



ENN
新奥

新奥股份
ENN Natural Gas



Unleash the power of collaboration through an intelligence-enhanced ecosystem

2023 | INTERIM
REPORT

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ENN 新奥



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Financial Report

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Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting, and the person of the accounting agency (accounting officer).

The originals of all corporate documents and original announcements that have been publicly disclosed in the newspapers designated by the CSRC in the Reporting Period.

Important Notice

- I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior managers of the Company ensure that the content of the Semi-annual Report is true, accurate and complete, 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. This Semi-annual Report is unaudited.
- IV. The person in charge of the Company, Yu Jianchao, the person in charge of the accounting, Wang Dongzhi, and the chief accountant (accounting officer), Cheng Zhiyan, declare to ensure that the Semi-annual Financial Report is true, accurate and complete.
- V. Profit distribution proposal or proposal for capitalization of capital reserve approved by the resolution of the Board of Directors during the Reporting Period

Uninvolved

- VI. Prospective statement of risk

☒ Applicable ☐ N/A

The prospective description of future plans, development strategies, etc. in this Report does not constitute a substantive commitment of the Company to investors, and investors are advised to pay attention to the risk of investment.

- VII. Whether there is any non-operational appropriation of funds by the controlling shareholder and other related 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 Semi-annual Report disclosed by the Company

No

- X. Material Risk Warning

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

- XI. Others

☐ Applicable ☒ N/A



01

Interpretation

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

| Interpretation of common terms | | |
|-------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------|
| The Company or ENN-NG | Refers to | ENN Natural Gas Co., Ltd. |
| ENN International | Refers to | ENN Group International Investment Limited, which is the Company's holding shareholder. |
| ENN Zhoushan or Zhoushan Terminal | Refers to | ENN (Zhoushan) LNG Co., Ltd. |
| ENN Energy | Refers to | ENN Energy Holdings Limited, which is a Listed Company on the Hong Kong Stock Exchange with stock code: 02688. HK |
| Essential Investment | Refers to | Essential Investment Holding Company Limited |
| ENN Holdings | Refers to | ENN Holdings Investment Co., Ltd., which is a shareholder of the Company |
| PipeChina | Refers to | China Oil & Gas Pipeline Network Corporation |
| Xinneng Mining Industry | Refers to | Xinneng Mining Industry Co., Ltd. |
| Xinneng Energy | Refers to | Xinneng Energy Co., Ltd. |
| Xindi Energy Engineering | Refers to | Xindi Energy Engineering Technology Co., Ltd. |
| Xinneng (Tianjin) | Refers to | Xinneng (Tianjin) Energy Co., Ltd. |
| ENN Qinshui | Refers to | Shanxi Qinshui ENN Clean Energy Co., Ltd. |
| Xinneng Hong Kong | Refers to | Xinneng (Hong Kong) Energy Investment Co., Ltd. |
| ENN Group | Refers to | ENN Group Co., Ltd. |
| ENN Science and Technology | Refers to | ENN Science and Technology Development Co., Ltd., which is a shareholder of the Company |
| SSE | Refers to | Shanghai Stock Exchange |
| PetroChina | Refers to | PetroChina Company Limited |
| Sinopec | Refers to | China Petrochemical Corporation |
| CNOOC | Refers to | China National Offshore Oil Corporation |
| Yuan, 0.01 Million Yuan, 100 Million Yuan | Refers to | RMB Yuan, RMB0.01 Million Yuan, RMB100 Million Yuan, China's legal currency unit |
| Reporting Period | Refers to | A period from 1 January 2023 to 30 June 2023 |



02

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 |
| Chinese abbreviation of the Company | 新奥股份 |
| Foreign name of the Company | ENN Natural Gas Co.,Ltd. |
| Abbreviation of Company's foreign name | ENN-NG |
| Legal representative of the Company | Wang Yusuo |

II. Contacts and Contact Information

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

III. Basic Information

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

IV. Information Disclosure and Preparedness Location

| | |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Name of the newspapers disclosing information selected by the Company | China Securities Journal, Shanghai Securities News and Securities Daily |
| Website address disclosing the Semi-annual Report | http://www.sse.com.cn |
| Preparedness location of the Company's Semi-annual Report | Shanghai Stock Exchange, Corporate Investor Relations Intellectual Competency Group |
| Query index for changes during the Reporting Period | / |

V. Briefing of the Company's Shares

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

VI. Other Relevant Information

☐ Applicable ☒ N/A

VII. Key accounting data and financial indicators of the Company

(I) Key accounting data

Unit: RMB'0000 Currency: RMB

| Key accounting data | Same period of previous year | | | Increase or decrease over the same period previous year for the current Reporting Period (%) |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------|-----------------------|----------------------------------------------------------------------------------------------|
| | Current Reporting Period (January – June) | After the adjustment | Before the adjustment | |
| Operating income | 6,716,963 | 7,313,112 | 7,301,974 | -8.15 |
| Net profit attributable to shareholders of listed companies | 220,353 | 169,680 | 153,543 | 29.86 |
| Net profit attributable to shareholders of listed companies after deducting nonrecurring profits and losses | 138,104 | 134,900 | 133,325 | 2.38 |
| Net cash flow from operating activities | 631,108 | 742,102 | 676,261 | -14.96 |
| Core profit attributable to shareholders of listed companies | 316,882 | 242,031 | 225,874 | 30.93 |

| | End of previous year | | | Increase or decrease at the end of the Reporting Period over the end of previous year (%) |
|----------------------------------------------------------------|------------------------------------|-------------------------|--------------------------|-------------------------------------------------------------------------------------------------------|
| | End of current Reporting Period | After the adjustment | Before the adjustment | |
| Net assets attributable to shareholders of listed companies | 1,833,836 | 1,757,812 | 1,757,812 | 4.32 |
| Total assets | 13,902,328 | 13,619,744 | 13,619,744 | 2.07 |

(II) Key financial indicators

| Key financial indicators | Same period of previous year | | | Increase or decrease over the same period previous year for the current Reporting Period (%) |
|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------|--------------------------|----------------------------------------------------------------------------------------------------------|
| | Current Reporting Period (January – June) | After the adjustment | Before the adjustment | |
| Basic earnings per share (yuan/share) | 0.71 | 0.55 | 0.54 | 29.09 |
| Diluted earnings per share (yuan/share) | 0.71 | 0.55 | 0.54 | 29.09 |
| Basic earnings per share after deducting nonrecurring profits and losses (yuan /share) | 0.45 | 0.48 | 0.47 | -6.25 |
| Weighted average return on equity (%) | 11.76 | 9.95 | 10.16 | Increase by 181 bp |
| Weighted average return on equity after deducting nonrecurring profits or losses (%) | 7.37 | 8.89 | 8.88 | decrease by 152 bp |
| Basic core profit per share (Yuan/share) | 1.03 | 0.79 | 0.80 | 30.38 |

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

√ Applicable ☐ N/A

1. The core profit attributable to shareholders of the listed company increased by 30.93% compared to the same period last year, and the basic core profit per share increased by 30.38% compared to the same period last year. This is mainly due to the increase in the contribution of direct sales gas business profit in the reporting period compared to the same period last year.

VIII. Difference between Accounting Data under Domestic and Overseas Accounting Standards

☐ Applicable ☒ N/A

IX. Items and Amounts of Non-recurring Profits or Losses

☒ Applicable ☐ N/A

Unit: Yuan Currency: RMB

| Nonrecurring profit and loss item | Amount | Note (if applicable) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------|
| Gains or losses on disposal of non-current assets | 1,333 | |
| Government subsidies included in profit or loss for the current period, other than those on-going government subsidies which are closely related to the Company's normal operation, in line with national policies and subject to certain standard quota or quantitative amount | 32,997 | |
| Gains or losses on debt restructuring | 3,310 | |
| Gains or losses on changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities except for effective hedging transactions that are related to the Company's normal operations, and return on investment from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments | 90,785 | |
| Reversal of the provision for impairment on receivables and contract assets which were tested individually for impairment | 674 | |
| Gains or losses from external entrusted loans | 443 | |
| Other non-operating income and expenses other than above items | 3,643 | |
| Less: Effect of income tax | 18,693 | |
| Effect of minority equity (after tax) | 32,243 | |
| Total | 82,249 | |

Reasons shall be specified for defining non-recurring profit and loss items in accordance with the *Interpretative Announcement on Information Disclosure by Companies that Offer Securities to the Public No. 1 – Nonrecurring Profits and Losses* and defining nonrecurring profit and loss items listed in the *Interpretative Announcement on Information Disclosure by Companies that Offer Securities to the Public No. 1 – Nonrecurring Profits and Losses* as recurring profit and loss items.

☐ Applicable ☒ N/A

X. Others

☐ Applicable ☒ N/A



03

Management Discussion and Analysis

I. An Overview of the Industry and the Principal Business of the Company During the Reporting Period

(I) Company profile

ENN-NG (stock code: 600803.SH) was listed in 1994.

Adhering to the best industry practices, ENN-NG has built an intelligent operation platform for the natural gas industry (www.greatgas.cn) as a one-stop platform for demand, resources, delivery and reserve. We have developed innovative digital intelligence services and striven to become an intelligent ecological operator in the natural gas industry to promote its digital intelligence upgrade.

Our principal businesses include direct sales, retail and wholesale of natural gas, construction and operations of an intelligent platform for the natural gas industry, infrastructure operations, integrated energy, value-added business, engineering construction and installation, as well as energy production. We have also reserved technologies and expanded business in new energy sectors such as hydrogen and biomass.

