
Accounts payable	Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd.	388	667
Accounts payable	Wenshan Yuntou ENN Gas Co., Ltd.	1,356	54
Accounts payable	ENN Group Co., Ltd.	223	231
Accounts payable	ENN Technology Development Co., Ltd.	410	1,497
Accounts payable	ENN Shuneng Technology Co., Ltd.	343	5,930
Accounts payable	ENN Sunshine Yicai Technology Co., Ltd.	1,334	59
Accounts payable	Xinzhi Cognitive Data Services Co., Ltd.	1,005	658
Accounts payable	Xinzhi Cognitive Digital Technology Co., Ltd.	363	2,497
Accounts payable	Xinzhi iCome Network Technology Co., Ltd.	1,628	119
Accounts payable	Xinzhi Cloud Data Services Co., Ltd.	2,358	1,261
Accounts payable	Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd.	7,634	4,693
Accounts payable	Yantai City Honesty Gas Engineering Co., Ltd.	644	485
Accounts payable	Yantai ENN Gas Development Co., Ltd.	1,089	352
Accounts payable	Yancheng ENN Compressed Natural Gas Co., Ltd.	1,019	1,019
Accounts payable	Yunnan Yuntou Xin'ao Gas Co., Ltd.	2,887	2,886
Accounts payable	Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd.	1,560	
Accounts payable	Zhoushan Lanyan Gas Co., Ltd.	2,979	1,101
Accounts payable	Huzhou ENN Gas Co., Ltd.	3,173	3,449
Accounts payable	Shanghai Petroleum and Natural Gas Trading Center Co., Ltd.	383	132
Accounts payable	Lianyungang Chengxin Gas Co., Ltd.	3,960	
Accounts payable	Yancheng National Investment Natural Gas Pipeline Network Co., Ltd.	21,500	
Accounts payable	Taizhou City Natural Gas Co., Ltd.	953	
Accounts payable	Chongqing Longran Energy Technology Co., Ltd.	250	
	Amount of other related parties that are not listed separately.	4,763	7,566

7. Related-party commitment

☐ Applicable ☒ Not Applicable

8. Others

☐ Applicable ☒ Not Applicable

XIII. Share-based Payments

1. General description of share-based payment

Unit: Share Currency: RMB

Total amount of equity instruments the Company granted during the current period	19,206,668
Total amount of the Company's equity instruments exercised during the current period	1,861,667
Total amount of the Company's equity instruments expired during the current period	1,501,317
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	HKD40.34/till December 8, 2025 HKD76.36/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	RMB6.84-7.03/to March 25, 2025

Other description

In accordance with a general resolution adopted at the annual general meeting of the Company's subsidiary Company, ENN Energy Holdings Limited on June 26, 2012 adopts the Stock Purchasing Scheme ("Scheme 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 Scheme ("Share Award Scheme"); In accordance with the resolution of the Board of Directors dated on January 20, 2021, the Company adopted a Restricted Stock Incentive Scheme ("Scheme 2021").

(1) Plan for 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 2012 plan; the grant of share options is subject to the fulfilment 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 at December 31, 2021, a total of 6,590,250 shares had been exercised, 4,594,715 had been voided and 815,035 were outstanding under the share purchase scheme.

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 2012 plan. The grant of share options is subject to the fulfilment 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 at December 31, 2021, a total of 1,492,667 shares had been exercised, 2,401,542 shares had been voided and 8,433,791 shares were outstanding under the share purchase scheme.

XIII. Share-based Payments (Continued)

1. General description of share-based payment (Continued)

(2) *Share incentive 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 December 31, 2021, 928,600 shares were awarded to designated board members and staff at the grant price of HKD76.36, which depending on the corresponding performance and continued service prior to the date of availability. Therefore, the vesting period for the granted shares is from the grant date to the vesting date. Redemption of such shares may occur as early as April 1 of the year after the fiscal year in which the corresponding performance has been 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 December 31, 2021, a total of 91,000 shares had been exercised under the cash-settled Share Award Scheme and 837,600 shares were outstanding.

