



ENN  
新奥

新奥天然气股份有限公司  
ENN Natural Gas Co., Ltd.



## 2023 Interim Results

August 2023



## Results Highlights



Developed a total of 199 direct gas customers; direct gas sales reached 2,236 mil m<sup>3</sup>, up 11.7% YOY



Signed a new LNG LTC for 1.8 mil tons/yr with Cheniere and a LTC and a cooperation agreement for utilising Zhoushan facilities with CNPC, with total contracted natural gas exceeding 10 mil tons/yr, providing resources support for future business expansion



Natural gas industry intelligent platform greatgas.cn achieved great ecological expansion with 597 new certified corporate users, 2.69 bil m<sup>3</sup> trading gas volume and GMV of RMB 9.08 bil



Core profit was RMB 3,169 mil, up 30.9 % YOY, including RMB 1,698 mil from direct gas sales, representing a significant increase of 224.1% YOY



## Business Review

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## Financial Highlights

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# 1.1 Macro Environment



➤ In July, the meeting of the Political Bureau of the CPC Central Committee emphasized that efforts shall be made to timely introduce and implement more targeted and impactful policies according to the market conditions

## Macro economy

- The economy performed well. Driven by both consumption and exports, **GDP growth reached 5.5%** in the first half of the year, with the increase of 4.5% and 6.3% in Q1 and Q2 respectively

## Real estate policies

- The meeting of the Political Bureau of the CPC Central Committee: Increase the supply of **indemnificatory housing** and push forward urban village revocation and emergency infrastructure construction

## Price policies

- NDRC: Guiding Opinions on the Establishment and Improvement of **Upstream and Downstream Price Linkage Mechanism** for Natural Gas, under which Inner Mongolia, Hunan, Shandong, Hebei, Guangdong and Fujian provinces introduced relevant policies

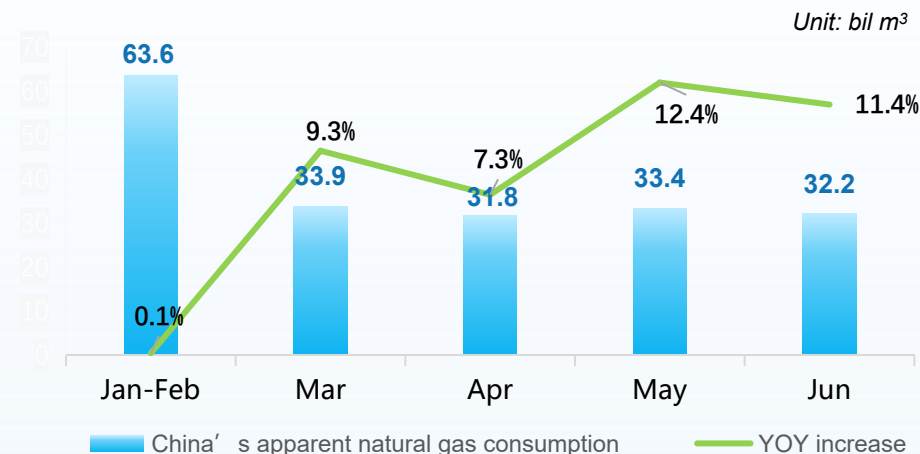
## Oil, gas and power policies

- CCP Central Comprehensively Deepening Reforms Commission: Opinions on Promoting the Transformation of Energy Consumption Control to **Carbon Emission Control**, Implementation Opinions on Further Deepening the Reform of the **Oil and Gas Market System** to Enhance the National Oil and Gas Security Guarantee Capability and Guiding Opinions on Deepening the Reform of the **Electric Power System** and Accelerating the Construction of a New Power System

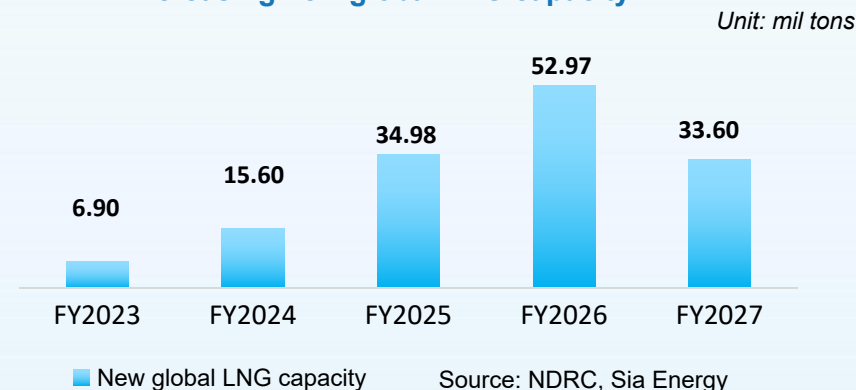
## Digital intelligence policies

- State Council: Overall Plan for Building a Digital China, vigorously developing the **digital economy and platform economy**
- Seven departments including the NDRC and Ministry of Science and Technology: Provisional Measures for the Management of Generative AI Services, **encouraging the innovative development of generative AI**

China' s apparent natural gas consumption in 1H2023 was 194.9 bil m<sup>3</sup>, up 6.7% year-on-year, showing a gradual recovery trend

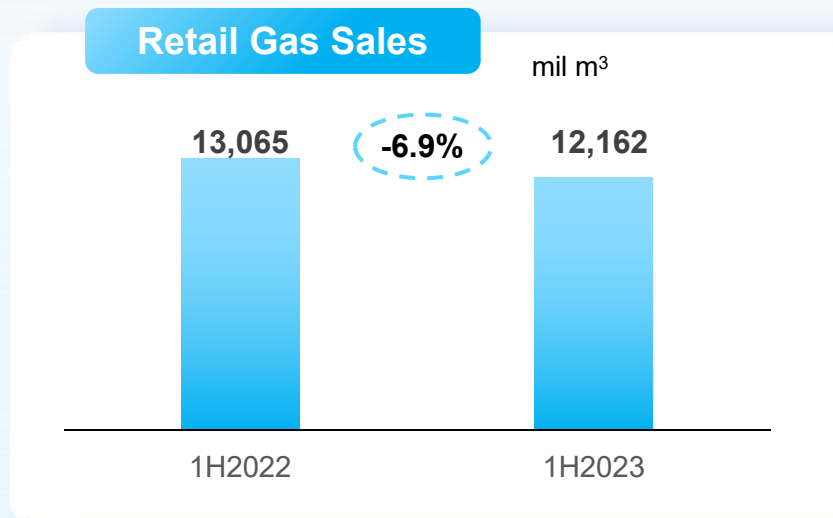
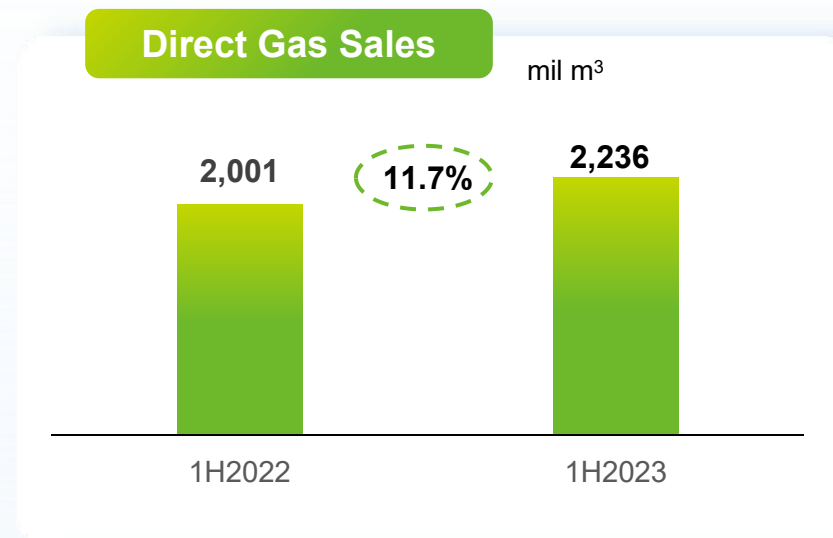
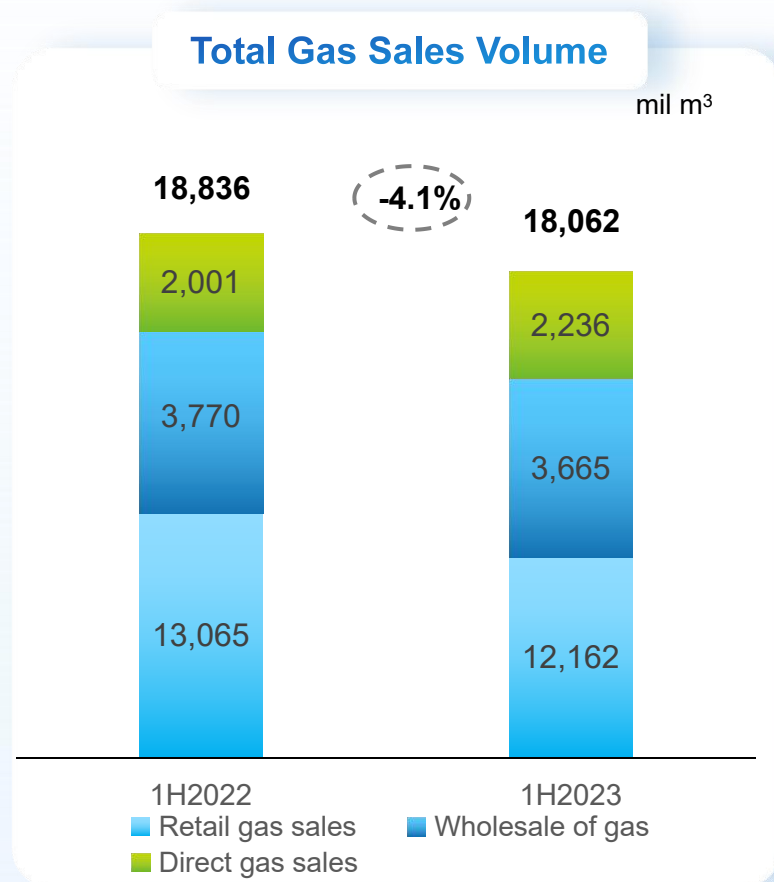


## Increasing new global LNG capacity





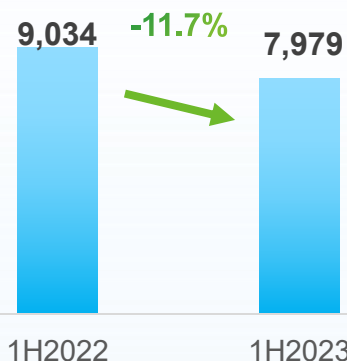
## 1.2.1 Aggregating Customer Demand via greatgas.cn and Promoting Expansion of Natural Gas Business



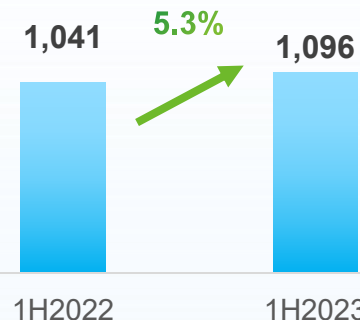
## 1.2.2 Steady Growth in Retail Gas Sales



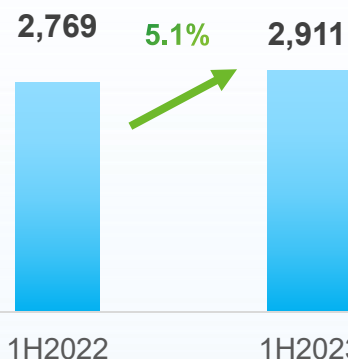
Industrial gas vol  
(mil m<sup>3</sup>)



Commercial gas vol  
(mil m<sup>3</sup>)



Residential gas vol  
(mil m<sup>3</sup>)



Dollar Margin(RMB/m<sup>3</sup>)

|                     | 1H2023 | 1H2022 |
|---------------------|--------|--------|
| Residential         | 3.25   | 3.23   |
| C/I                 | 3.64   | 3.52   |
| Vehicle gas station | 4.92   | 5.20   |
| ASP                 | 3.57   | 3.49   |
| Average cost        | 3.00   | 2.95   |