(II) Business Model

1. Natural gas sales

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

a) Direct sales of natural gas



Company Gas Plant Station

The Company sells natural gas online and offline to various customers, including large-scale industries, city gas operators, power plants, transportation energy operators and international traders.

We sourced most of the natural gas overseas, supplemented by domestic self-owned or entrusted LNG liquid plants. Regarding international procurement, the Company purchased natural gas from global producers or traders through long-term agreements and spot contracts. In terms of domestic resources, the Company acquired coal-to-gas, coalbed methane, scattered well gas, shale gas, and LNG liquid plant resources through equity investment, OEM and other methods.

Pricing under direct sales was more flexible and market-oriented, with floating or fixed prices depending on the type and demand of customers.

b) Retail and wholesale of natural gas

As for natural gas retail, we built pipeline networks in designated areas based on franchises and processed and delivered natural gas to end users such as industrial businesses, residents, and transportation sectors.

The natural gas supplied to the retail business is mainly purchased from CNPC, Sinopec, CNOOC and other resource providers. The purchase prices of non-pipeline gas (mainly LNG) is primarily determined by the market and is primarily affected by domestic and global supply and demand patterns. The National Development and Reform Commission is formulating and adjusting gate station prices so that pipeline gas prices in each province will transition to a flexible price formation mechanism. Since 2016, China has gradually relaxed gate station price control. Moreover, the gate station base price, as determined by the National Development and Reform Commission, has been adopted in response to the various market-oriented reforms in the domestic natural gas industry. Upstream gas suppliers can charge a percentage above or below the base price without any downside limit according to the supply and demand situation.

In principle, the sales price was determined by the procurement cost + gas distribution prices, and the urban gas distribution prices were subject to the Guiding Opinions on Strengthening the Regulation of Gas Distribution Prices. The gas distribution price was set based on the "permitted cost plus reasonable gain" principle, and its calibration cycle should not exceed three years. The sales price adopts the government-guided price. At present, various cities in China have established sales price linkage mechanisms for commercial and industrial users, and some cities have established sales price linkage mechanisms for residents, whereby the Company may apply for a gas sales price adjustment based on the range of the change when upstream gate station prices change.

The wholesale business worked as a way to smooth out peaks for retail sales business. The Company purchased natural gas from domestic upstream gas production and sales entities and then sold it in bulk through its self-owned and third-party gas transportation networks to customers, traders, and other parties not covered by the pipeline network in its operating areas.

c) The GreatGas.cn, Intelligent natural gas operation platform

The GreatGas.cn is our proprietary intelligent natural gas operation platform, and independently developed by the company. It aims 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 and bringing them together in one place. It is committed to becoming 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 cap.

2. Infrastructure operation

Natural gas infrastructure consists of LNG terminals, pipelines, and storage facilities. The Company charges service fees for natural gas receiving and unloading, transportation and storage.

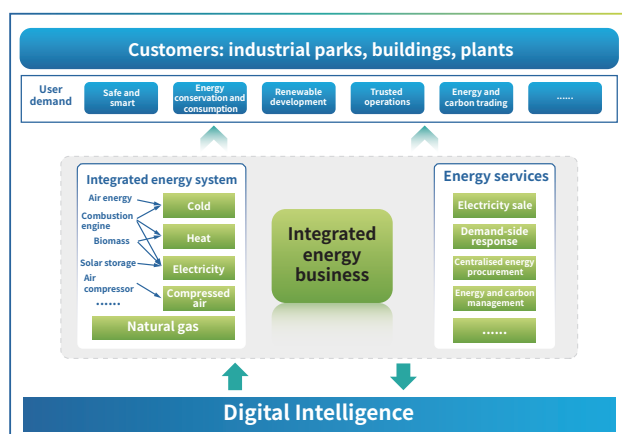
LNG terminals receive, unload, store, gasify, and export LNG from ships. Their primary function are to deliver LNG to downstream users in liquid or gaseous states through tanker trucks or pipelines.

Natural gas pipelines transport natural gas from where it is extracted to city gas distribution centres or industrial enterprise users. They can be divided into long-distance gas pipelines, city gas pipelines and industrial enterprise gas pipelines according to usage.

Gas storage facilities are essential in regulating the balance between production, transportation, sales and use of natural gas. According to the gas storage method, they can be divided into underground gas storehouses, above-ground storage tanks, and high-pressure pipeline storage.

3. Integrated energy

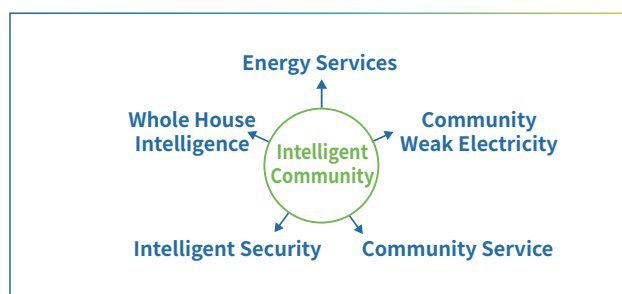
Integrated energy business consists of integrated energy systems and energy services. An integrated energy system refers to building an integrated multi-energy complementary system by combining renewable energy and clean energy according to customer demand and situation. The system can intelligently produce and supply multiple energy sources such as electricity, heat, cooling, gas and water and schedule and operate through a digital intelligence platform, thus realising the development and utility of omni energy value chain. Energy service refers to providing integrated services according to users' demands, including energy procurement, equipment operation, energy and carbon management, finance, and technology, employing digital intelligence tools, thereby promoting clean, low-carbon, safe and efficient energy utilisation.



Schematic diagram of the integrated energy business

4. Value-added business

With an aim to enhance quality of life and adhering to the principle of customer-centricity, we developed a value-added product system that meets customers' diverse and different needs according to the scenarios of "home security, smart kitchen and home environment." Products include Home Guard, 360° kitchen products, concealed installation of pipelines, and environment products and services in relation to heat, cooling, wind, water and light. The Company has also developed professional digital intelligence solutions for the energy, security and health of communities in response to the national call. Under the product and service resources of commercial and industrial enterprise users, the Company has endeavoured to provide quality products and services for family customers with a priority to quality.



Schematic diagram of the value-added business

5. Engineering construction and gas installation

The Company established an electric power design institute, an engineering design institute, a cost centre, an equipment integration company, as well as engineering companies with high qualifications. They carry out business in gas infrastructure planning, design and construction, photovoltaic, power grid, hydrogen and integrated energy projects. The engineering construction and installation business consists of engineering construction and gas installation.

a) Engineering construction

Engineering construction covers four major engineering fields: natural gas infrastructure engineering, municipal engineering, new energy engineering, and digital intelligence. The Company mainly acquires projects through bidding and provides customers with overall solutions for the entire life cycle of projects, including technology, consulting, planning and design, equipment manufacturing and skid-mounted integration, project construction, and digital delivery.

b) Engineering installation

We provided various construction and installation services relating to gas-use equipment for residential, commercial and industrial users, covering areas such as courtyard pipeline networks, indoor pipelines and facilities, and after-sales maintenance services. The installation services for residential users target newly-built commodity houses and old residential houses without pipeline gas and specifically include installing and constructing the courtyard pipeline network and equipment, indoor piping, and facilities within the red line of residential buildings with installation charges. The installation services for commercial and industrial users

refer to the installation of pipeline gas projects for industrial, commercial, welfare units and other customers. For the engineering installation business, engineering contractors and material suppliers were selected mainly through bidding. In some regions, the pricing of engineering installation business was implemented per relevant policies and regulations of the provincial and municipal development and reform commissions for engineering installation fees. In contrast, other regions have adopted a market-based pricing mechanism.

6. Energy production

a) Coal



Wangjiata coal mine
approved capacity **8** Mt

ENN-NG’s coal business includes the production and sales of coal. We own the mining right of the Wangjiata Coal Mine in Ordos, Inner Mongolia, which has demonstrated a capacity of 8 million tons annually. The Company has also entrusted a third party with the responsibility of mining and washing the coal. The Wangjiata Coal Mine is characterised by a simple and stable geological structure with good coal quality. Non-stick coal makes up most of the mine's supply, with a small proportion of long-flame coal. The Company's main coal products include blended coal and cleaned coal. Blended coal is used as steam coal due to its high ash content. In contrast, cleaned coal, featuring low ash content and a relatively high degree of purity, is used as high-quality coal for particular purposes and can be used in coal chemical and steel industries. The Company sells coal to end users in strict accordance with the requirements of national policies.

b) Methanol



Methanol total designed
capacity **1.2** Mtpa

The Company's methanol business includes the production and sales of methanol. The primary raw material of the Company's methanol products is coal, which is mainly purchased from Ordos City, Inner Mongolia, and surrounding areas. Currently, the Company has two sets of production units up to 1.2 million tons per year. Most of our customers are large and medium-sized terminal chemical enterprises and the Company has gradually extended to emerging downstream customers such as fine chemicals and methanol fuel.

(III) Company Operations During the Reporting Period

1. Construction and operations of the intelligent platform for natural gas industry

In February 2023, the State Council issued the "Plan for the Overall Layout of Building a Digital China", which encourages significant developments of digital and platform economies. The plan would accelerate the digital transformation

of traditional industries and small and medium-sized enterprises and improve high-end and intelligent transformation.

The natural gas industry actively responded to the "Digital China" initiative through the construction of digital intelligence: China Oil & Gas Pipeline Network Corporation is building a smart pipeline network platform, CNOOC launches the proprietary e-commerce platform CNOOCmall, and Towngas Smart Energy forges a smart gas cloud platform; in addition, trading centres in Shanghai, Chongqing are up and running. But in general, the digital and intelligent transformation of the natural gas industry is focused on informatisation, digitalisation, and pure e-commerce trading platforms. It is yet to cut through the upper, middle and lower streams, provide smart solutions to the dynamic needs of customers, and improve the synergy between enterprises and the industry.