(3) *Plan for 2021*

Based on the plan of 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 shall not exceed 72 months from the date of completion of the first grant of restricted share registration until the date on which the restricted share granted to the object of the incentive lifted from the restriction or repurchase cancellation. The restricted share period granted by this incentive plan is 12 months, 24 months, 36 months and 48 months respectively from the date of completion of registration of restricted stock grant. Restricted shares granted under this incentive plan shall not be transferred to guarantee or repay debts until they have been discharged from sale. Incentives will be locked in accordance with this incentive plan at the same time that the incentive object obtains shares of capital reserve converted to share capital, stock dividends, stock splits, etc., as a result of the granted restricted stocks that have not been lifted. After the expiration of the sales restriction period, the company handles the cancellation of the sales restriction for the incentive objects that meet the conditions for lifting the restriction. The restricted stocks held by the incentive objects that do not meet the conditions for the restriction are repurchased and cancelled by the company, and the restricted stocks are released from the restriction. If it is not achieved, the relevant rights and interests shall not be deferred to the next period.

XIII. Share-based Payments (Continued)

2. Information about equity-settled share-based payments

Unit: Ten thousand yuan 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.
The basis to determine the number of exercisable equity instruments	Only after the performance conditions agreed upon between the company and the grantee can the power be exercised, which may involve the achievement of goals and changes in the number of employees who exercise their rights.
Reasons for the material 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	7,588
The total amount of expenses recognized from equity-settled share-based payments	8,922

Other description

NO

3. Description on cash-settled share-based payments

Unit: Ten thousand yuan 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	2,918
The total amount of expenses recognized in cash-settled share payments in the current period	3,427

Other description

NO

XIII. Share-based Payments (Continued)

4. Correction and termination of share-based payment

☐ Applicable ☒ Not Applicable

5. Others

☐ Applicable ☒ Not Applicable

XIV. Commitment and Contingent Events

1. Important Commitments

Important external commitments, nature and amount on the balance sheet date

(1) Capital commitments

Unit: Ten thousand yuan Currency: RMB

Project	December 31, 2021	December 31, 2020
Contracted but unrecognized in the financial statements		
– Commitment of acquisition and construction of long-term assets	89,836	92,284
– External investment commitments	119,592	93,475
Including: Unrecognized commitments relating to investments in joint ventures and associates	67,854	67,532

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

Unit: (Ten thousand yuan) Currency: RMB

Proposed profits or dividends	87,510
Profits or dividends declared to be paid after deliberation and approval	87,510

As resolved at the 42nd meeting of the 9th Session of the Board of Directors, the Company intends to distribute a cash dividend of RMB3.075(tax included) per 10 shares to all shareholders on the basis of the total share capital of 2,845,853,619.00 as at the disclosure date of this announcement, making a total a cash dividend of RMB875,100,000(tax included) in total. If there is a change made to the total share capital of the Company and the number of shares to be distributed before the equity registration date of profit distribution, the final dividend plan shall be adjusted based on the number of shares that may participate in profit distribution on the equity registration date of the profit distribution plan, and the total amount distributed per share shall be adjusted based on the principle that the distribution amount per share remains unchanged. The profit distribution plan shall be submitted to the Shareholders' General Meeting of the Company for consideration and approval before implementation.

3. Sales return

☐ Applicable ☒ Not Applicable

4. Notes of Other Events after the Balance Sheet Date

☐ Applicable ☒ Not Applicable

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). The basis to determine and the accounting policy of reporting division

The Company has determined nine report divisions of natural gas retail, natural gas wholesale, natural gas direct selling, engineering construction and installation, comprehensive energy sales and service, value-added business, coal, energy chemical industry and chemical trade based on internal organization structure, management requirements and internal reporting system. 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