DM  
(ex VAT)

0.52

0.50

- Actively promoted residential price pass-through, 30% of residential gas volume, including Shijiazhuang, Langfang, Baoding, Heyuan, Longyan and Qingdao, completed the residential price pass-through

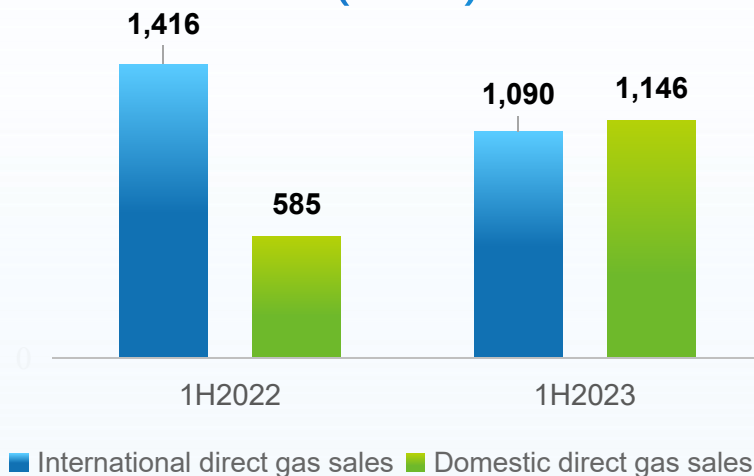
### Strengthened capabilities

- Implemented **flexible pricing** and one-customer-one-policy strategies, and promoted price linkage mechanism
- Aggregated customers with digital intelligence products and services, and provided **multi-energy packages** covering natural gas, energy and carbon and digital intelligence to explore customers' multi-dimensional needs
- For the purpose of safety, cooperated with the government to implement the "**change-bottle-to-pipe**" policy, and developed small customers

## 1.2.3 Direct Gas Sales Expanded Rapidly Leveraging Diversified Resources and Efficient Delivery Network (1/2)



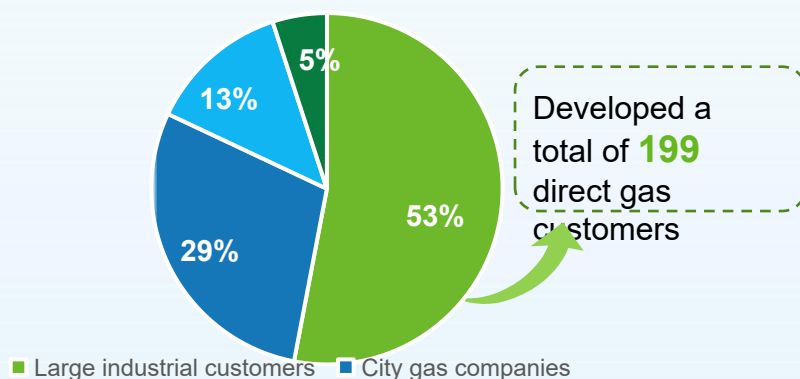
Direct gas sales vol structure  
(mil m<sup>3</sup>)



### Strengthened capabilities

- Established a diversified resources and efficient delivery network with Zhoushan as the pivot point to enable the availability of international resources nationwide and **facilitate gas sales in high-value markets** by utilizing PipeChina facilities
- Developed intelligent products** such as cargo crowd funding, bidding, pre-sale, and intelligent judgment via greatgas.cn to aggregate customer demand, match demand and supply intelligently and expand the scale of gas sales
- Deepened industry and customer understanding, **adeptly integrated resources and facilities**, provided diversified services and enhanced customer stickiness

### Customer structure in domestic direct gas sales

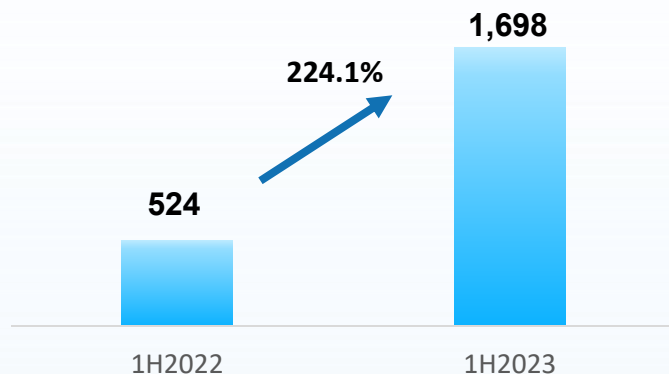


- Dynamically optimized shipments from Zhoushan terminal and Guangdong East terminal, thus realizing gas sales in high-value regions

## 1.2.3 Sustainable Profit growth of Direct Gas Sales (2/2)



Core profit of direct gas sales  
(RMB mil)



DM of direct gas sales  
(RMB/m<sup>3</sup>, ex VAT)



### Reducing the price risk with a combination of physical and derivatives

- Made market intelligent decision, utilize swaps, collar options and other products to **lock in** international LTA **profit** in advance at the high price level with TTF, Henry Hub, JKM and other indices as the underlying
- Closely monitored market changes to **adjust and optimize positions** in a timely manner according to the status of physical goods
- Monitored the market on a daily basis and carried out **digitalized full-process risk control** over various risk indicators based on the Commodity Energy Trade Risk Management System (ETMO)

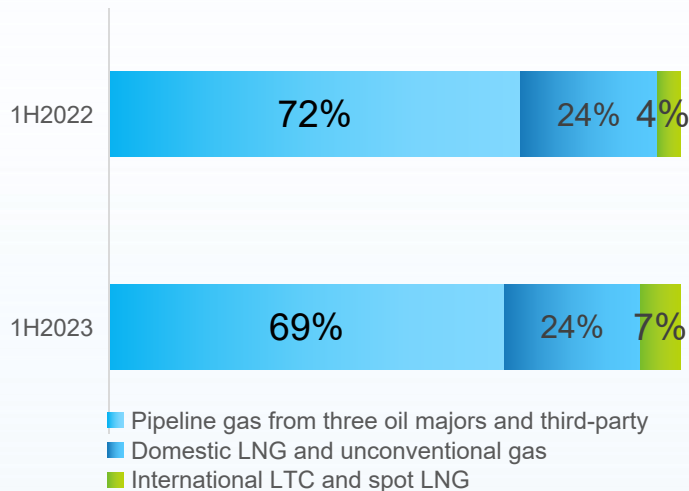
### Stabilizing reasonable spreads through flexible international and domestic interactions

- **The increasing influence of international resources** on the pricing of natural gas in China favors the price pass-through of international resource
- Implemented the **market-oriented pricing mechanism** based on customers' characteristics and demands
- Coordinated domestic and international resource pools, intelligently matched demand and supply through intelligent market decision-making, and **chose the optimal market**, whether domestic or international, for sales

## 1.2.4 Optimizing Resource Structure and Improving Infrastructure Capacity

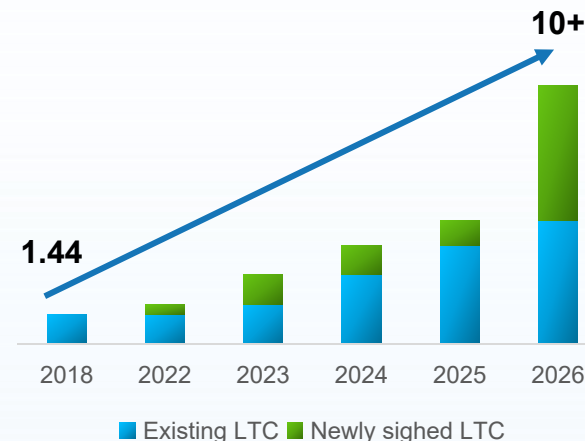


### Flexible resource structure



- Enhanced the contracted gas volume from the three major oil companies to stabilize the base volume and reduce high-priced pipeline gas from third-party
- Established a diversified resource pool and flexibly allocate both international and domestic resources

### Steadily increasing LTC resources(mil tons)



- Signed a new LNG LTC for **1.8 mil tons/yr** with Cheniere
- The LNG LTC with NextDecade for **2 mil tons/yr** came into force
- Signed a **10-year** LTC with CNPC

### Strong delivery capability

#### Flexible use of windows

- 7.5 mil tons/yr** of the maximum processing capacity for Zhoushan terminal following the commencement of Phase II operations; Flexibly utilised the PipeChina windows and signed the use agreements for 2022-2027 with **four** receiving terminals of PipeChina
- In 1H2023, the processing volume of Zhoushan terminal reached **890,000 tons** and the company used **three** PipeChina windows

#### Extensive delivery network

- Promoted the interconnection of pipeline channels across provinces and networks; Signed agreements for the maximum shipping capacity of **7.85 mil m<sup>3</sup>/day** with PipeChina, which can be delivered to **14** provinces
- Obtained **10 LNG vessels** at competitive prices while leasing out 3 vessels, realizing the profit of **RMB 140 mil**
- 1,200+** stable and flexibly-deployed LNG tankers with a dispatching volume of more than **600** trucks/day

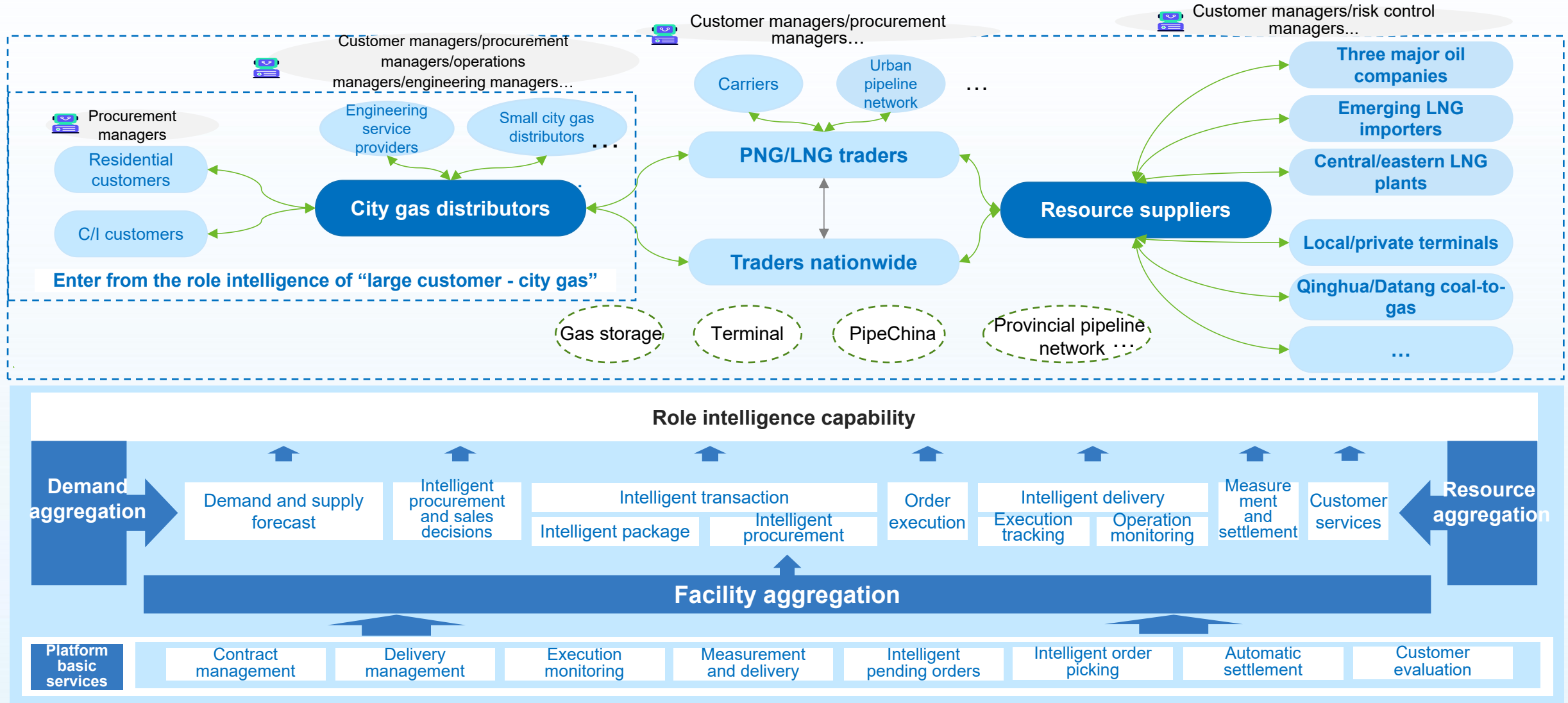
#### Upgrading gas storage capacity

- Self-owned gas storage capacity reached **500 mil m<sup>3</sup>**. Acquired additional gas storage capacity of **62 mil m<sup>3</sup>** through virtual and physical means from PipeChina Wen 23, Qingshan and Guangzhou
- Addressed resource imbalance and enhanced delivery capacity by flexible extraction and other modes