By 2030, China's energy industrial internet market is expected to exceed

RMB **1** trillion

Under uncertainties and complexities such as intensified market volatility, frequent extreme weather and geopolitical conflicts, the natural gas industry requires better flexibility and resilience in the supply chain. Stakeholders call on digital technologies to solve these pain points. With the advancement of the unified market and the vigorous development of artificial intelligence, conditions for developing the industrial internet are ripening. Demand for digitisation is booming in various industry sectors, from commercial customers to resource and facilities providers. By 2030, China's energy industrial internet market is expected to exceed RMB1 trillion. ENN-NG operates an all-rounded intelligent platform for the natural gas industry. It provides intelligent capabilities to meet customers' customised and flexible demand for gas. It also helps innovate business models, solve demand-supply mismatch, and improve the overall industrial capacity and operational efficiency.

2. Natural gas sales



1H2023, the domestic natural gas consumption was **194.9** Bcm, up **6.7%** yoy



By 2030, the natural gas consumption may reach **600** Bcm

Domestic Market: After the negative growth of natural gas consumption in 2022, the domestic demand has stabilised and revitalised in 2023. The domestic natural gas market recovered remarkably with the deepening reform of the oil and gas system and the accelerating construction of the new energy system. In the first half of 2023, the domestic natural gas consumption was 194.9 billion cubic metres, up 6.7% year-on-year.

According to a forecast for China's natural gas consumption demand for 2020-2030, the natural gas consumption may reach 600 billion cubic metres by 2030 and may still grow steadily subsequently. Natural gas will still play a significant role in China's energy consumption. Against this background, the Company's potential for direct sales business is set to expand rapidly, with market size expected grow by more than 150 billion cubic metres by 2030.

3. Infrastructure operations

Regarding pipeline network construction, China has accelerated the construction of natural gas pipeline network facilities and enhanced their interconnection to



The total mileage of owned
independently operated
pipelines reached about
79,272 km

improve the "unified national network". China accelerated the construction and commissioning of major national strategic projects such as the southern section of the China-Russia East Route, the middle section of the third line of the West-East Gas Pipeline, the fourth line of the West-East Gas Pipeline and the second line of the Sichuan-East Gas Pipeline, and supported and guided the integration of provincial pipeline networks into PipeChina on a market-oriented basis. According to the 14th Five-Year Plan for Modern Energy System, China's national oil and gas pipeline network is expected to span 210,000 km by 2025. The Company also played an essential role in constructing the pipeline networks and facilitating their interconnection. Currently, the Company owns 79,272 km of independently operated pipelines and promotes our effective interconnection with national and provincial pipeline networks, which lays a favourable foundation for the direct gas supply to large customers.



The average utilisation rate
of China's LNG terminal is
about **60%**

As the only channel for China's LNG imports, the LNG terminal is a vital infrastructure along the natural gas industry chain due to its receiving, storage, gasification and peak regulation functions. At present, China has 27 LNG terminals in operation. In the first half of 2023, terminal operations improved as international LNG spot prices dropped significantly and domestic demand recovered gradually, with average utilisation rate at about 60%. As China's economy gradually recovers, new gas demand, mainly from industry, is set to lift the utilisation rate of coastal LNG terminals. In addition, as overseas LNG will be an important source of new natural gas supply in China, LNG terminals will play a more prominent role in natural gas reserve, supply and emergency peak regulation.



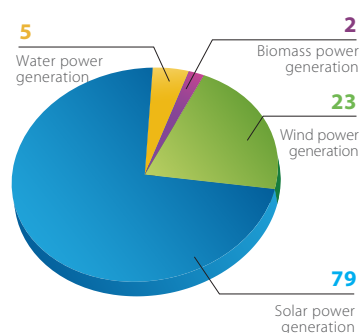
More than **25** storages
have been completed
nationwide, with over
20 Bcm of storage
capacity

Regarding gas storage facilities, the National Energy Administration proposed in the 14th Five-Year Plan for Modern Energy System to improve natural gas storage and regulation capabilities. Underground gas storage of tens of billion cubic metres will be built in Northern, Northeastern, Southwestern, and Northwestern China. For storage groups, priority will be given to promoting LNG terminal projects that have been built, are under construction and planned at important port sites, and a new mechanism for collaboration among gas supply companies, PipeChina, city-gas enterprises, and municipal governments for sharing gas storage responsibilities. To promote the effective implementation of the policy, the government has increased efforts to build LNG storage facilities and new underground storage, chiefly concentrated in Shaanxi, Gansu and Liaoning. More than 25 storages have been completed nationwide, with over 20 billion cubic metres of storage capacity. By 2025, China's gas storage capacity will reach 55 billion to 60 billion cubic metres, accounting for approximately 13% of natural gas consumption.

4. Integrated energy

In the first half of 2023, the integrated energy service market demonstrated strong resilience, with stable growth in installed capacity and power generation. By the

1H2023, the new intalled capacity of renewable energy power generation was 109 mil kW, of which



end of June, the new installed renewable energy power generation capacity was 109 million kilowatts, accounting for 77% of the new generation capacity. The total installed capacity of renewable energy power generation across the country has reached 1.322 billion kilowatts, up 18.2% year-on-year and accounting for approximately 48.8% of the total installations. In terms of power generation, the national renewable energy power generation reached 1.34 trillion kWh, accounting for about 31% of China's H1 electricity consumption. Renewable energy has further dominated in China's new installation of power generation and its role in ensuring energy supply and promoting clean and low-carbon transformation has only become more prominent.

In recent years, China has introduced a series of policy documents on topics such as dual carbon "1+N", energy consumption control, energy saving and emission reduction, digitisation, establishment of a unified national power market, spot power market, integration of power source, grid, load and storage, new energy storage, auxiliary services and energy trusteeship for public institutions. Governments at all levels highly emphasised integrated energy development and support and encourage multi-energy complementation and low-carbon smart development, which provides a favourable policy mechanism and market environment for developing an integrated energy service market. The policies can be broadly divided into three categories: the first is to limit traditional high energy consumption, with increasingly stringent policies on energy consumption, carbon emissions, energy conservation and environmental protection, and energy regulation. The second meeting of the Central Committee for Comprehensively Deepening Reform held in July 2023 considered and approved the Opinions on Promoting the Transformation of Energy Consumption Control to Carbon Emission Control, which shows that China's ecological civilisation has entered a critical period focusing on carbon reduction. During this period, China will strengthen the regulation of the total amount and intensity of energy consumption and gradually shift to a dual-control system for the total amount and intensity of carbon emissions. The second is to encourage the development of new ways to accelerate the construction of digital China and develop the circular economy, user-side energy conservation, renewable energy utilisation, and green and low-carbon energy transformation. In April 2023, the National Energy Administration issued the 2023 Guiding Opinions on Energy, which states that it will vigorously promote the construction of distributed photovoltaic power generation projects. The third is to improve supporting mechanisms, including subsidy policies, financial mechanisms, carbon quotas, and carbon trading mechanisms. On August 17th, China Beijing Green Exchange issued the Notice on the Opening of Accounts in the National Greenhouse Gas Voluntary Emission Reduction Trading System and the Notice on the Arrangement of Transaction-related Services in the National Greenhouse Gas Voluntary Emission Reduction Trading System. The National Greenhouse Gas Voluntary Emission Reduction Trading System will now open the account opening function and accept applications from market participants to open registration accounts and trading accounts, and the opening time of the trading function will be announced separately.

With the implementation of these policies, the integrated energy service market has thrived. According to the statistical estimates made by the State Grid

Corporation's research organisation, China's integrated energy service market will potentially grow from RMB0.5~0.6 trillion to RMB0.8~1.2 trillion from 2020 to 2025, and will reach RMB1.3~1.8 trillion by 2035.

5. Value-added business

In the first half of 2023, the disposable income per capita of national residents amounted to RMB19,672, representing a nominal growth of 6.5% and, taking out price factor, a real growth of 5.8%. In July 2023, The National Development and Reform Commission issued the Measures on Resuming and Expanding Consumption to promote home decoration consumption and encourage the integration of indoor intelligent assembly: promote smart home appliances, integrated home appliances, functional furniture and other products, and improve the level of smart home greening. As living standards continue to improve and demand for quality of life is higher, the Company created home service solutions to help improve quality of life underpinned by our long-term accumulated advantage in customer stickiness. Meanwhile, with the rapid development of the digital economy and massive demand for value-added business, the government strongly promotes building value-added business and smart communities, thus bringing new opportunities for developing value-added businesses.



1H2023, the disposable income per capita of national residents amounted to
RMB **19,672**

6. Engineering construction and installation

a) Engineering construction

China accelerated building a "unified national network" and gas storage capacity to ensure a safe and stable natural gas supply. Approximately RMB2 trillion is expected to be invested in key national energy projects in 2023 to boost oil and gas reserve and production.



1H2023, major national power generation enterprises invested
RMB **331.9** bil in power generation projects up
53.8% yoy

In July, the second meeting of the Central Committee for Comprehensively Deepening Reform considered and approved the Guiding Opinions on Deepening the Reform of the Electric Power System and Accelerating the Construction of a New Power System, which emphasised the design of scientific and rational path for building a new power system and safeguard green energy transformation, indicated that the construction of non-fossil energy power facilities will become a focus of investment. In the first half of 2023, major national power generation enterprises invested RMB331.9 billion in power generation projects, an increase of 53.8% year-on-year. Among them, RMB134.9 billion was invested in solar power projects, up 113.6% year-on-year, and RMB35.9 billion was invested in nuclear projects, up 56.1% year-on-year. They also invested RMB205.4 billion in power grid projects, an increase of 7.8% year-on-year. In addition, new energy storage projects have proliferated, and its technology has diversified. In the first half of 2023, the new investments amounted to 8.63 million kilowatts of installed capacity, matching the total installed capacity of the previous years.