Unit: (Ten thousand yuan) Currency: RMB

Project	Natural gas retail	Gas wholesale	Natural gas direct sale	Project Construction and Installation	Integrated Energy Sales and Services	Extended Businesses	Coal	Energy chemicals	Chemical trading	Offset between inter-division	Total
Subtotal of operating income from external transactions	5,674,876	2,456,143	578,461	1,040,868	872,560	228,428	220,682	279,875	189,414		11,541,307
Operating income from inter-division transactions	2,930,506	3,675,684	1,317,314	360,161	8,916	610,562	-1,453	-1,007	86,086	8,986,769	
Operating income of reporting division	8,605,382	6,131,827	1,895,775	1,401,029	881,476	838,990	219,229	278,868	275,500	8,986,769	11,541,307
Subtotal of the cost of sales arising from external transactions	4,957,063	2,416,966	449,181	516,393	714,877	49,308	67,183	287,111	182,771		9,640,853
cost of sales for inter-division transactions	3,007,012	3,625,796	1,319,796	327,979	10,179	593,904	19	-577	84,479	8,968,587	
cost of sales of reporting division	7,964,075	6,042,762	1,768,977	844,372	725,056	643,212	67,202	286,534	267,250	8,968,587	9,640,853
Gross profit	641,307	89,065	126,798	556,657	156,420	195,778	152,027	-7,666	8,250	18,182	1,900,454
Classification of assets	4,474,857	384,563	2,346,463	969,566	1,142,750	1,336,352	732,133	725,512	75,627	613,844	11,573,979
Classification of liabilities	1,867,884	75,711	738,205	607,324	454,118	1,549,032	565,313	545,123	65,478	432,035	6,036,153

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

- (1) To facilitate the investors to understand the operating performance of the Company, the company's use the profit of the parent net profit of RMB4.10165 billion which gain from the business activities, then deducted receivables, other bad debts receivable, impairment of long-term assets such as fixed assets, derivatives, financial assets measured at fair value with changes included in current profits and losses, fair value adjustment of investment property, exchange rate fluctuation, amortization of stock incentive cost, revenue from asset disposal and other matters on the parent net profit with a total amount of RMB529.58 million (taken from the financial statements audited by the auditors of the Company), and has derived the Company's core profit in 2021 was RMB3,572.07 million.
- (2) The Company has derived a valuation profit of RMB2,205,960,000 for the year 2020 based on the calculation of the valuation profit under the Restricted Share Incentive Plan 2021 announced on January 21, 2021. In 2021, the company's business activities turn a profit which from the parent net profit of RMB4.10165 billion, deducted the impact of foreign currency assets and liabilities, changes in fair value of hedge products, provision for impairment of assets and amortization of stock incentive cost on the parent net profit of RMB442.79 million (taken from the financial statements audited by the Company's auditors), and derived the assessed profit of 2021 as RMB3,658.86 million, compared with 2020, the estimated profit growth rate in 2021 is 65.86%..

8. Others

☐ Applicable ☒ Not Applicable

XVII. Notes for Major Items in the Parent company's financial statements

1. Receivables

(1). Disclosure according to the maturity of accounts receivable

Unit: Ten thousand yuan 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	
1-2 years	
2-3 years	
More than 3 years	
3-4 years	
4-5 years	
More than 5 years	39
Total	39

(2). Disclosed by classification of provision methods on bad debt

Unit: Ten thousand yuan 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	39	100.00	39	100.00		39	100.00	39	100.00	
Total	39	/	39	/		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. Receivables (Continued)

(2). Disclosed by classification of provision methods on bad debt (Continued)

Bad debt provision made on a combined basis:

Unit: Ten thousand yuan Currency: RMB

Name	Closing balance		
	Receivables	Provision for bad debt	Provision ratio (%)
Within 1 year			
1 year to 2 years			
2 year to 3 years			
3 year to 5 years			
More than 5 years	39	39	100.00
Total	39	39	100.00

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

(3). Information on provision for bad debts

Unit: Ten thousand yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	Others changes	
Provision for bad debt	39					39
Total	39					39

Major bad debts that tend to be recovered or reversed in the current period thereof

☐ Applicable ☒ Not Applicable

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

1. Receivables (Continued)

(4). Actual cancellation of accounts receivable in current period

☐ Applicable ☒ Not Applicable

The cancellation of important accounts receivable

☐ Applicable ☒ Not Applicable

(5). Accounts receivable in the top five ending balances collected by the debtor

Unit: Ten thousand yuan Currency: RMB

Name of entity	Closing balance	Percentage of total closing balance of accounts receivable (%)	Ending balance of bad debt reserve
First place	39	100	39
Total	39	100	39

(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

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

2. Other receivables

Item list

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance	Opening balance
Interest receivable		
Dividend receivable	131,500	15,720
Other receivables	445,351	260,839
Total	576,851	276,559

Other description:

☐ Applicable ☒ Not Applicable

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

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

2. Other receivables (Continued)

Dividend receivable

(1). Dividend receivable

Unit: Ten thousand yuan Currency: RMB

Project (or invested unit)	Closing balance	Opening balance
Xinneng Mining Industry Co., Ltd.	131,500	
Levima (Shandong) Chemical Co., Ltd.		15,720
Total	131,500	15,720

(2). Significant dividends receivable due beyond one year

☐ Applicable ☒ Not Applicable

(3). 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

(1). Disclosure according to the maturity of accounts receivable

Unit: Ten thousand yuan Currency: RMB

Aging	Book balance at the end of the period
Within 1 year	
Including: Subentry of accounts receivable due within 1 year	
Subtotal accounts receivable due within 1 year	445,352
1-2 years	
2-3 years	
More than 3 years	
3-4 years	
4-5 years	
More than 5 years	
Total	445,352

(2). Classification by nature of funds

Unit: Ten thousand yuan Currency: RMB

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Current account	445,352	260,846
Total	445,352	260,846

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(3). Provision for bad debts

Unit: Ten thousand yuan 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, 2021	7			7
The balance of January 1, 2021 in the current period				
– Transferred to stage II				
– Transferred to stage III				
– Reversed to stage II				
– Reversed to stage I				
Withdrawal for the current period	6			6
Reversal of current period				
Resale of the current period				
Written off of the current period				
Others changes				
Balance on June 30, 2021	1			1

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

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(4). Information on provision for bad debts

Unit: Ten thousand yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Accrual	Recovered or reversed	Write-off or cancellation	Others changes	
Provision on other receivables	7		6			1
Total	7		6			1

In which, significant amount reversed from bad debt provision or recovered bad debt:

☐ Applicable ☒ Not Applicable

(5). Other receivables actually written off in the current period

☐ Applicable ☒ Not Applicable

(6). Information of top five clients of other receivables classified by account balance

Unit: Ten thousand yuan Currency: RMB

Name of entity	Fund nature	Closing balance	Aging	The ratio of which to total ending balance of other receivables (%)	Ending balance of bad debt reserve
First place	Incoming and outgoing money	207,432	Within 1 year	46.58	
Second place	Incoming and outgoing money	120,023	Within 1 year	26.95	
Third place	Incoming and outgoing money	41,610	Within 1 year	9.34	
Fourth place	Incoming and outgoing money	40,262	Within 1 year	9.04	
Fifth place	Incoming and outgoing money	15,109	Within 1 year	3.39	
Total	/	424,436	/	95.3	

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(7). *Receivables related to government subsidies*

☐ Applicable ☒ Not Applicable

(8). *Derecognized other receivables as a result of transfer of financial assets*

☐ Applicable ☒ Not Applicable

(9). *The amount of assets and liabilities formed from transferring other receivables with continuous involvement*

☐ Applicable ☒ Not Applicable

Other description:

☐ Applicable ☒ Not Applicable

3. Long-term equity investment

Unit: Ten thousand yuan Currency: RMB

Project	Closing balance			Opening balance		
	Book balance	Depreciation Reserve	Book value	Book balance	Depreciation Reserve	Book value
Investment in a subsidiary corporations	1,357,006		1,357,006	860,066		860,066
Invest to joint ventures and cooperative enterprises	3,339		3,339	50,150		50,150
Total	1,360,345		1,360,345	910,216		910,216

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

3. Long-term equity investment (Continued)

(1) Investment in a subsidiary corporations

Unit: Ten thousand yuan Currency: RMB

Unit Invested	Opening balance	Current increase	Current decrease	Closing balance	Provision for impairment in the current period	Ending balance of depreciation provision
Xinneng Mining Industry Co., Ltd.		254,320		254,320		
Xinneng (Hong Kong) Energy Investment Co., Ltd.	498,182			498,182		
ENN (Tianjin) Energy Investment Co., Ltd.	360,503	242,620		603,123		
Chongqing Xinao Longxin Clean Energy Co., Ltd.	510			510		
Shanghai International Engineering Construction Consulting Co., Ltd.	871			871		
Total	860,066	496,940		1,357,006		