## 1.2.5 The GreatGas.cn Developed Rapidly Relying on the company's Capabilities in the Natural Gas Industry (1/2)



- In 1H2023, we completed the upgrading of multiple products and role intelligence and launched them for application, accelerating the construction and operation process of the intelligent platform for the natural gas industry

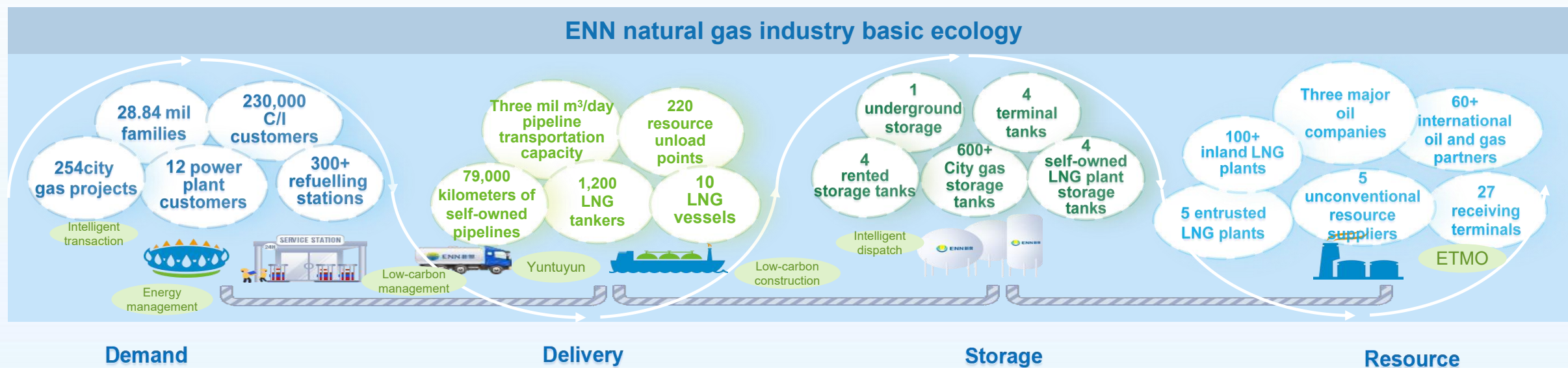
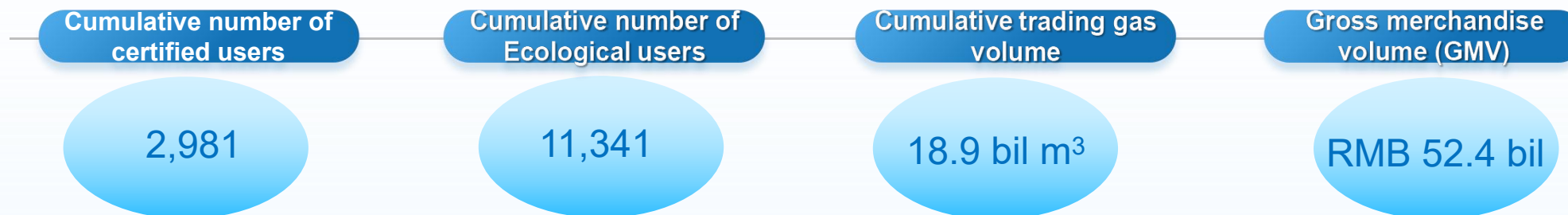




## 1.2.5 The GreatGas.cn Developed Rapidly Relying on the company's Capabilities in the Natural Gas Industry (2/2)



- In 1H2023, GreatGas.cn added 597 new certified corporate users and recorded trading gas volume 2.69 bil m<sup>3</sup> and GMV of RMB 9.08 bil

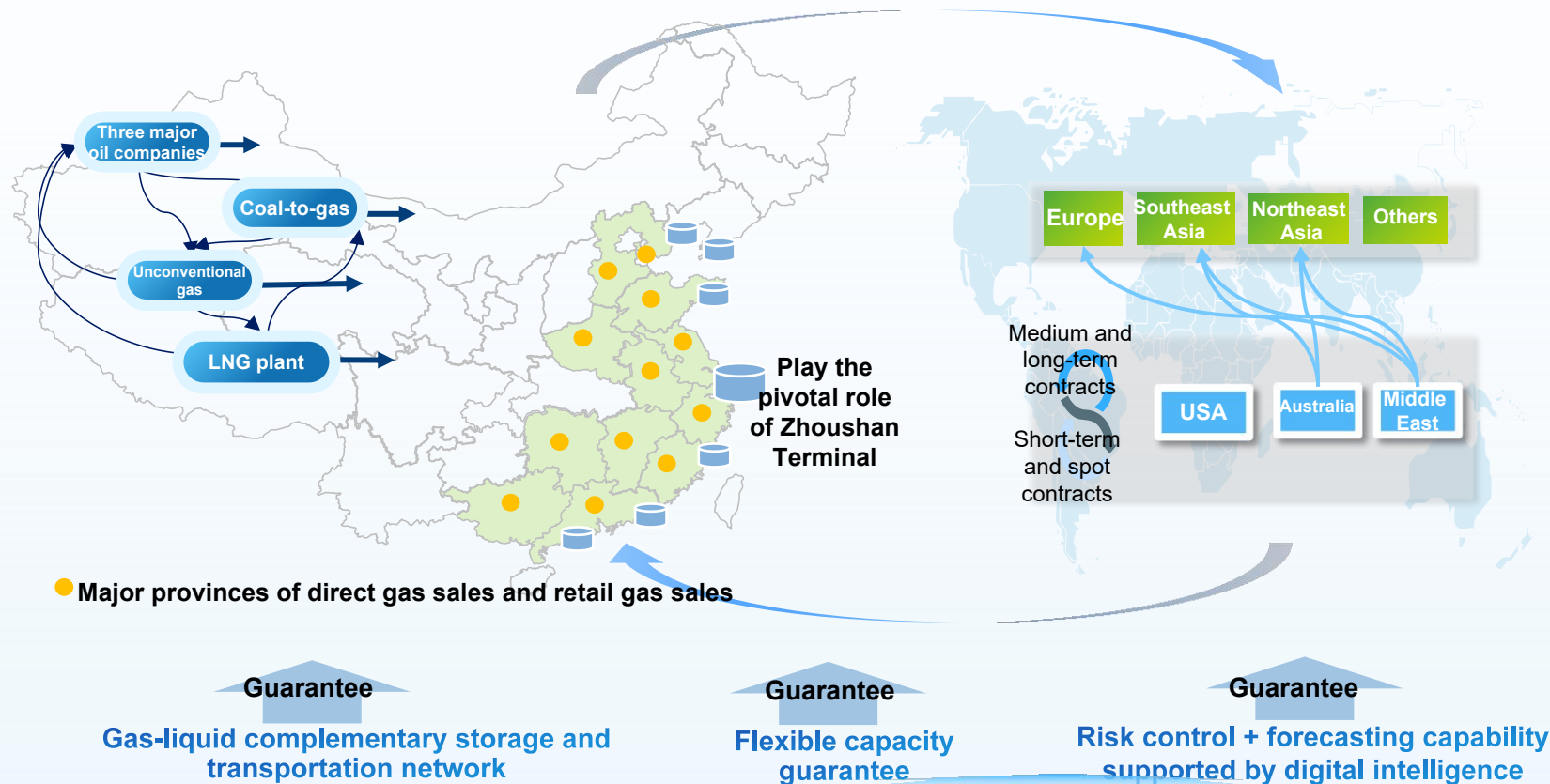




## 1.2.6 Leading Business Model of International-Domestic Demand-Supply Interaction Supported by Digital Intelligence



### International-domestic optimization, territorial-regional optimization, and digital intelligence platform empowering the ecology



#### International-Domestic Optimization

- With Zhoushan as a pivot point, natural gas can be deployed for international and domestic markets with flexibility
- Dominated by flexible FOB LTC resources
- Long-term LNG vessel transport capacity resources

#### Territorial-Regional Optimization

- Covered major coastal markets in China
- Signed LTC with CNPC for LNG imports and acquired substantial unconventional resources
- Formed a gas-liquid complementary storage and transportation network utilising PipeChina facilities

#### Supported by digital intelligence platforms

- Built an all-scenario integrated operation system based on greatgas.cn
- Intelligently matched gas demand, supply, transmission and storage

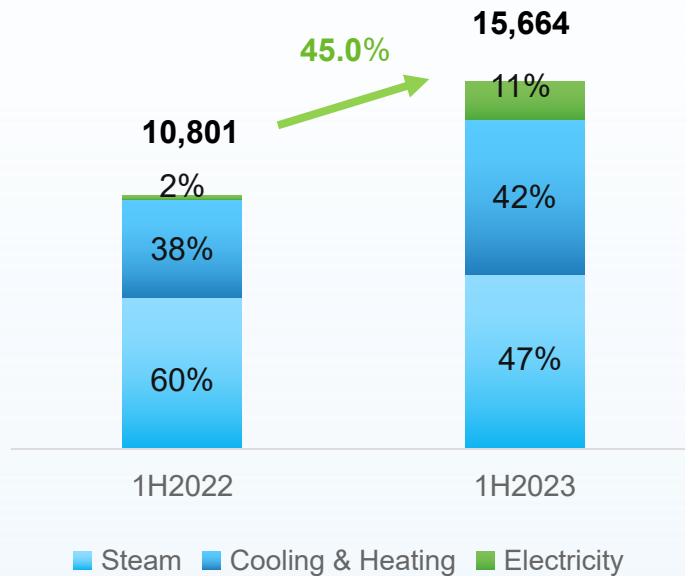
| Role intelligence | Procurement managers of city-gas distributors/traders |   | Operating managers of city gas distributors |                                     | Risk control managers               |                     | Terminal operations managers |     | Carrier logistics managers |
|-------------------|---|---|---|-------------------------------------|-------------------------------------|---------------------|------------------------------|-----|----------------------------|
|                   | Market intelligent judgment                           | Intelligent gas consumption forecasting | Intelligent procurement programs            | Intelligent gas consumption warning | Intelligent risk control management | Intelligent hedging | Intelligent security warning | ... |                            |



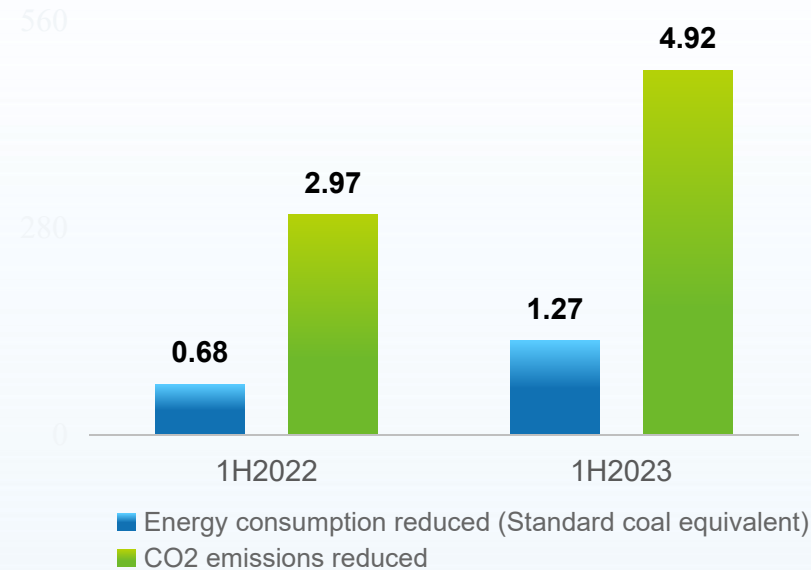
## 1.3.1 Driving Innovation in Low-Carbon Products and Realizing Large-Scale Growth in IEB (1/2)