China has become the world's largest producer of hydrogen energy, with more than

350 hydrogen refuelling stations

Hydrogen energy and biomass natural gas, which are vital areas of development for us, also grew rapidly. More than 30 countries and regions have issued national hydrogen energy strategies. China has become the world's largest producer of hydrogen energy, with more than 350 hydrogen refuelling stations. China has taken extensive measures to support the development of hydrogen energy since it was included in the 14th Five-Year Plan, driving the rapid growth of hydrogen energy. In 2023, domestic hydrogen production is expected to reach 45.75 million tons. The domestic hydrogen electrolysis equipment market is developing briskly, with 600 MV up for tender in the first half of 2023. Annual demand is expected to double compared to last year. Biogas, as clean energy source, is also of strategic importance. It can emit negative carbon, prevent agriculture non-point source pollution, recycle organic waste, produce organic fertiliser and develop rural industry.

b) Engineering installation

As urbanisation continues, the number of natural gas users is also expected to increase. According to data from the National Bureau of Statistics, the urbanisation rate of China's permanent population was 65.22% at the end of 2022, with the people continuously moving towards areas along the Yangtze River, coastal regions and inland urban areas. The peak of China's urbanisation rate is expected to likely be between 75% and 80% after 2035. The Politburo of the Central Committee held a meeting in July 2023, which emphasised that efforts shall be made to increase the supply of indemnification housing, push forward urban village revocation and emergency infrastructure construction, and revitalise idle properties. In the same month, the Notice on Solidly Promoting the Reconstruction of Old Urban Communities in 2023 and the Guiding Opinions on Steadily Promoting Urban Village Revocation in Super-Large and Mega Cities were released, requiring that all localities shall solidly promote the reconstruction of old urban communities and urban villages, which will bring more opportunities for engineering installation.

7. Energy production



1H2023, national raw coal production totalled

2.3 Bt
up **4.4%** yoy

Coal remains China's primary energy source the country's energy endowment and technology. It accounts for 56% of primary energy, and thermal power accounts for about 69% of the overall power generation. Before achieving carbon neutrality, coal demand will maintain growth driven by power demand. In the first half of 2023, the domestic coal supply was ample, with high mid – and downstream inventories and declining coal prices. The demand side showed little support for coal price as real estate and infrastructure have not shown a significant recovery and the power consumption growth of traditional industries is weak. On the supply side, China's coal imports increased significantly due to the opening of Australian coal and the decline in international coal prices. Domestic production grew steadily, with raw coal production in the first half of 2023 increased 4.4% year-on-year to 2.3 billion tons.



The average methanol price in China was

RMB **2,476** Pt,
down **12%** yoy

As the world's major basic chemical, methanol is widely used and has excellent development potential in applying automotive and marine fuels. The methanol industry is currently in a weak cycle where the supply and demand growth rate has slowed. But after adjustment and upgrade, its operating situation has gradually improved. In the first half of 2023, the average methanol price in China was RMB2,476 per ton, down 12.00% year-on-year. On the demand side, China's apparent methanol consumption was approximately 44.8 million tons in the first half of 2023, of which the olefins consumption decreased by 7.4% year-on-year, and formaldehyde and acetic acid consumption decreased by 0.1% year-on-year. On the supply side, China's methanol production capacity was 35.2 million tons in the first half of 2023, a slight decrease of 0.7% year-on-year; methanol imports reached approximately 5.34 million tons, an increase of 8.1% year-on-year. Generally, China's methanol supply and demand remained loose.

(IV) Analysis of Core Competitiveness During the Reporting Period

√ Applicable N/A

1. Build an all-scenario application for natural gas ecology and amplify the effect of industrial aggregation

ENN-NG has established a diversified and flexible resource pool. On the one hand, we enhanced the contracted gas volume from the three major oil companies to stabilise our principal business while expanding various unconventional resources from Xinjiang Qinghua, Datang Energy, Shanxi coalbed methane and Chongqing shale gas to further reduce the cost of gas. On the other hand, the Company continued to optimise the international resource pool by seizing the window for signing LTAs and strived to build an international LNG capacity pool to obtain long-term LNG vessel capacity resources at a competitive price. Given the significant fluctuations in global natural gas prices, we responded quickly to international and domestic market changes by flexibly deploying resources between both markets. The Company also optimised international sales business with the help of ETMO – a digital intelligence and risk control product – to create value through the synergy of markets at home and abroad.



Owned gas storage capacity of

500 Mcm,
newly acquired
62 Mcm

We have strategically deployed and optimised our infrastructure to enhance the delivery capability. On the one hand, with Zhoushan as the pivot point, the Company proactively linked up with ecological partners, gave full play to its role as a "strategic pivot point, main business hub and key resource channel", and flexibly utilised the PipeChina window to enable the availability of international resources nationwide and facilitate their sales in high-value markets. On the other hand, the



Owed **254** city-gas
projects with a market
covering **20** provinces in
China

Company has established an extensive delivery network and obtained vital access points to promote the interconnection of pipeline channels across provinces and networks. With a own gas storage capacity of 500 million cubic metres, combined with an additional storage capacity of approximately 62 million cubic metres acquired by digital and physical means from PipeChina Wen 23, Qingshan and Guangzhou, the Company can effectively meet the evolving needs of its customers.

In addition, ENN-NG has a robust downstream distribution capability. Underpinned by 254 city-gas projects, the Company proactively developed neighbouring customers across 20 provinces in China, most of which are located in the southeast economically developed areas with natural gas consumption higher than the national average. With the advancement of China's dual carbon policy, the market share will be further expanded. Moreover, based on the large customer base, the Company diligently developed integrated energy business and value-added business to meet customers' needs for diversified, low-carbon and green energy products and services.

2. Seize the opportunity of “double-carbon” policies and accelerate the layout of new energy business

Concerning hydrogen energy, the Company has always valued the research and application of clean energy technology. With years of investment in the entire industrial chain of hydrogen energy and active R&D funding, we have made significant progress in developing hydrogen production processes and constructing hydrogen energy.

Firstly, upstream of the hydrogen energy industry chain, the Company has researched efficient hydrogen production solutions with different processes driven by technology research and development, process design and equipment manufacturing.

Secondly, the Company has completed the single series of tuning and operation of a 500 kg/d skid-mounted natural gas to hydrogen production project. The operation was stable, with a natural gas conversion rate of not less than 80%.

Thirdly, the Company has implemented over 50 hydrogen energy projects and accumulated experience in planning, design and construction related to hydrogen energy, truly practising our strategy to become an intelligent low-carbon construction service provider.

Regarding bio-natural gas, the Company has invested in the R&D of high-efficiency dry bio-natural gas technology and completed the design scheme for the pilot project. We jointly drafted the Greenhouse Gas Emission Reduction Methodology for Anaerobic Fermentation of Agricultural Organic Waste to Produce Bio-natural Gas with China Biogas Society and China Agricultural University in April 2023 and

reported it to the Ministry of Ecology and Environment of the PRC, which contributed to the compilation of Chinese dual-carbon standards and carbon emission reduction methodology and pushed the industry to develop in a low-carbon manner.

As for SOFC projects, the Company has led the National Key R&D Programme of the Ministry of Science and Technology – Key Technology Research on Solid Oxide Fuel Cell (SOFC) Cogeneration. We have completed the technology development, construction and performance test of the 30 kW prototype, in which the electric pile output power reached 31.8 kW and the power generation efficiency reached 61.62%, demonstrating a stable operation. The performance assessment and acceptance by the PRC's Ministry of Science and Technology is expected to complete by the end of October. SOFC, as a third-generation advanced fuel cell technology, provides an effective way to utilise the fuel cleanly and efficiently.

3. Comprehensively promote digital intelligence transformation to empower industrial upgrading

While promoting "Green Transformation" and "Carbon Peak and Carbon Neutrality", the Company has also been committed to the construction of "Network Power and Digital China". Backed by extensive industrial experience and data covering all energy scenarios and based on the low-carbon, green and high-quality development requirements and general artificial intelligence's development concept and innovative practices, the Company focused on the pivotal roles of the core scenarios of the natural gas industry and built an intelligence platform for natural gas industry – GreatGas.cn, which meets the needs of customers and drives the efficient operation of the industry. Going forward, the Company will continue to build an intelligent ecosystem for the natural gas industry. To this end, we will accelerate platform aggregation, strengthen intelligent interaction, create an industrial knowledge

base, build a natural gas GPT and precipitate more role intelligent capabilities to empower the ecosystem and realise its intelligent synergy. Meanwhile, the Company will also accelerate the implementation of digital intelligence for safety operations. With the support of IoT technology, the Company aims to enhance digital intelligence safety through risk prevention and control systems, strengthen our reputation in the industry as a safe and reliable brand, and empower the safe, stable and efficient operation of the ecosystem.