(2). Invest to joint ventures and cooperative enterprises

Unit: Ten thousand yuan Currency: RMB

Other Investment Entity	Current increase or decrease changes										Closing balance	Ending balance of depreciation provision
	Opening balance	Additional investment	Reduced investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Declare a cash dividend or Profit	Depreciation provision withdrawal	Others			
I. Joint venture												
Subtotal												
II. Joint ventures												
Beijing Zhongnong Big Biotechnology Incorporated Company	1,000			-475							525	
Levima (Shandong) Chemical Co., Ltd.	47,645		50,369	2,724								
Chongqing Longran Energy Technology Co., Ltd.	1,505			1,309							2,814	
Subtotal	50,150		50,369	3,558							3,339	
Total	50,150		50,369	3,558							3,339	

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

4. Operating income and cost of sales

(1). Operating revenue and cost of sales

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Costs	Revenue	Costs
Main Business				
Other Businesses	17,198	11	20,243	11
Total	17,198	11	20,243	11

(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

XVII. Notes for Major Items in the Parent company's financial statements (Continued)

5. Investment income

Unit: Ten thousand yuan Currency: RMB

Project	Amount incurred in the current period	Amount incurred in the previous period
Income on long-term equity investment calculated by cost method	224,135	
Income on long-term equity investment calculated by equity method	3,558	-1,266
investment income arising from disposal of long-term equity investments	8,091	
investment income of transactional financial assets during the holding period		
Dividend revenue derived from other equity instrument investments during the holding period		
Interest revenue derived from debt investments during the holding period		
Interest revenue derived from other debt investments during the holding period		
Investment revenue derived from the disposal of trading financial assets		
Investment revenue derived from the disposal of in other equity instrument investments		
Investment revenue derived from the disposal of debt investments		
Investment revenue derived from the disposal of other debt investments		
Others		9,746
Total	235,784	8,480

6. Others

☐ Applicable ☒ Not Applicable

XVIII. Supplementary Information

1. Statement of current non-recurring profit and loss

Unit: Ten thousand yuan Currency: RMB

Project	Amount	Description
Profit or loss from disposal of non-current assets	9,905	
Tax refunds or exemptions that are approved beyond authority or without formal approval documents		
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)	36,251	
Capital occupancy fees charged against non-financial enterprises included in current profits and losses		
Income arising from circumstances where the Company acquired a subsidiary, joint venture and associate with investment cost less than the share of the fair value of the investee's identifiable net assets it should enjoy at acquisition.		
Gains and losses from non-monetary assets exchange		
The profit and loss arising from entrusting third party to invest or to manage assets		
Impairment provisions for assets due to force majeure, such as natural disasters		
Gains and losses arising from debt restructuring	-266	
Enterprise restructuring expenses, such as employee re-settlement expenditures, the integrated cost, etc.		
A profit or loss in excess of the fair value of a transaction at an unfair price		
Net current profits and losses from the beginning of the period to combination date of subsidiaries acquired from merger under the common control		
Profit and loss generated from contingent events unrelated to the Company's normal business activities		

XVIII. Supplementary Information (Continued)

1. Statement of current non-recurring profit and loss (Continued)

Project	Amount	Description
Fair value change gains and losses 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.	74,899	
Reversed impairment provisions for receivables and contract assets subject to separate impairment tests	4,367	
The profits and losses obtained from external entrusted loans	1,977	
The profits and losses generated by the change of the fair value of investment properties are measured by the fair value model for subsequent measurement	879	
The effect of one-time adjustment to the current profit and loss in accordance with the requirements of tax and accounting laws, regulations		
Revenue from custodian fees obtained from entrusted operations	94	
Revenues and expenditures other than the items mentioned above	-6,314	
Other profit and loss items that satisfy the definition of non-recurring profit and loss		
Less: Effect of income tax	20,871	
Effect of minority stockholders' equity	43,874	
Total	57,047	

The reasons should be explained for the extraordinary 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 – Extraordinary Profit and Loss" and extraordinary profit and loss items defined as recurrent profit and loss listed in the Explanatory "Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss".

☐ Applicable ☒ Not Applicable

XVIII. Supplementary Information (Continued)

2. Return on equity and earnings per share

Profit in the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Basic earnings per share
Net profit attributable to common shareholders of the Company	41.11	1.46	1.46
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	35.39	1.26	1.26

3. Differences in accounting data under domestic and overseas accounting standards

☐ Applicable ☒ Not Applicable

4. Others

☐ Applicable ☒ Not Applicable



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