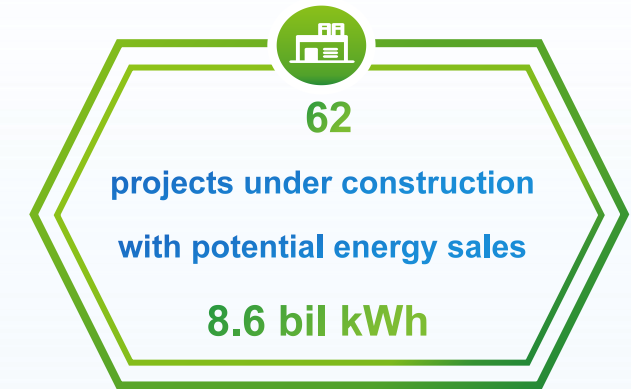
IE sales vol (mil kWh)



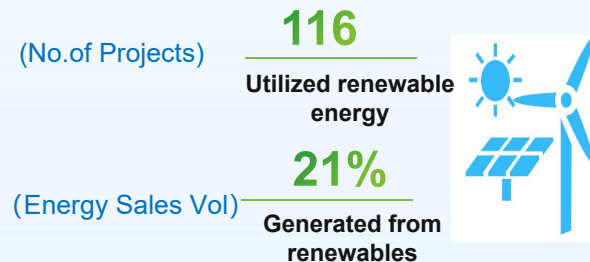
Positive environmental impact (mil tons)



Huge potential for the projects under construction and newly signed



- A total of **252** operational projects with potential energy sales of **36.4 bil kWh**

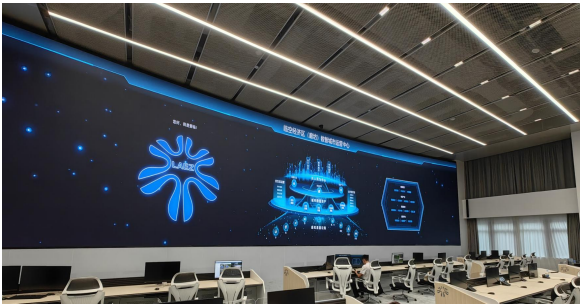


### 1.3.2 Driving Innovation in Low-Carbon Products and Realizing Large-Scale Growth in IEB (2/2)



- Realized the intelligent production and supply of energies, such as electricity, heating, cooling, gas and water, based on digital intelligence and ecology
- The dual-carbon strategy saw ongoing progress. In particular, renewable energy and energy storage technology developed at a fast pace; the construction of new power system was accelerated; the load-source-network-storage was established in a collaborative way. All these developments showed that the integrated energy micro-grid market has a great potential

#### IE project of Beijing Daxing Economic Zone



**Customer forms:** The planned area the park is 100-square-kilometre, which focuses on building four major industrial clusters: aviation logistics, science and technology innovation, service guarantee and high-end service industries.

**Solutions:** Ground source heat pump, electric refrigerating machine, photovoltaic, digital intelligence platform, etc.

**Capability building:** Created a digital intelligent city operation center

**Benchmarking:** Awarded the title of “2023 China Happy Home Smart City Demonstration”

**City services:** Based on the middle-ground capability, it supported public security video coordination, network connectivity, information security, etc. to enhance the brand image

**Energy load of the first phase:**

60.72 mil kWh/yr for the cooling + heating energy

**Sales revenue:** RMB 29.31 mil/yr

**Project IRR:** 18.2%

**Emission reduction effect:**

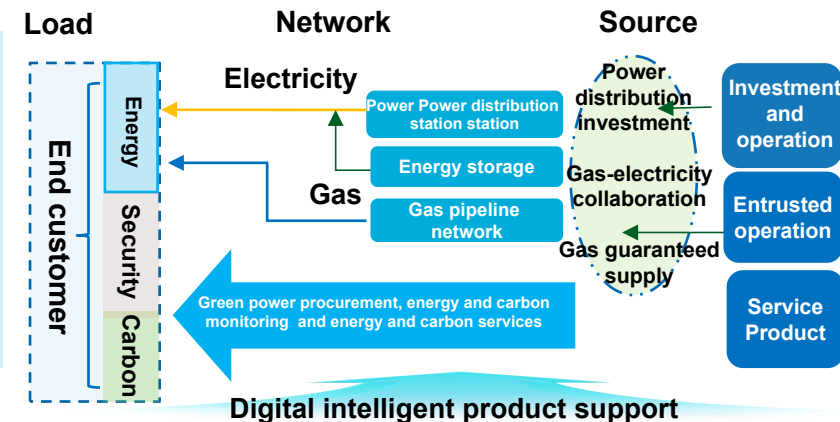
Reduce 2,700 tons of standard coal and 18,000 tons of CO<sub>2</sub> emissions per year

#### Nanxun Jiuguan IE Micro-network



**Customer forms:** Wood processing and wood, bamboo, rattan, palm, and grass products industry

**Solutions:** Power distribution + energy storage + digital intelligence platform



**Energy load:** 29 mil kWh/yr for the electricity energy

**Sales revenue:** RMB 29 mil/yr

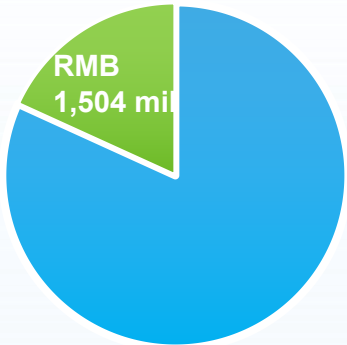
**Project IRR:** 12.2%

**Comprehensive energy utilization efficiency > 90%**

1.4 Developing Engineering Construction Business Driven by Low Carbon Digital and Digital Intelligence

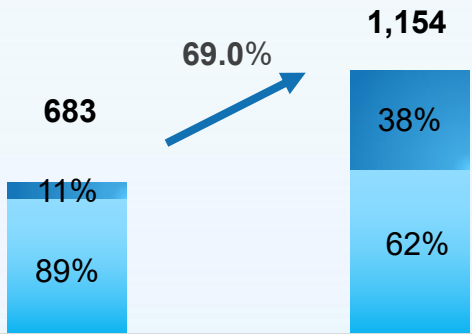


Order on hand amounted to RMB 6,757 mil, including RMB 1,504 mil for hydrogen energy



■ Hydrogen order amount

Revenue Structure (RMB mil)



1H2022

1H2023

■ Natural Gas & Municipal  
■ New Energy & Digital Intelligence

Actively developed new energy engineering projects



- ✓ Newly signed contracts for 4 hydrogen energy projects, including the Green Power Hydrogen Production and Hydrogen Integration Demonstration Project of Guanghui Energy Co., Ltd and the Hydrogen Refueling Station Project in Tangshan Seaport Economic Development Zone, and participated in a total of 50+ hydrogen energy projects
- ✓ Newly signed a contract for the CCUS project in Shengli oil field, realizing the productization of CO2 recovery, purification and liquefaction technology

Acquired core technology and qualification to drive business development

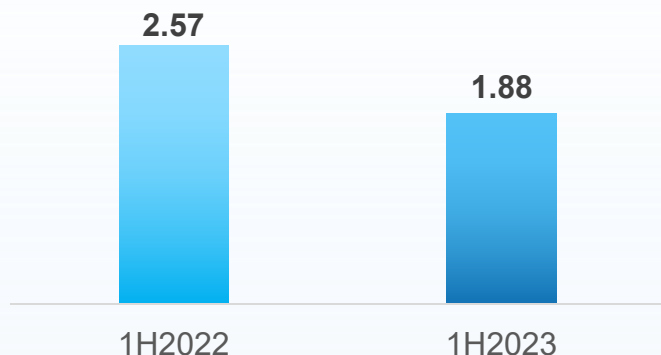


- ✓ Acquired Shandong Xinfeng Power Design Institute to acquire the qualification and talents for power planning, design and consulting, enhancing the development capability of new energy projects
- ✓ Qualified as GA1 for long-distance pipeline construction above 10 MPa

## 1.5 Green and Digital Intelligence Transformation for Energy Production Via Lean Operations



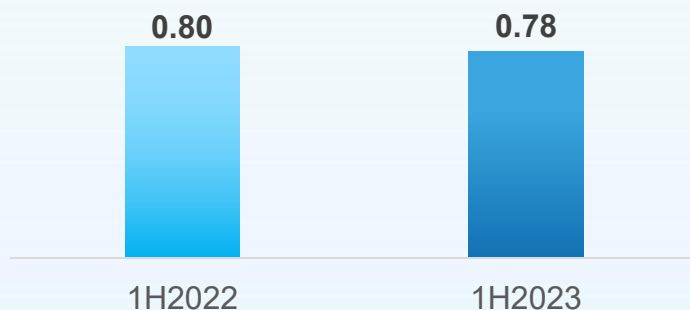
Coal Sales Volume (mil tons)



### Coal

- ✓ Completed **the construction of IoT platform and intelligent integrated management and control system**, realizing dynamic sensing of work safety information, real-time early warning and forecast, emergency response linkage, intelligent scheduling and intelligent auxiliary decision-making in the wells and underground
- ✓ The 4 MW photovoltaic project construction was completed and is expected to be **connected to the grid** in 3Q 2023

Methanol Sales Volume (mil tons)



### Methanol

- ✓ Realized sales revenue of RMB **183 mil** from by-product steam and other extended products, in line with the principle of integrated energy
- ✓ To provide customers with **24 mil** m<sup>3</sup>/yr of high-purity hydrogen products by using coal-to-methanol by-product hydrogen as feedstock



## 1.6 Actively Undertake Social Responsibilities and Continuously Enhance ESG Performance

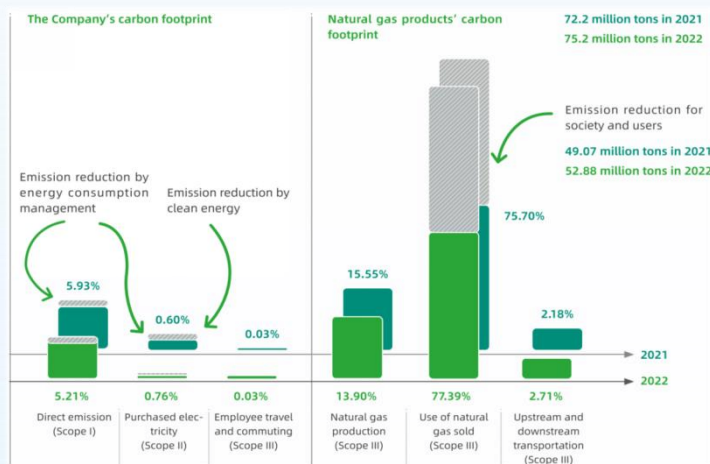


### Honored with awards and widely recognized in the capital market

- In **Institutional Investor's "2023 All Asia (ex-Japan) Executive Team"** selection, ENN-NG won the "Most Honored Company" award for the first time, and also received 53 awards including **"Best ESG"**, "Best Board of Directors", and "Best Investor Relations Company".



### Completed the 'Inventory Check' of Scopes 3 Carbon Emissions



- The company has taken a **pioneering** step in the domestic energy industry by disclosing **Scope 3** carbon emissions throughout the entire life cycle of energy products
- Lay the foundation for joint carbon emission reduction with ecological partners
- Make arrangements in advance to meet ISSB (International Sustainability Standards Board) disclosure requirements

\*With the continuous enhancement of the information completeness along the company's upstream and downstream value chains and the ongoing optimization of emission factors, the accuracy of the data on Scope 3 carbon emission will continue to improve.