4. Improve ESG management to facilitate the sustainable development of the Company

In line with the national low-carbon energy transition and a commitment to sustainable development, the Company has been enhancing the governance structure and implementation system, focusing on continuously improving ESG performance. Regarding the environment, the Company has carried out carbon emission scope III measurement, becoming a leading company in the domestic energy industry to disclose the carbon footprint of the whole life cycle of natural gas products, and started to identify and quantify climate risks and opportunities, and incorporated climate risk management into the Company's overall risk management framework. On the social front, the Company comprehensively pushed forward the construction of the digital intelligence system for safety. We facilitated the safe operation of city gas by adopting intelligent technologies such as IoT and AI. The Company also continued to advance the construction of ESG digital intelligence by building a smart management system for ESG data to realise statistics, tracking and analysing quantitative ESG indicators. The Company has become the first enterprise among peers in the A-share market to join the UN Global Compact, demonstrating the determination of as a China's gas enterprises to make significant contributions to the construction of a beautiful China and global sustainable development.

The Company's ESG management and long-term investment value have been fully recognised by ESG rating agencies in the capital market. The Company was upgraded to BBB by MSCI. We were added to the Hang Seng (China A) Corporate Sustainability Index, ranking among the 30 companies with the best ESG performance in the A-share market. In addition, the Company took the initiative to respond to Sustainalytics and DJSI ratings for the first time, scoring 32.4 and 50, respectively, which are leading levels in the gas industry within the A-share market.

(V) Discussion and Analysis of Operations

In the first half of 2023, global demand weakened and the United States hiked interest rates, which led to a sharp fall in commodity prices and a weak economic recovery. Faced with international complexities and arduous tasks domestically to reform and develop, China adopted effective policies to promote economic and social development. In the first half of 2023, China's macro economy bottomed out and saw a noticeable recovery and growth. Its GDP reached RMB59,303.4 billion, representing an increase of 5.5% year-on-year. China's natural gas industry has also ushered in new development opportunities as China accelerates the natural gas market-based reform and the green and low-carbon energy transformation by promoting further rationalisation of the natural gas pricing mechanism and supporting the healthy and high-quality development of the

natural gas industry.

Against this backdrop, the Company steadily promotes the all-scenario clean energy layout, accelerate the aggregation of demand, resources and facilities, and is supported by the industrial intelligence platform – GreatGas.cn, accumulates the best practices in place and creates more intelligent products to meet customer demands, drive the efficient operation of the industry, and promote the implementation of the strategy to become a smart ecological operator in the natural gas industry. During the Reporting Period, the Company recorded total operating income of RMB67.213 billion, down 8.15% year-on-year; net profit attributable to shareholders of RMB2.204 billion, up 29.86% year-on-year; core profit after deducting the impact of non-cash items and one-off items of RMB3.169 billion, up 30.93% year-on-year.

1. Natural gas sales

a) Direct sales of natural gas

During the Reporting Period, the Company signed a new long-term agreement for 1.8 million tons per year of natural gas with Cheniere; The long-term agreement for 2 million tons of natural gas with NextDecade has been made a final investment decision and came into force. Chevron and Total have signed long-term contracts with fixed prices for five years, and signed a medium to long-term purchase and

During the Reporting Period,
the Company recorded
total operating income of
RMB 67.213 bil,
down 8.15% yoy;

Net profit attributable
to shareholders of
RMB 2.204 bil,
up 29.86% yoy;

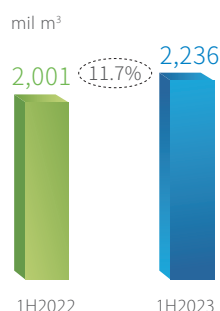
Core profit after deducting
the impact of non-cash
items and one-off items of
RMB 3.169 bil,
up 30.93% yoy.

Financial Highlights



The company's total LTAs have accumulated more than **10** million tons per year

Direct Gas Sales Volume



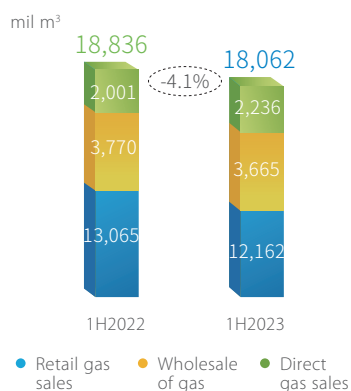
sales agreement and a cooperation agreement for utilising Zhoushan facilities with CNPC. At present, the company's long-term natural gas resources have accumulated more than 10 million tons per year, the acquisition of these LTA resources has increased the Company's resources and further optimised our resource structure.

As the dual carbon policies take hold, the government has prioritised green and low-carbon development, deepened prevention and control of air pollution, and accelerated green transformation in all sectors. Amid this backdrop, direct sales customers such as large domestic industrial enterprises, power plants and chemical enterprises strongly demand cleaner natural gas, flexible gas supply and resource matches. The Company implemented a comprehensive upstream and downstream strategic approach while leveraging all-scenario natural gas services to create value through forward-looking planning and efficient coordination. During the Reporting Period, the Company sold 2.236 billion cubic metres of gas through direct sales.

b) Retail and wholesale of natural gas

The Company consolidated the development of the natural gas retail business and achieved steady growth by capitalising on the industry consolidation opportunities with our keen market insights, excellent safety operation management and leading integrated energy concepts. At the end of June 2023, the Company has 254 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. During the Reporting Period, the retail sales volume of natural gas reached 12.162 billion cubic metres, with a year-on-year decrease of 6.9%. Among them, the retail gas sales volume to commercial and industrial users reached 9.075 billion cubic metres, with a year-on-year decrease of 9.9%, accounting for 74.62% of the total retail sales volume of natural gas. The retail gas sales volume to residential users reached 2.911 billion cubic metres, with a year-on-year increase of 5.1%, accounting for 23.94% of the total retail sales volume of natural gas.

Total Gas Sales Volume



During the Reporting Period, the Company wholesaled 3.665 billion cubic metres of gas.

c) The GreatGas.cn

During the Reporting Period, the GreatGas.cn acquired 597 new certified users, traded 2.69 billion cubic metres of gas and reported a turnover (GMV) of RMB9.08 billion. As of the end of June 2023, certified users totalled 2,981, trading 18.9 billion cubic metres of gas and generating a total turnover (GMV) of RMB52.4 billion.

2. Infrastructure operation

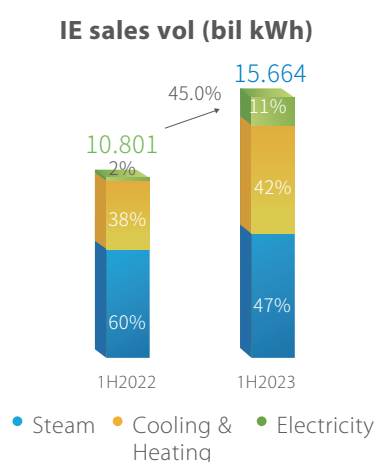
ENN's Zhoushan LNG Terminal is the first large-scale LNG terminal approved by the National Energy Administration to be invested by a private enterprise. Phase I was fully operational in October 2018, and Phase II was put into service in June 2021, with a designed capacity of 5 million tons/year, an actual capacity of up to 7.5 million tons per year and a pipeline transmission and distribution capacity of 8 billion cubic metres per year. Phase III, with an additional designed capacity of 3.5 million tons per year, commenced construction in October 2022. The actual capacity of the terminal can exceed 10 million tons per year after completion.



Zhoushan LNG Terminal

To promote the supply and use of green energy, Zhoushan Terminal utilises photovoltaic carport and cold energy power generation facilities, striving to build a green low-carbon terminal for demonstrating to the rest of the country. The cold power generation device is China's first LNG gasification-cold energy dual power generation system, which can gasify up to 100 tons of LNG per hour. It is expected to generate 23 million kW of green power annually after commissioning, saving 10 million kW of grey power consumption and reducing carbon emissions of about 18,000 tons of CO₂e.

During the Reporting Period, with a slump in international LNG spot prices and the recovery of domestic demand, Zhoushan Terminal seized the opportunity. It carried out resource exchange and open-up business while providing terminal users safe, efficient, high-quality services. Therefore, it transmitted 894,300 tons of LNG for the period, representing a year-on-year increase of 14.3%. Meanwhile, the Company achieved cost reduction and efficiency increase through lean operation, management, and tanker pressure relief and recovery. The Company also realised digital intelligent management via greatgas.cn and achieved rapid growth by developing diversified and innovative businesses, such as tank capacity lease, vessel refuelling and digital intelligence products.



3. Integrated energy

During the Reporting Period, the Company completed 42 projects among a total of 252 projects already operational, which together brought 15.664 billion kWh of integrated energy sales covering cool energy, heat energy, electricity and others, representing a year-on-year increase of 45.0%. Furthermore, 62 projects were under

construction, whose capacity would be up to 45 billion kWh when completed. As of the end of June 2023, the cumulative annual energy supply for new projects contracted for the year reached 14.6 billion kWh. Implementing these projects will lay a solid foundation for the continuous growth of revenue from the integrated energy business in 2023.



IE Project for the Beijing Daxing Economic Zone

Integrated Energy Project for the Beijing Daxing Economic Zone is operational. As a national airport economic demonstration zone, the project has built an intelligent energy system based on the smart city + "LoRa" IoT technology and digital terminals, which fully taps the potential of renewable energy such as solar energy, geothermal energy and air energy to support the integrated energy management and facilitate the carbon peak and carbon neutrality. According to the general plan, the intelligent energy sub-system of Langfang International Modern Business Logistics CBD has been completed and put into operation. The annual energy consumption is expected to reach 60.72 million kWh after achieving full capacity, saving 2700 tons of standard coal, and reducing carbon dioxide emissions by 18,000 tons annually.

4. *Value-added business*

During the Reporting Period, the Company provided high-quality life service products to the by integrating family recreation services and one-stop tourism services. The Company strengthened brand publicity by developing new marketing channels, with an aim to increase penetration rate of value-added business among existing customers, enhance customer stickiness and further realise the value of gas users. At present, the penetration rate of the value-added business in the Company's existing customer base is only 11.2%, while the penetration rate in newly developed customers during the Reporting Period was 32.3%, indicating a vast potential for business growth.