### Dared to make commitments and actively shouldered social responsibilities

- ENN-NG has become **the first** A-share listed company in the natural gas industry to join the UN Global Compact, actively promoting sustainable development
- It has signed the UN Women's Empowerment Principles (WEPs), making continuous efforts toward gender equality

WE SUPPORT



HUMAN RIGHTS



ENVIRONMENT



LABOUR



ANTI-CORRUPTION

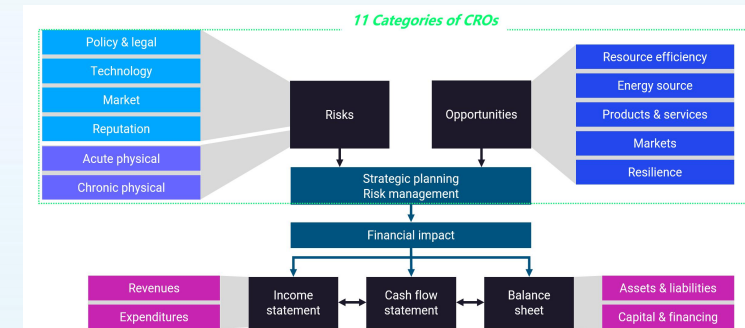
In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office

### Conducted TCFD climate-related risk and opportunity identification, as well as financial impact quantification

- Collaborated with internationally authoritative third-party consulting agency to carry out specialized TCFD work
- Accomplished tasks including Climate Risk and Opportunity (CRO) workshops, identification of value chain flow and TCFD CROs Longlist
- It is expected to become **the first Chinese natural gas enterprise to disclose an individual TCFD report**





## Business Review

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## Financial Highlights

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## 2.1 Resilient Results



Unit: RMB mil

|  | 1H2023 | 1H2022 | Change |
|--|--------|--------|--------|
| <b>Total Revenue</b>                     | 67,213 | 73,198 | -8.2%  |
| <b>Gross Profit*</b>                     | 11,535 | 10,713 | 7.7%   |
| <b>EBITDA*</b>                           | 10,804 | 9,687  | 11.5%  |
| <b>Total Profit</b>                      | 6,445  | 6,063  | 6.3%   |
| <b>Net Profit Attributable to Parent</b> | 2,204  | 1,697  | 29.9%  |
| <b>Core Profit*</b>                      | 3,169  | 2,420  | 30.9%  |
| <b>Core EPS (RMB)</b>                    | 1.03   | 0.79   | 30.4%  |

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

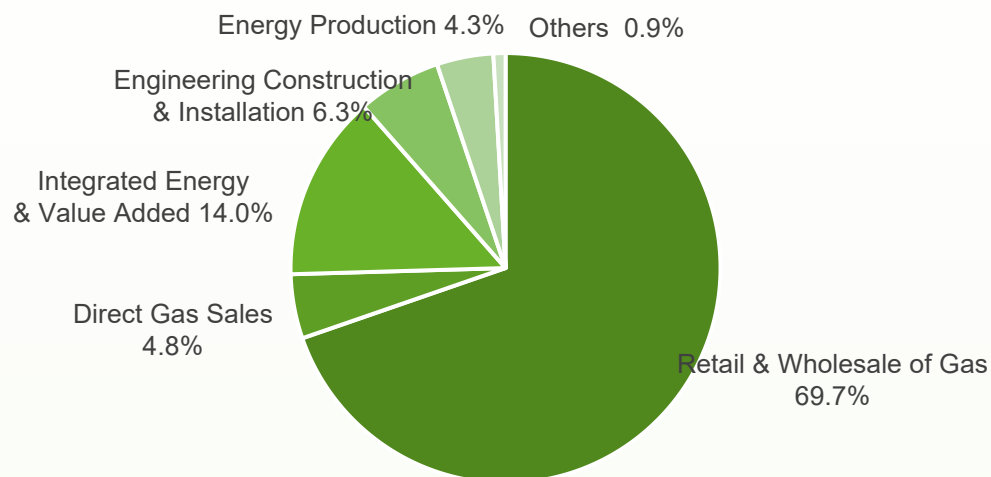
\* EBITDA, excluding FX gains and losses and changes in fair value gains and losses

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

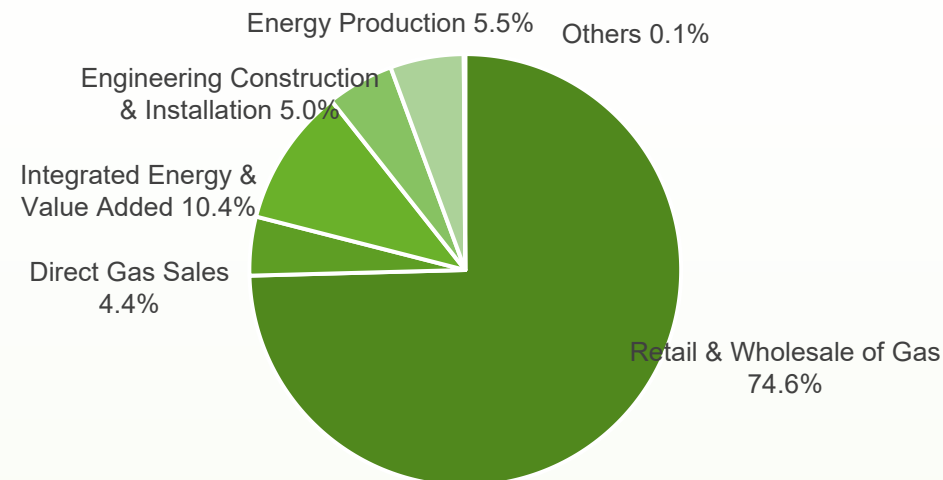
## 2.2 Continued improvement in revenue and performance contribution structure



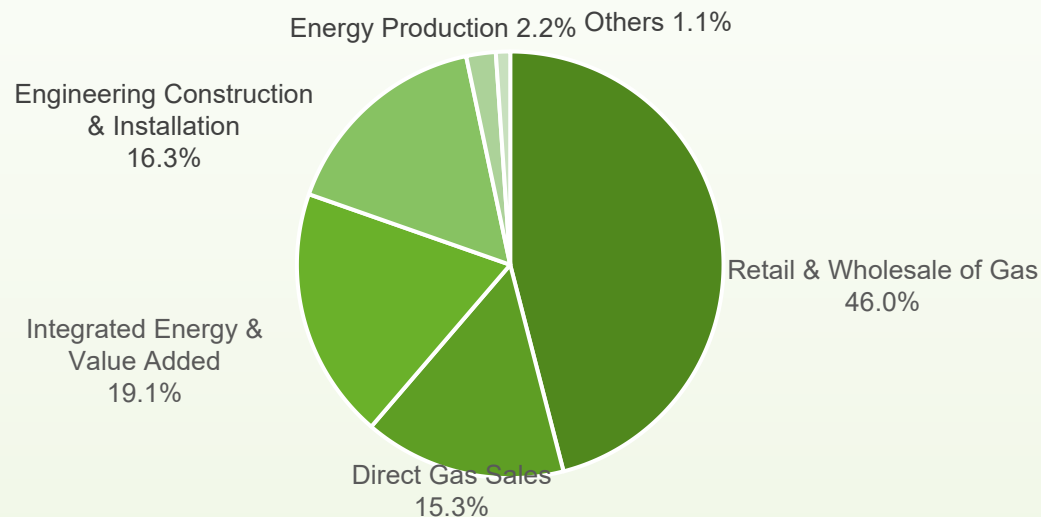
**1H2023 Revenue Breakdown**



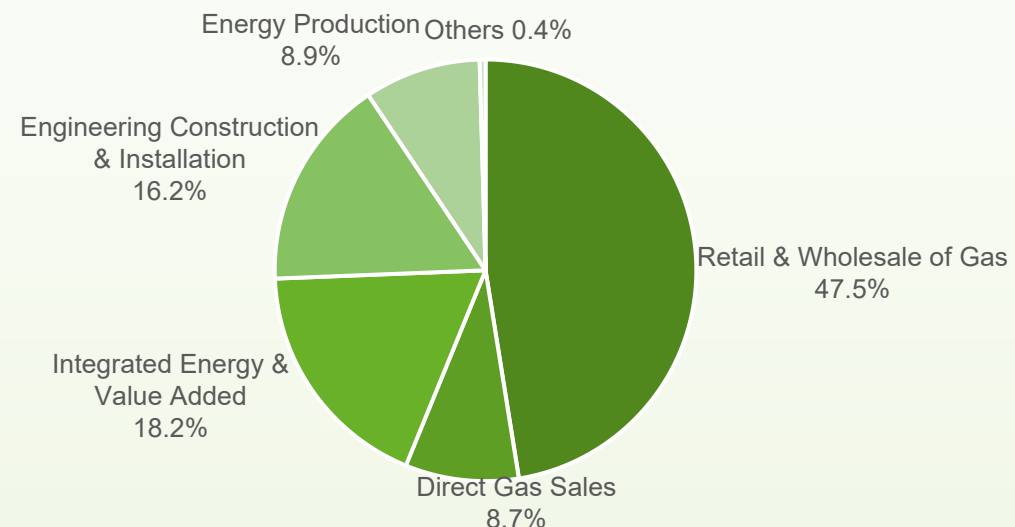
**1H2022 Revenue Breakdown**



**1H2023 Gross Profit Breakdown\***



**1H2022 Gross Profit Breakdown\***



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

## 2.3.1 Sustainable Growth of Core Profit



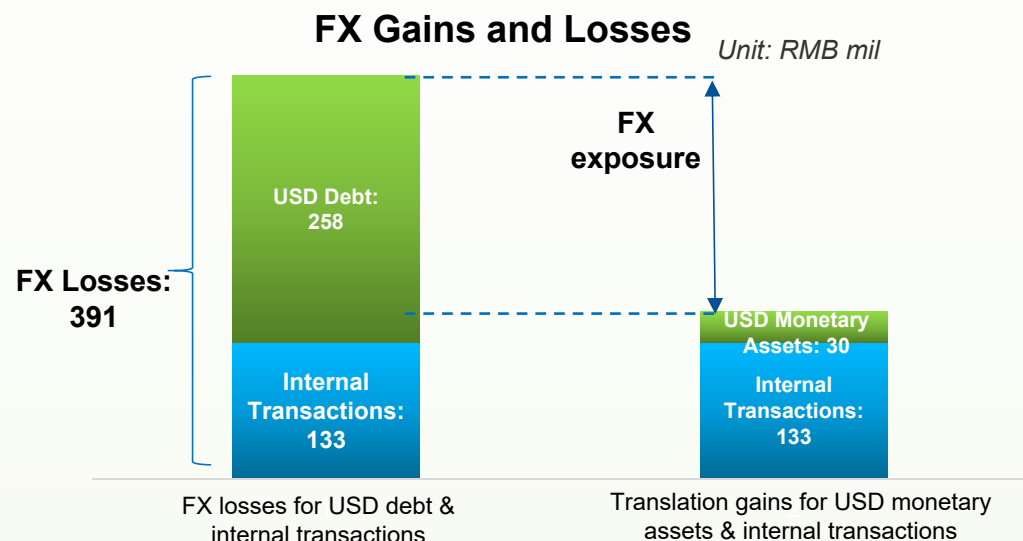
Unit: RMB mil

| Main excluded items in the calculation of core profit |                                       | 1H2023       | 1H2022       |
|---|---------------------------------------|--------------|--------------|
| <b>Net Profit Attributable to Parent</b>              |                                       | 2,204        | 1,697        |
| Non-cash factor                                       | Bad debts and asset impairment        | -62          | -13          |
|   | Changes in fair value of derivatives  | -529         | -124         |
|   | Changes in FX gains and losses        | -391         | -536         |
|   | Amortization of share incentive costs | -24          | -43          |
| One-off factor  | Others                                | 41           | -7           |
| <b>Core Profit Attributable to Parent</b>             |                                       | <b>3,169</b> | <b>2,420</b> |

## 2.3.2 Main excluded item in the calculation of core profit - Changes in FX gains and losses



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



*\*The USD monetary funds and internal credits held by overseas subsidiaries reporting in USD can generate a translation gain of RMB163 mil to offset FX losses*

Unit: USD mil

| Item               | Opening Balance | Ending Balance |
|--------------------|-----------------|----------------|
| USD Debt           | 2,387           | 2,021          |
| USD Monetary Funds | 181             | 329            |

### FX Impact on Income Statement

Unit: RMB mil

|                             | Changes in USD/RMB exchange rate | Cash impact | Non-cash impact | Non-cash impact attributable to parent |
|-----------------------------|----------------------------------|-------------|-----------------|--|
| <b>Sensitivity Analysis</b> | ± 1%                             | ± 2         | ± 107           | ± 61                                   |

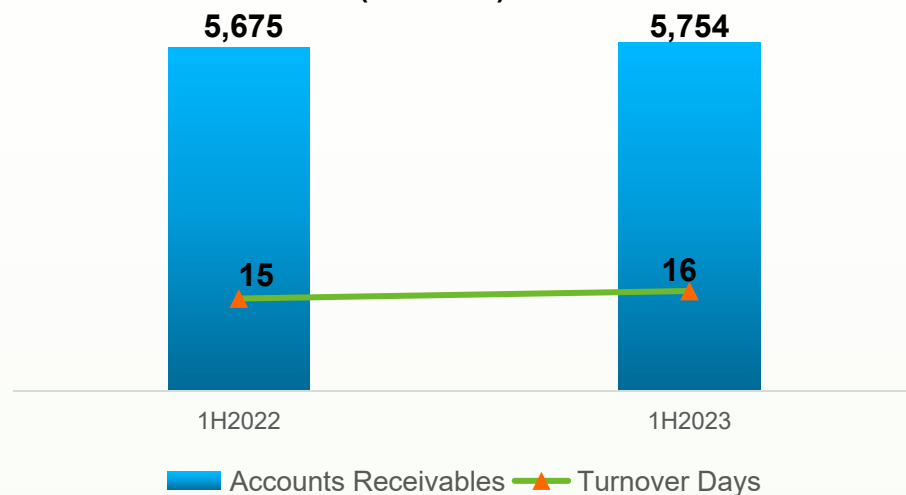
### FX Risk Management

- ✓ Pay continuous attention to market changes and manage the scale of dollar debt through methods such as repurchase of dollar debt by overseas dollar income
- ✓ Pay continuous attention to market fluctuations of exchange rate and dynamically manage the hedging of existing dollar bonds, with the proportion of hedged bonds reaching around **30%**

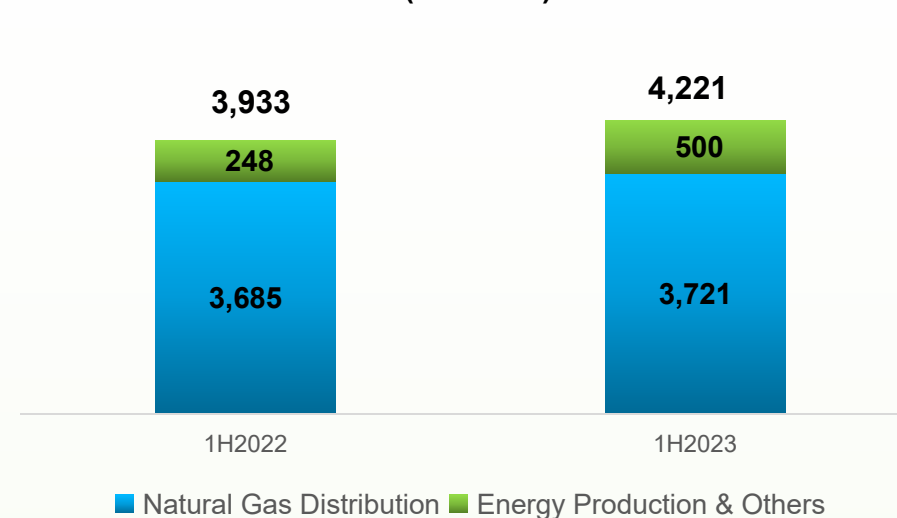
## 2.4 Excellent Financial Management



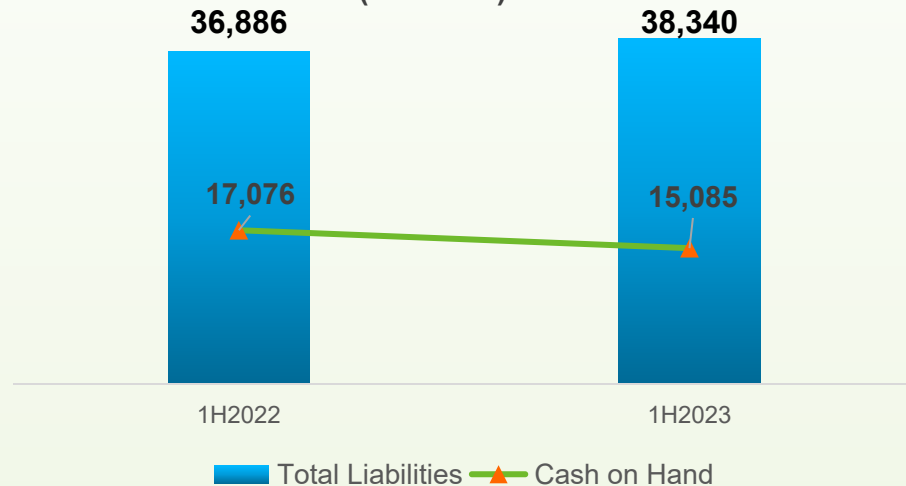
Accounts Receivables and Turnover Days  
(RMB mil)



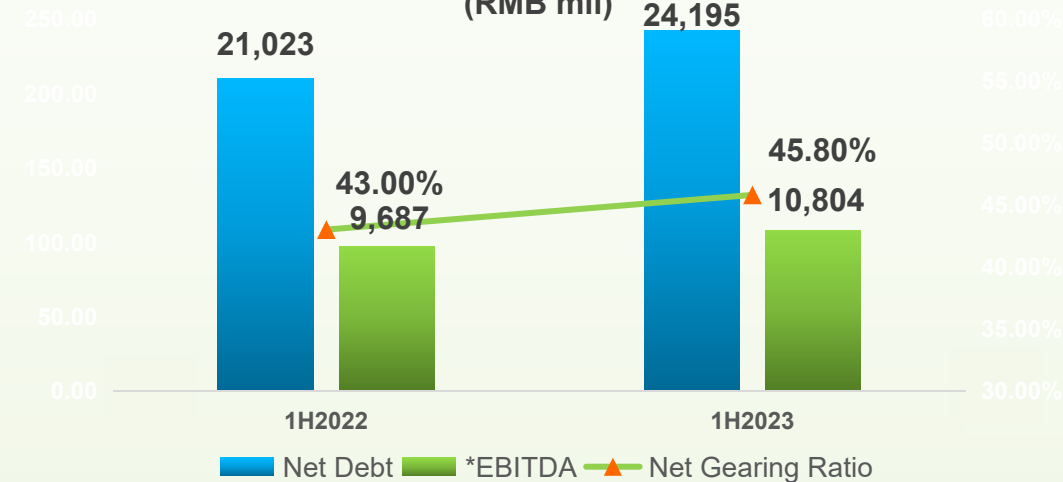
CAPEX (RMB mil)



Total Debt & Cash on Hand  
(RMB mil)



Net Debt, EBITDA\* and Net Gearing Ratio  
(RMB mil)

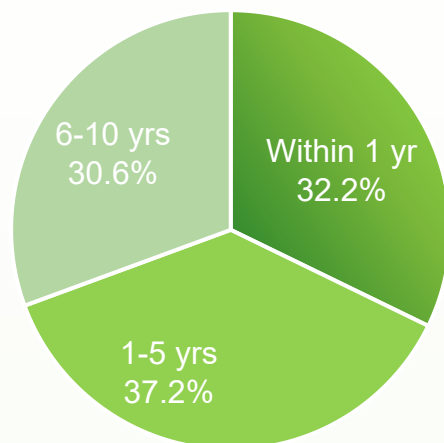


\*EBITDA, Excluding FX gains & losses and changes in fair value gains & losses

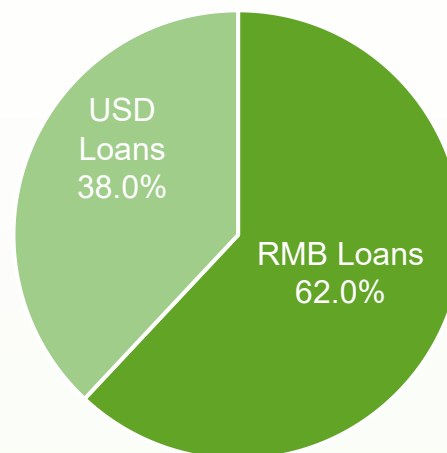
## 2.5 Sound Debt Structure and Ample Liquidity



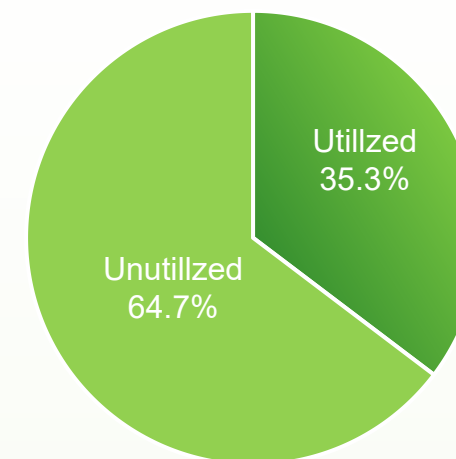
By Maturity



By Currency



Total Credit Facilities: **RMB 68.3 bil**



Credit Ratings

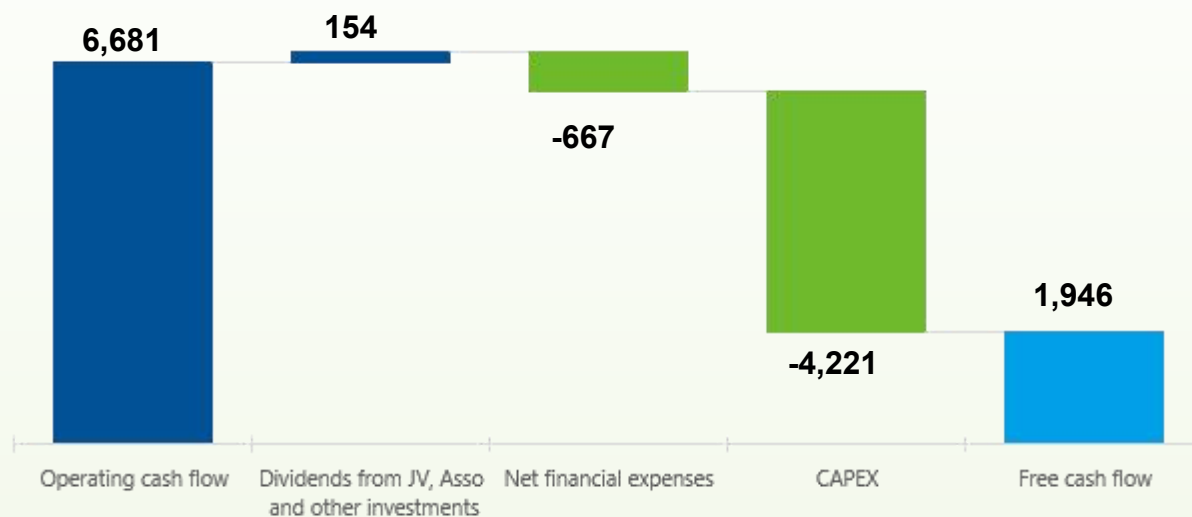
| Rating Agencies | FY2022                 | 1H2023                    |
|-----------------|------------------------|---------------------------|
| S&P             | BBB-                   | BBB-                      |
| Fitch           | BBB-                   | BBB- (Positive outlook) ↑ |
| Moody's         | Ba1 (Positive outlook) | Ba1 (Positive outlook)    |
| CCX             | AAA                    | AAA                       |
| CSCI Pengyuan   | AAA                    | AAA                       |