The initiative resulted in
a contracted amount of
RMB 5.83 million

The Company endeavours to generate value through products based on our gas services. For one real estate project, the Company, offered whole-home solutions featuring heating, kitchen and bathroom facilities + whole-home intelligent control on top of providing simple security and insurance products. The initiative resulted in a contracted amount of RMB5.83 million.

5. Engineering construction and installation

The Company's engineering construction and installation business consists mainly of engineering construction and gas installation businesses.

a) Engineering construction


 The penetration rate in newly developed customers during the Reporting Period was
32.3%

During the Reporting Period, the Company completed the acquisition of Shandong Xinfeng Engineering Design Co., Ltd. and obtained the qualification and professional capacity for the planning, design and consulting of electric power, which strengthened the foundation for the rapid development of our new energy business. In addition, the Company vigorously expanded the external market. The value of outstanding orders on hand was RMB6.757 billion, including RMB1.504 billion for hydrogen energy. During the Reporting Period, the Company signed a new contract for the Guanghui green power and hydrogen production integration demonstration project, which can produce 660 tons of green hydrogen per year after its commissioning; signed a contract for the 1 million m³/d natural gas liquefaction and regasification project in Sukh gas field in Kazakhstan; and signed a contract for the carbon dioxide oil repellent pilot project in Shengli oil field, which is the first CCUS project of the Company and has laid the foundation for the subsequent development of our low-carbon business.



The Guanghui Green Power and Hydrogen Production Integration Demonstration Project

As at the end of June 2023, the engineering projects that the Company participated in include three LNG terminals, over 10 LNG liquefaction plants, more than 30 coke projects of oven gas utilisation, some 2,500 kilometres of long-distance pipelines, and medium- and high-pressure pipelines exceeding 9,000 kilometres. At the same time, the Company has undertaken engineering projects relating to hydrogen energy since 2011. With more than ten years of development, the Company has matured experience in the construction of hydrogen production and hydrogen refuelling station projects, and has participated in more than 50 hydrogen-related engineering projects

b) Gas installation

During the Reporting Period, the Company developed 8,233 new commercial and industrial users (gas appliances with a daily designed gas supply of 8,358,600 cubic metres installed). By the end of June 2023, the total number of commercial and industrial users served by the Company has reached 232,510 (gas appliances with a daily designed gas supply of 192 million cubic metres installed). The construction

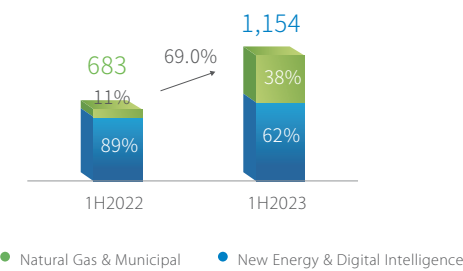
progress of the gas installation in our Company's region has slowed due to real estate policy regulations and the economic downturn. During the Reporting Period, the Company completed engineering installations for 997,800 newly developed residential users. By the end of June 2023, the Company has developed a total of 28,838,700 residential users, with an average piped gas penetration rate of 65.1%.

6. Energy production

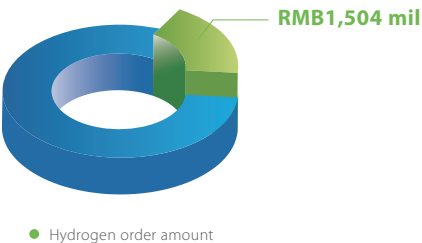
The Company is committed to building green mines. During the Reporting Period, the Company completed the construction of an IoT platform and intelligent integrated management and control system, realising dynamic sensing of work safety information, real-time early warning and forecast, emergency response linkage, intelligent scheduling and intelligent auxiliary decision-making in the wells and underground. The 4 MW photovoltaic project has completed the project engineering and construction work and is expected to be connected to the grid in the third quarter.

During the Reporting Period, the Company maximised the value of its resources through lean operations. and sold 1.88 million tons of commercial coal and 0.78 million tons of methanol.

Revenue Structure
(RMB mil)

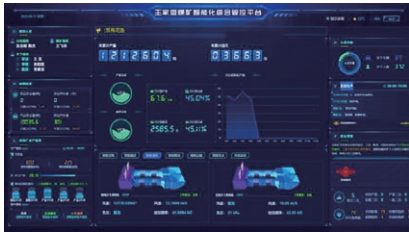


Order on hand amounted to RMB6,757 mil, including RMB1,504 mil for hydrogen energy



Engineering Construction Business of the Company in the 1H 2023

(VI) Ratings and Capital Market Awards



Wangjiata Coal Mine Intelligent
Control Center of Xinneng Mining

During the reporting period, international rating agencies Standard & Poor's (S&P) and Moody's maintained the Company's respective ratings of "BBB-" and "Ba1 (positive outlook)", while Fitch upgraded from "BBB-" to "BBB- (positive outlook)"; CSCI Pengyuan maintained its "AAA" rating. The above credit ratings reflect the agencies' full affirmation of the Company's solid business foundation, strong financial capabilities and promising prospects.

Both ENN-NG and ENN Energy were named Most Honored Company in the 2023 Asia (ex-Japan) Executive Team rankings by Institutional Investor, the internationally respected financial magazine. They won a number of awards, including Best ESG, Best Company Board, Best IR Team, Best CEO, Best CFO and Best IR Professionals. These honours underpin recognition of the excellence of the Company's

governance, management execution and IR management in the capital market.

(The information on the industry is extracted from the National Bureau of Statistics, International Energy Agency, SIA Energy, Wind and other public platforms and is for reference only).

Significant changes in the company's operating conditions during the reporting period, as well as events that have a significant impact on the company's operating conditions and are expected to have a significant impact in the future during the reporting period

☐ Applicable ☒ N/A

II. Principal Operation during the Reporting Period

(I) Analysis of principal business

1. Table of analysis on changes in related items in the financial statements

Unit: RMB'0000 Currency: RMB

| Item | Amount in current period | Amount in the same period of previous year | Change (%) |
|------------------------------------------------------------|--------------------------|--------------------------------------------|----------------|
| Operating income | 6,716,963 | 7,313,112 | -8.15 |
| Operating cost | 5,744,034 | 6,291,641 | -8.70 |
| Selling expense | 73,771 | 68,755 | 7.30 |
| Administrative expense | 209,390 | 195,255 | 7.24 |
| Finance cost | 119,529 | 150,996 | -20.84 |
| R&D expense | 37,475 | 36,898 | 1.56 |
| Interest income | 4,337 | 6,635 | -34.63 |
| Finance cost – interest revenue | 7,909 | 5,999 | 31.84 |
| Other income | 34,322 | 16,207 | 111.77 |
| Investment income (loss expressed with "-") | 201,599 | 72,053 | 179.79 |
| Income from investment in associates and joint ventures | 8,598 | 14,390 | -40.25 |
| Income from change in fair value (loss expressed with "-") | -90,612 | -10,486 | Not Applicable |
| Credit impairment losses (loss expressed with "-") | -16,161 | -9,185 | Not Applicable |
| Asset impairment losses (loss expressed with "-") | 5,776 | -1,233 | Not Applicable |
| Income from disposal of assets (loss expressed with "-") | 235 | -1,288 | Not Applicable |
| Non-operating income | 10,336 | 4,591 | 125.14 |
| Non-operating expenses | 6,691 | 3,427 | 95.24 |
| Net amount of other comprehensive income, net of tax | 7,932 | -122,523 | Not Applicable |
| Net cash flow from operating activities | 631,108 | 742,102 | -14.96 |
| Net cash flow from investing activities | -380,209 | -359,814 | Not Applicable |
| Net cash flow from financing activities | 60,828 | -51,087 | Not Applicable |

Other information:

1. Reason for change in interest income: The year-on-year decrease in interest income by 34.63% was mainly attributable to the decline in the scale of factoring and leasing business carried out by the Company's affiliated factoring and leasing companies during the Reporting Period compared with the same period last year.
2. Reason for change in finance cost – interest revenue: The year-on-year increase in finance cost – interest revenue by 31.84% was mainly attributable to the increase in interest income of the Company's subsidiaries during the Reporting Period as a result of the rise in the interest rate on US dollar deposits.
3. Reason for change in other income: The year-on-year increase in other income by 111.77% was mainly attributable to the increase in government subsidies received by the Company's subsidiaries during the Reporting Period.
4. Reason for change in the investment income: The year-on-year increase in the investment income by 179.79% was mainly attributable to the increase in derivative proceeds realized by the Company's subsidiaries during the Reporting Period.
5. Reason for change in the income from investment in associates and joint ventures: The year-on-year decrease in the income from investment in associates and joint ventures by 40.25% was mainly attributable to the decrease in investment income recognized as a result of the decline in profits of associates and joint ventures of the Company's subsidiaries during the Reporting Period.
6. Reason for change in the income from change in fair value: The year-on-year decrease in the income from change in fair value by RMB801 million was mainly attributable to the settlement upon maturity during the current period of floating income from derivative financial instruments not matured at the end of previous year to offset the income from change in fair value.
7. Reason for change in credit impairment losses: The year-on-year increase in credit impairment losses by RMB70 million was mainly attributable to the increase in the balance of long-aging receivables of the Company's subsidiaries during the Reporting Period and the corresponding increase in the accrued provision for bad debts.
8. Reason for change in asset impairment losses: The year-on-year decrease in asset impairment losses by RMB70 million was mainly attributable to the reversal of contract asset impairment of the Company's subsidiaries during the Reporting Period.
9. Reason for change in the income from disposal of assets: The year-on-year increase in the income from disposal of assets by RMB15 million was mainly attributable to the decrease in the net losses arising from the disposal of fixed assets of the Company's subsidiaries during the Reporting Period.
10. Reason for change in non-operating income: The year-on-year increase in non-operating income by 125.14% was mainly attributable to the increase in compensation received by the Company's subsidiaries.
11. Reason for change in non-operating expense: The year-on-year increase in non-operating expense by 95.24% was mainly attributable to the increase in the losses arising from external donations and retirement of fixed assets of the Company's subsidiaries during the Reporting Period.
12. Reason for change in net amount of other comprehensive income (net of tax): The year-on-year increase in net amount of other comprehensive income (net of tax) by RMB1.305 billion was mainly attributable to the decrease in the cash flow hedging reserve of the Company's subsidiaries in the same period last year.
13. Reason for change in the net cash flow from financing activities: The year-on-year increase in net cash flow from financing activities by RMB1.119 billion was mainly attributable to the repayment of loans and the decrease in cash outflow from bonds in the current period.

Unit: RMB'0000 Currency: RMB

| Item | Amount in current period | Amount in the same period of previous year | Change (%) |
|--------------------------------------------------------------------------------|--------------------------|--------------------------------------------|----------------|
| Net increase in customer deposits and placements from other banks | | 1,503 | Not Applicable |
| Cash received from interests, fees and commissions | 3,456 | 5,534 | -37.55 |
| Net increase in repurchased business fund | | 24,710 | Not Applicable |
| Net decrease in loans and advances to customers | | 6,990 | Not Applicable |
| Tax refund received | 33,097 | 185,652 | -82.17 |
| Other cash received relating to operating activities | 44,089 | 27,646 | 59.48 |
| Net decrease in customer deposits and placements from other banks | 60 | | Not Applicable |
| Net increase in loans and advances to customers | 4,768 | | Not Applicable |
| Net decrease in repurchased business fund | 16,650 | | Not Applicable |
| Cash received from investment return | 417,359 | 655,888 | -36.37 |
| Other cash received relating to investing activities | 57,434 | 42,206 | 36.08 |
| Cash paid for investment | 437,972 | 728,513 | -39.88 |
| Net cash paid for acquisition of subsidiaries and other business units | 2,946 | 6,335 | -53.50 |
| Cash received from investment absorption | 7,481 | 5,323 | 40.54 |
| Cash received from subsidiaries for investment absorption by minority interest | 5,558 | 3,090 | 79.87 |
| Other cash received relating to financing activities | 88,718 | 64,412 | 37.74 |
| Dividends and profits paid by subsidiaries to minority shareholders | 48,263 | 31,743 | 52.04 |
| Other cash paid relating to financing activities | 28,293 | 53,759 | -47.37 |
| Effect of change in foreign exchange rate on cash and cash equivalents | 7,212 | 13,785 | -47.68 |

Other information:

1. The net increase in customer deposits and placements from other banks decreased by RMB15.63 million year-on-year mainly due to the decrease in net increase of deposits absorbed by the Company's finance company during the Reporting Period compared with the same period last year.

2. The year-on-year decrease in the cash received from interests, fees and commissions by 37.55% was mainly attributable to the decline in the scale of factoring and finance lease business carried out by the Company's subsidiaries during the Reporting

Period compared with the same period last year.

3. The net increase in repurchased business fund decreased by RMB414 million year-on-year mainly due to repurchasing from the central bank by the Company's finance company for rediscounted bills upon maturity during the Reporting Period.
4. The net decrease in loans and advances to customers decreased by RMB118 million year-on-year mainly due to the increase in net fund outflow caused by the increase in unmatured portion of factoring operations carried out by the Company's subsidiaries during the Reporting Period.
5. The year-on-year decrease in the tax refund received by 82.17% was mainly attributable to the decrease in the value-added tax credit refund and import value-added tax refund received by the Company's subsidiaries during the Reporting Period.
6. The year-on-year increase in other cash received relating to operating activities by 59.48% was mainly attributable to the increase in government subsidies received by the Company's subsidiaries during the Reporting Period.
7. The year-on-year decrease in the cash received from investment return by 36.37% was mainly attributable to the decrease in recoveries from financial investments by the Company's subsidiaries during the Reporting Period.
8. The year-on-year increase in other cash received relating to investing activities by 36.08% was mainly attributable to the decrease in the Company's restricted funds during the Reporting Period.
9. The year-on-year decrease in the cash paid for investment by 39.88% was mainly attributable to the decrease in wealth management products and the reduced investments in joint ventures of the Company's subsidiaries during the Reporting Period.
10. The year-on-year decrease in the net cash paid for acquisition of subsidiaries and other business units by 53.50% was mainly attributable to the decrease in equity acquisition payments made during the Reporting Period.
11. The year-on-year increase in the cash received from investment absorption by 40.54% was mainly attributable to the increased investments received by the Company's subsidiaries from minority shareholders during the Reporting Period.
12. The year-on-year increase in the cash received from subsidiaries for investment absorption by minority interest by 79.87% was mainly attributable to the increased investments received by the Company's subsidiaries from minority shareholders during the Reporting Period.
13. The year-on-year increase in other cash received relating to financing activities by 37.74% was mainly attributable to the increase in the amount of note discount received by the subsidiaries of the Company's subsidiaries during the Reporting Period.
14. The year-on-year increase in the dividends and profits paid by subsidiaries to minority shareholders by 52.04% was mainly attributable to the increase in dividends paid to minority shareholders by the Company and its subsidiaries during the Reporting Period.
15. The year-on-year decrease in the dividends and profits paid by subsidiaries to minority shareholders by 47.37% was mainly attributable to the decrease in the payment for finance lease by the Company's subsidiaries and the cash for share repurchase paid by the Company during the Reporting Period.
16. The year-on-year decrease in the effect of change in foreign exchange rate on cash and cash equivalents by 47.68% was mainly attributable to the exchange rate fluctuation during the Reporting Period.

2. *Detailed description of significant changes in the type of business and composition or source of profits of the Company during the current period*

☐ Applicable ☒ N/A

(II) **Description of significant changes in profit from non-principal business**

☐ Applicable ☒ N/A

(III) **Analysis of assets and liabilities**

☒ Applicable ☐ N/A

1. *Conditions of assets and liabilities*

Unit: Yuan

| Item | Closing amount of the current period | Closing amount of the current period as a percentage of total assets (%) | Closing amount for the previous period | Closing amount for the previous period as a percentage of total assets (%) | Change in amount year-on-year (%) | Description |
|---------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------|-----------------------------------|-------------|
| Financial assets held for trading | 15,542 | 0.11 | 2,560 | 0.02 | 507.11 | |
| Other receivables | 195,003 | 1.40 | 326,770 | 2.40 | -40.32 | |
| Non-current assets due within one year | 1,896 | 0.01 | 8,417 | 0.06 | -77.47 | |
| Loans and advances | 1,470 | 0.01 | | | | |
| Development expenditure | 34,737 | 0.25 | 18,507 | 0.14 | 87.70 | |
| Financial assets sold under repurchase agreements | 19,869 | 0.14 | 36,519 | 0.27 | -45.59 | |
| Other payables | 529,427 | 3.81 | 304,457 | 2.24 | 73.89 | |
| Dividends payable | 350,071 | 2.52 | 26,304 | 0.19 | 1,230.87 | |
| Non-current liabilities due within one year | 292,285 | 2.10 | 194,933 | 1.43 | 49.94 | |

Other information:

1. The financial assets held for trading increased by 507.11% at the end of current period compared with those at the end of previous period mainly due to the increase in structured deposits of the Company's subsidiaries during the Reporting Period.
2. Other receivables decreased by 40.32% at the end of current period compared with those at the end of previous period mainly due to the decrease in the settled but unpaid balance of corresponding contracts caused by the shortened payment period for the commodities derivative financial instrument contracts of the Company's subsidiaries during the Reporting Period.
3. Non-current assets due within one year decreased by 77.47% at the end of current period compared with those at the end of previous period mainly due to the recovery of matured finance lease by the Company's subsidiaries during the Reporting Period.
4. The loans and advances increased by RMB150 million at the end of current period compared with those at the end of previous period mainly due to the increase in loans made available by the Company's finance company during the Reporting Period.
5. The development expenditure increased by 87.7% at the end of current period compared with that at the end of previous period mainly due to the increased investment in the technological R&D and digital-intelligent construction carried out by the Company's subsidiaries during the Reporting Period.
6. The financial assets sold under repurchase agreements decreased by 45.59% at the end of current period compared with those at the end of previous period mainly due to repurchasing from the central bank by the Company's finance company for rediscounted bills upon maturity during the Reporting Period.
7. Other payables increased by 73.89% at the end of current period compared with those at the end of previous period mainly due to the increase in dividends payable by the Company's subsidiaries during the Reporting Period.
8. Dividends payable increased by 1230.87% at the end of current period compared with that at the end of previous period mainly due to the increase in the dividends payable as declared by the Company and its subsidiaries during the Reporting Period.
9. Non-current liabilities due within one year increased by 49.94% at the end of current period compared with those at the end of previous period mainly due to the increase in the amount of long-term borrowings reclassified into non-current liabilities due within one year of the Company and its subsidiaries during the Reporting Period.