## 2.6 Abundant Free Cash Flows and Steadily Rising Payout Ratio

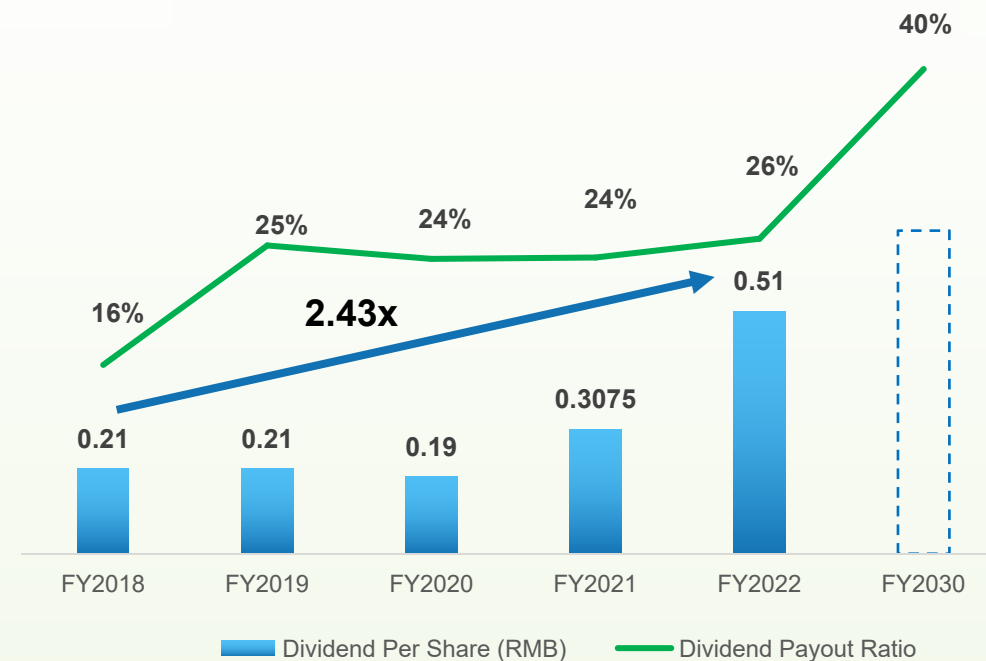


- Sustained growth in the principal business, coupled with prudent financial management, generated positive free cash flow for years, enabling a steady increase in dividend payout
- Over the next three years, the annual increase in dividend payout will not be less than RMB0.15 per share (pre-tax) and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

Abundant free cash flow (RMB mil)



Substantially Improved Shareholder Returns (RMB/share)











## Appendix 1. Company overview



- ENN-NG (stock code: 600803.SH) was listed in 1994. Relying on the best industry practices, ENN-NG has built an intelligent operation platform for the natural gas industry (www.greatgas.cn), to aggregate natural gas demands, resources, delivery and reserve and develop innovative digital intelligence services. The company strived to become an intelligent ecological operator in the natural gas industry, so as to promote the digital intelligence upgrade of the natural gas industry
- Our principal businesses included direct sales, retail and wholesale of natural gas business, construction and operations of an intelligent platform for the natural gas industry, infrastructure operations, integrated energy business, value-added business, engineering construction and gas installation, as well as energy production. We also reserved technologies and expanded business in new energy sectors such as hydrogen and biomass
- The Company operated 254 city-gas projects nationwide, serving 230,000 C/I customers and 28.84 mil residential customers, respectively

### Business Segments

| Direct Gas Sales  | Retail and Wholesale of Gas  | Construction and Operations of gas intelligent platform  | Infrastructure Operation   | Integrated Energy  | Engineering Construction and Installation   |
|---|--|--|--|--|---|
|   |   |    |   |   |    |
| <ul style="list-style-type: none"> <li>• The Company mainly purchased natural gas overseas, supplemented by domestic self-owned or entrusted LNG plants. It sold natural gas online and offline to various customers, including large-scale industries, city gas operators, power plants, transportation energy operators and international traders.</li> </ul> | <ul style="list-style-type: none"> <li>• Retail: The Company mainly purchased natural gas from the three major oil companies and built pipeline networks in designated areas based on franchises and delivered natural gas to end users such as C/I customers, residential clients, and CNG/LNG vehicle refueling stations.</li> <li>• Wholesale: It worked as a way to smooth out peaks for retail gas sales. The Company purchased natural gas from domestic upstream gas suppliers and sold it in bulk through its self-owned and third-party gas transportation networks to customers not covered by the pipeline network in its operating areas.</li> </ul> | <ul style="list-style-type: none"> <li>• The GreatGas.cn aimed to improve the overall capacity and efficiency of the natural gas industry by matching the demand and supply sides of the sector with digital intelligence technologies, providing scenario data, and supporting the creation of intelligent products based on the best innovation practices under every natural gas scenario of ENN-NG and the industry, empowering all parties of the ecosystem. It strived to become the GPT of the industry and meeting customer demands intelligently, and driving the industry's efficient operation based on industry big data and knowledge base as well as General intelligence capability.</li> </ul> | <ul style="list-style-type: none"> <li>• Operation of Zhoushan LNG Terminal, gas and liquid transmission and distribution pipelines, gas storage and other infrastructure, providing users with gas receiving and unloading, transportation, storage and other services</li> </ul> | <ul style="list-style-type: none"> <li>• Based on customer needs, the company built an integrated multi-energy complementary system by combining renewable energy and clean energy. The system can intelligently produced and supplied multiple energy sources such as electricity, heating, cooling, steam and water and scheduled and operated through a digital intelligence platform, thus realising the development and utility of omni energy value chain</li> </ul> | <ul style="list-style-type: none"> <li>• The company provided integrated engineering services for natural gas infrastructure, municipal engineering, new energy and digital intelligence, including technology, consulting, planning and design, equipment manufacturing and skid-mounted integration, project construction, and digital delivery</li> <li>• The company provided gas installation services for residential and C/I customers, covering areas such as courtyard pipeline networks, indoor pipelines and facilities, and after-sales maintenance services</li> </ul> |

## Appendix 2. Details of long-term LNG contracts



| No. | Buyer                          | Seller          | Tenor     | Contract vol<br>(mil tons/yr) | Delivery<br>method | Gas resources                        | Start year | Index-linked |
|-----|--------------------------------|-----------------|-----------|-------------------------------|--------------------|--------------------------------------|------------|--------------|
| 1   | ENN Energy                     | Chevron         | 10 years  | 0.66                          | DES                | Global resources                     | 2018       | JCC          |
| 2   | ENN Energy                     | Total           | 10 years  | 0.50                          | DES                | Global resources                     | 2018       | JCC/HH       |
| 3   | ENN Energy                     | Origin          | 5+5 years | 0.28                          | DES                | Global resources                     | 2018       | Brent        |
| 4   | ENN LNG<br>(Singapore) Pte Ltd | Cheniere        | 13 years  | 0.90                          | FOB                | USA<br>Corpus Christi<br>Sabine Pass | 2022       | HH           |
| 5   | ENN LNG<br>(Singapore) Pte Ltd | Novatek         | 11 years  | 0.60                          | DES                | Russia                               | 2025       | Brent        |
| 6   | ENN Energy                     | Energy Transfer | 20 years  | 0.90                          | FOB                | USA<br>Lake Charles LNG Project      | 2026       | HH           |
| 7   | ENN LNG<br>(Singapore) Pte Ltd | Energy Transfer | 20 years  | 1.80                          | FOB                | USA<br>Lake Charles LNG Project      | 2026       | HH           |
| 8   | ENN LNG<br>(Singapore) Pte Ltd | NextDecade      | 20 years  | 2.00                          | FOB                | USA<br>Rio Grande LNG Project        | 2026       | HH           |
| 9   | ENN LNG<br>(Singapore) Pte Ltd | Cheniere        | 20 years  | 1.80                          | FOB                | USA<br>SabinePass Liquefaction       | 2026       | HH           |

## Appendix 3. Analysis of Core Profit Deductions - Changes in fair value of derivatives



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

### Sensitivity Test of Gain on Changes in Fair Value

| Price Scenario Simulation                | TTF+3<br>JKM+3 | TTF-3<br>JKM-3 |
|--|----------------|----------------|
| Effect of gains on changes in fair value | -9%            | 9%             |

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

Unit: RMB mil

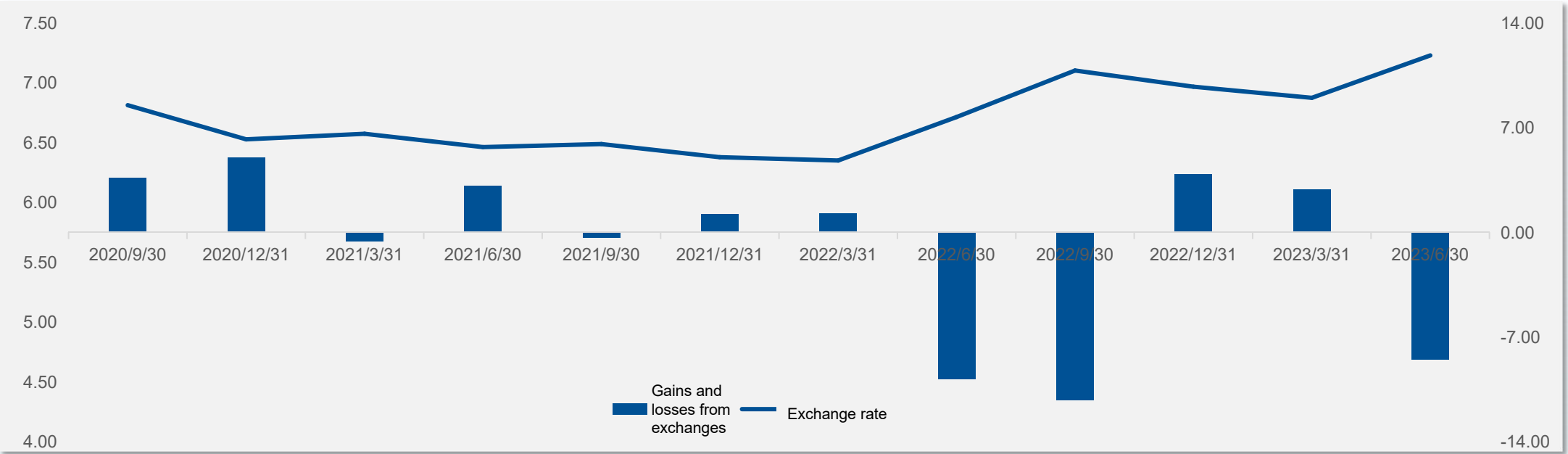
| Project                                | 2022<br>Q1 | 2022<br>Q2 | 2022<br>Q3 | 2022<br>Q4 | 2023<br>Q1 | 2023<br>Q2 |
|--|------------|------------|------------|------------|------------|------------|
| Gain on change in fair value           | -107       | 15         | 479        | 772        | 30         | -935       |
| Derivatives realised during the period | 265        | 233        | 599        | -574       | 817        | 975        |

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

Appendix 4. Effect of exchange rate fluctuations on exchange gains and losses



Trend chart of exchange rate fluctuations and exchange gains/losses



## Appendix 5. Net Profits Deducting Non-recurring Profits and Losses



Unit: RMB mil

| Main items excluded for calculating the profits deducting non-recurring profits and losses |   | 1H2023       | 1H2022       |
|--|---|--------------|--------------|
| <b>Net Profits Attributable to the Parent</b>  |   | <b>2,204</b> | <b>1,697</b> |
| Excluded Items   | Gains or losses on disposal of non-current assets   | 13           | -13          |
|  | Government subsidies included in current profits or losses*   | 330          | 143          |
|  | Gains or losses from changes in fair value of held-for-trading financial assets/liabilities and return on investment from disposal of held-for-trading financial assets/liabilities and available-for-sale financial assets, excluding effective hedging activities related to the Company's normal business operations | 908          | 416          |
|  | Net profits or losses of a subsidiary resulting from the merger of enterprises under the same control from the beginning of the period to the date of the merger  | 0            | 162          |
|  | Reversal of provision for impairment of receivables individually tested for impairment  | 81           | 50           |
|  | Affected amount of income tax   | -187         | -116         |
|  | Affected amount of minority equity (after tax)  | -322         | -294         |
| <b>Net Profits Deducting Non-recurring Profits and Losses</b>                              |   | <b>1,381</b> | <b>1,349</b> |

✓ The government subsidies for aging pipeline upgrades and urban community renovation attributed to the parent totaled **RMB 119 mil**, considered as extraordinary items excluded from net profit as per disclosure requirements. However, these subsidies are closely associated with operations and are part of core earnings.

✓ Realized gains attributed to the parent from spot and paper-combined derivatives reached **RMB 1,141 mil**, considered as extraordinary items excluded from net profit as per disclosure requirements. However, these gains are generated from operations and are part of core earnings.

✓ Foreign exchange losses attributed to the parent resulting from currency fluctuations amounted to **RMB 391 mil**, considered as part of operating profits as per disclosure requirements. However, these losses do not involve actual cash flows and are not closely tied to operations, and thus are not part of core earnings.

## Appendix 6. Implementation plan for the acquisition of Zhoushan Terminal



### Transaction plan

- Underlying asset: **90% equity**
- Consideration: **RMB 8.55 bil**
- Payment method: **50% by shares + 50% by cash**

### Issue price and quantity

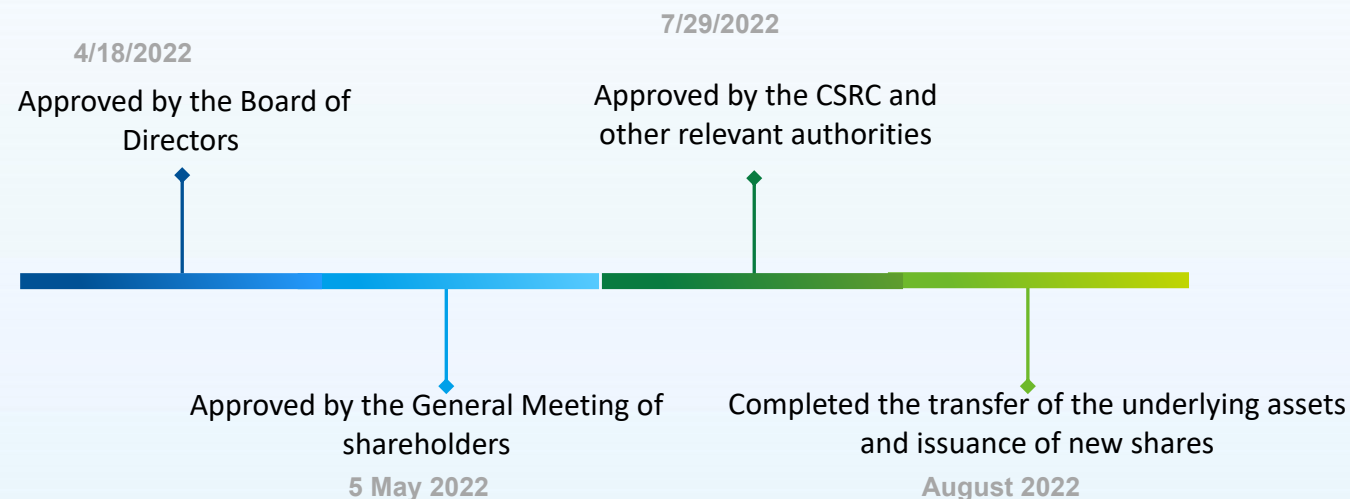
- Issue price: **RMB16.91 per share**
- Number of shares issued: **252,808,988 shares**
- Upon completion of the transaction, the controlling shareholder of the company holds a total of **72.40%** of the shares of the listed company

### Performance commitment period and amount

(RMB mil)

| Period | 2022   | 2023   | 2024   | 2025     |
|--------|--------|--------|--------|----------|
| Amount | 349.67 | 639.43 | 933.48 | 1,196.43 |

### Transaction key milestones and processes

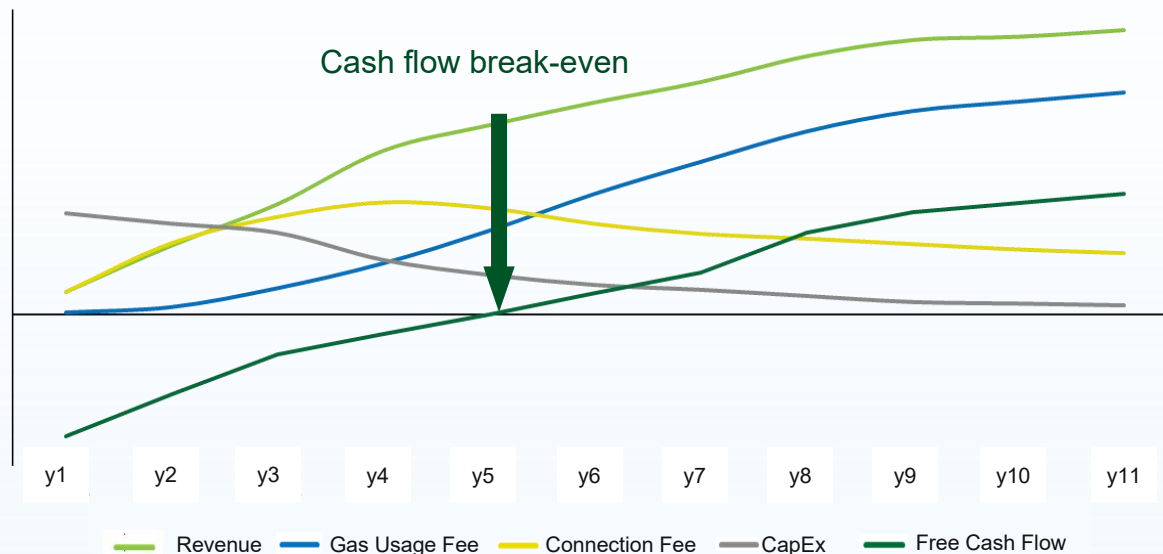




## Appendix 7. Simplified Model for a Typical City-gas Project & IE Project

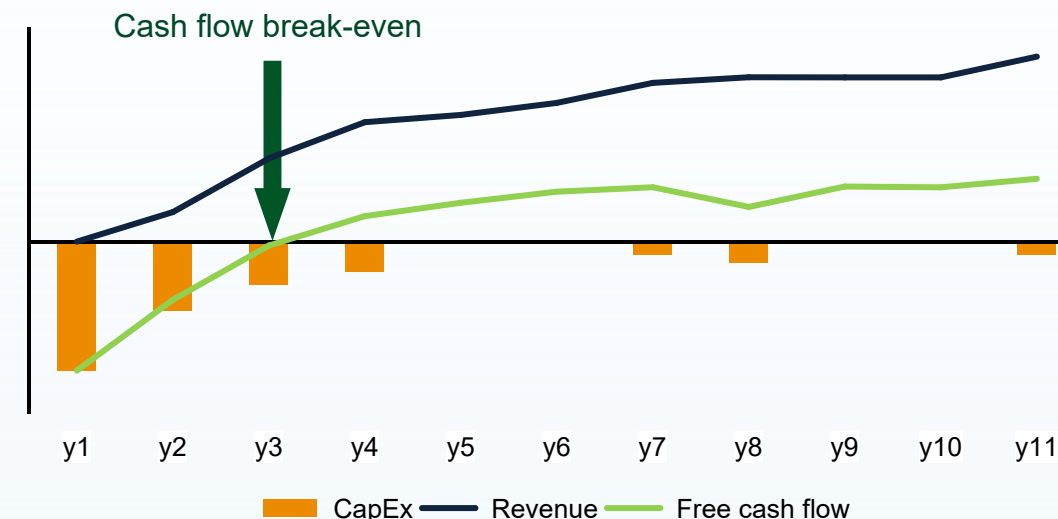


### City-gas Project



- **Connection fee dominates in early years when the project companies are signing up new customers**
- **Gas usage increases as projects mature, becoming the major source of recurring income**
- **Prior to the completion of the whole pipeline network in cities, revenue will be generated as soon as gas supply becomes available in certain districts.**  
Each connection contract normally takes 6–12 months to complete
- **In general, gas projects would generate positive free cash flow after 5 years of operation**

### IE Project



#### 1. Stable & Recurring Income

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

#### 2. Rapid Cash Flow Generation

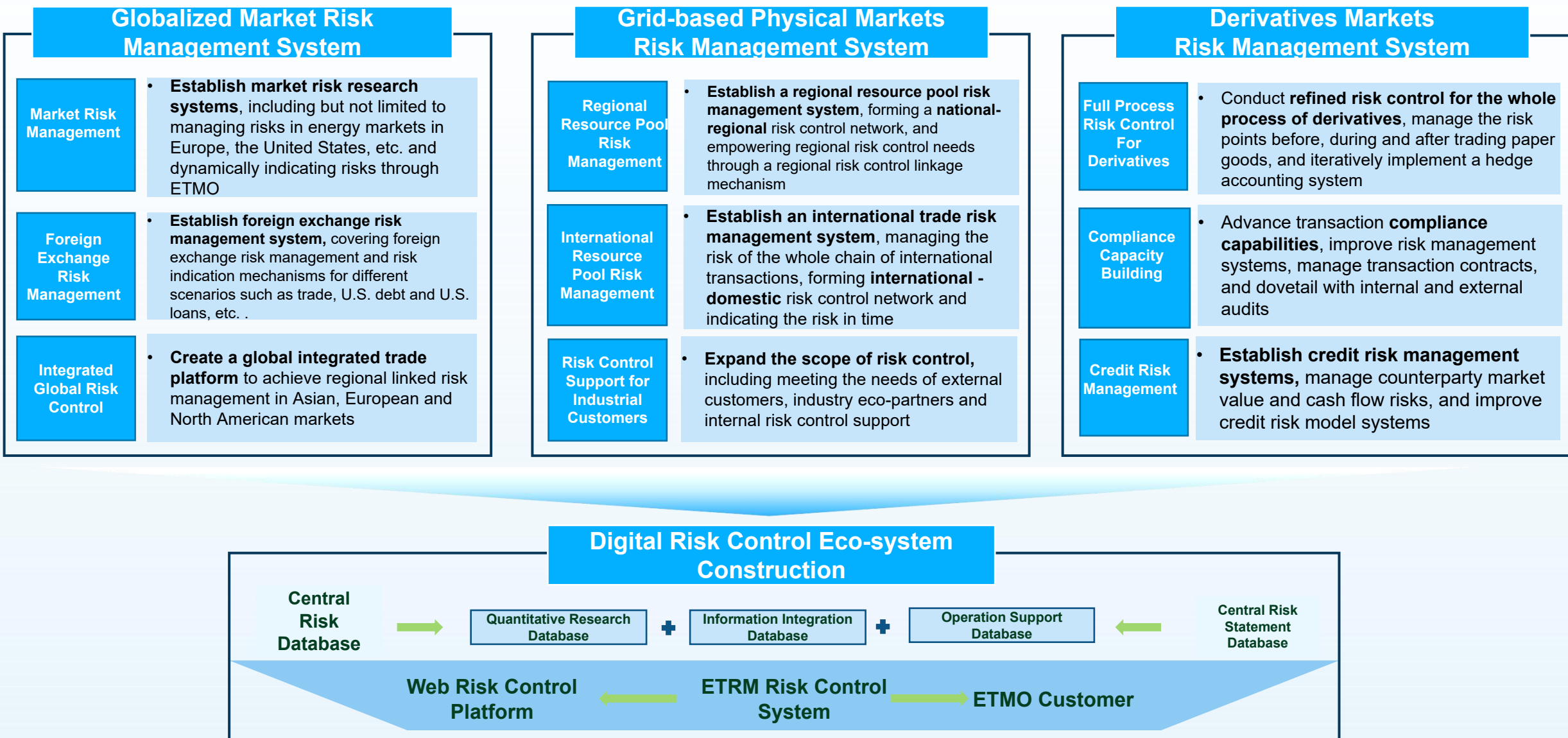
- Capex are invested by stages depending on the number of customers and their energy consumption scale
- Our projects are mostly industrial parks with existing customers, once the energy stations completed, energy sales can be generated
- Payback period: 7-8 years

#### 3. Low Risk

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



## Appendix 8. Comprehensive Risk Management Capabilities to Improve Operational Certainty



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