2. Overseas assets

☒ Applicable ☐ N/A

(1) Asset size

Including: RMB1,032,231 of overseas assets (Unit: RMB'0000 Currency: RMB), accounting for 7.42% of total assets

(2) Information on the high percentage of overseas assets

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | 30 June 2023 | 31 December 2022 | Reason for restriction |
|-----------------------------------|--------------|------------------|----------------------------------------------------------------------------|
| Monetary fund | 94,002 | 113,371 | Statutory reserves and various margins deposited in financial institutions |
| Fixed assets | 22,229 | 14,902 | Loan mortgage |
| Intangible assets | 26,214 | 26,052 | Loan mortgage |
| Financial assets held for trading | 15,542 | 2,560 | Structured deposit pledge |
| Total | 157,987 | 156,885 | |

1. The restricted monetary capital is mainly represented by reserves and margins of the Company in various financial institutions, primarily including statutory reserves amounting to RMB474 million and bank acceptance margins amounting to RMB59 million deposited in financial institutions.

2. The gas charging right of some subsidiaries was pledged by the Company as security for obtaining credit facilities from banks.

4. Other information

☐ Applicable ☒ N/A

(IV) Analysis of investments

1. Overall analysis of foreign equity investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Total external equity investment in the current period | Total external equity investment in the same period of previous year | Year-on-year change (%) |
|-----------------------------------------------------------|-------------------------------------------------------------------------|-------------------------|
| 152,792 | 138,035 | 10.69% |

(1). Significant equity investment

☐ Applicable ☒ N/A

(2). Significant non-equity investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Project name | Project amount | Progress (%) | Investment amount in current year | Cumulative actual investment amount | Project income | Details of major change in fund |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|-----------------------------------------|----------------------------------------------|------------------------------|------------------------------------|
| Langfang LNG Gas Storage Station Project | 24,000 | 99.2 | 19 | 23,386 | Partly under construction | Self-owned fund |
| Longping High-tech Project | 17,695 | 99.82 | | 15,787 | Partly under construction | Self-owned fund |
| High-pressure Natural Gas Pipeline Project from Taishang Pressure Control Station to Huianmen Station | 21,267 | 85 | 2,102 | 19,549 | Under construction | Self-owned fund |
| Integrated Energy Micro-network No. 1 Integrated Energy Main Station Project in Daqing Linyuan Chemical Park | 108,928 | 98.88 | 182 | 92,766 | Partly under construction | Self-owned fund and bank loans |
| Phase III LNG Storage Tank and Supporting Facilities for Zhejiang Zhousha LNG Receiving Terminal and Filling Station | 292,096 | 22.81 | 26,779 | 29,032 | Under construction | Self-owned fund |
| ENN Science Park R&D Workshop | 42,000 | 22 | 999 | 6,265 | Under construction | Self-owned fund |
| Natural Gas Supply Pipeline Works for Ningzhou Gas and Electricity Project | 108,569 | 80.77 | 12,793 | 72,227 | Under construction | Self-owned fund and bank loans |
| Dongguang High-pressure Natural Gas Pipeline Network Project along North Ring Road and Zhonghong Branch | 33,600 | 51.25 | 3,940 | 13,518 | Partly under construction | Self-owned fund |
| Total | 648,155 | / | 46,814 | 272,530 | / | / |

(3). Financial assets measured at fair value

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Asset class | Opening amount | Current profit or loss on the change in fair value | Cumulative change in fair value included in equity | Impairment provision for the current period | Current purchase amount | Current sale/redemption amount | Other changes | Closing amount | Impairment provision for the current period |
|------------------------------------|----------------|----------------------------------------------------|----------------------------------------------------|---------------------------------------------|-------------------------|--------------------------------|---------------|----------------|---------------------------------------------|
| Stock | 22,169 | 1,857 | 4,685 | | | | | | 24,084 |
| Derivative instruments | 182,678 | -91,994 | -23,081 | | 611 | | 217,382 | | 80,416 |
| Futures | 228 | -386 | | | | | | | -158 |
| Finance products | | | | | | | | | |
| Structured deposits | 2,560 | | | | 15,222 | 2,240 | | | 15,542 |
| Receivables financing | 91,663 | | | | | 7,779 | | | 83,884 |
| Other equity instrument investment | 16,758 | | 2,027 | | | | | | 16,758 |
| Other non-current financial assets | 419,293 | | | | | | | | 419,293 |
| Total | 735,349 | -90,523 | -16,369 | | 15,833 | 10,019 | 217,382 | | 639,819 |

Investment in securities

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Type | Code | Abbreviation | Initial investment cost | Source of funding | Opening book value | Current profit or loss on change in fair value | Cumulative change in fair value included in equity | Current purchase amount | Current sale amount | Current profit or loss on investment | Closing book value | Accounting item |
|--------------------|----------|------------------------|-------------------------|-------------------|--------------------|------------------------------------------------|----------------------------------------------------|-------------------------|---------------------|--------------------------------------|--------------------|------------------------------------|
| Capital securities | 01635.HK | DZUG | 41,054 | Self-owned fund | 13,394 | 1,860 | | | | | 15,254 | Other non-current financial assets |
| Capital securities | 002716 | Jingui Silver Industry | 29 | Self-owned fund | 35 | -3 | | | | | 32 | Other non-current financial assets |
| Capital securities | 09908.HK | JiaXing Gas | 4,113 | Self-owned fund | 8,740 | | 4,685 | | | 143 | 8,798 | Other equity instrument investment |
| Total | / | / | 45,196 | / | 22,169 | 1,857 | 4,685 | | | 143 | 24,084 | / |

Description of investment in securities

☐ Applicable ☒ N/A

Private equity investment

☐ Applicable ☒ N/A

Investment in derivatives

☒ Applicable ☐ N/A

In order to avoid the adverse impact from such factors as the fluctuation of international energy price and risk of macroeconomic systematization on the Company's operations and effectively prevent the exchange risk caused by the fluctuation of exchange rate and interest rate on the Company's foreign currency financing including offshore US dollar bonds and current loans, the Company conducted bulk commodity hedging, coal chemical product hedging and foreign exchange hedging so as to mitigate the procurement risk, trade risk and foreign exchange risk.

The Company held the Fifth Meeting of the Tenth Board of Directors on 9 December 2022 and the 2022 Sixth Extraordinary General Meeting on 28 December 2022, (1) deliberating and approving the *Proposal on the Estimated Hedging Amount of Commodities in 2023* which specified that the Company may carry out bulk commodity hedging transactions with balance not exceeding RMB12.6 billion and bulk commodities can adopt the method of rolling

position building with reused quota; (2) deliberating and approving the *Proposal on Estimated Hedging Amount of Foreign Exchange for 2023* which specified that the balance of hedging size at any time shall not exceed USD1.5 billion from the date when it was deliberated and approved at the general meeting of shareholders to 31 December 2023; (3) deliberating and approving the *Proposal on Estimated Hedging Amount of Coal Chemical Products for 2023* which specified that in 2023, the accumulated trading volume of methanol futures and options for hedging shall not exceed 200,000 tons; the accumulated trading volume of plastic futures and options for hedging shall not exceed 200,000 tons. The maximum trading margin shall not exceed RMB180 million, and the accumulative trading margins shall not exceed RMB500 million. As of 30 June 2023, the Company engaged in the commodities and foreign exchange hedging within the above limit.

The Company carried out corresponding accounting and disclosure for hedging in accordance with relevant provisions and guidelines of the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 24 – Hedging* and the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments*.

(V) Sale of major asset and equity

☐ Applicable ☒ N/A

(VI) Analysis of major controlled and invested companies

√ Applicable ☐ N/A

(1) ENN LNG (SINGAPORE) PTE LTD

Founded on 11 September 2019, it is a wholly-owned subsidiary of the Company mainly engaged in marketing and sale of liquefied natural gas with a registered capital of USD50 million. As of the end of the Reporting Period, ENN LNG (SINGAPORE) PTE LTD had total assets of RMB6,077.8 million and net assets of RMB5,095.81 million; during the Reporting Period, it achieved operating income of RMB4,966.92 million, operating profit of RMB1,261.48 million and net profit of RMB1,144.17 million.

(2) ENN Global Trading Pte. Ltd.

Founded in December 2020, it is a holding company of the Company with a registered capital of USD1 million and mainly engaged in procurement and sale of liquefied natural gas. As of the end of the Reporting Period, ENN Global Trading Pte. Ltd. had total assets of RMB1,201.77 million and net assets of RMB857.31 million; during the Reporting Period, it achieved operating income of RMB3,024.46 million, operating profit of RMB849.04 million and net profit of RMB710.27 million.

(3) Xinneng Mining Industry Co., Ltd.

Founded in May 2008, it is a wholly-owned subsidiary of the Company mainly engaged in production and sale of coal with a registered capital of RMB790 million. As of the end of the Reporting Period, Xinneng Mining had total assets of RMB7,608.72 million and net assets of RMB1,274.59 million; during the Reporting Period, it achieved operating income of RMB820.59 million, operating profit of RMB218.18 million and net profit of RMB212.23 million.

(4) Xindi Energy Engineering Technology Co., Ltd.

Founded on 7 April 1999, it is a wholly-owned subsidiary of the Company mainly engaged in research, development, integration and transformation of energy engineering technology; overseas project contracting; general contracting of construction projects; engineering consulting; public design for municipal industry; general contracting of municipal public works; and general contracting of petrochemical works and with a registered capital of RMB300 million. As of the end of the Reporting Period, Xindi Energy Engineering Technology Co., Ltd. had total assets of RMB5,863.6 million and net assets of RMB1,722.15 million; during the Reporting Period, it achieved operating income of RMB2,089.24 million, operating profit of RMB324.11 million and net profit of RMB277.48 million.

Subsidiaries and Associates Contributing More Than 10% of Profits

Unit: RMB'0000 Currency: RMB

| Item | ENN LNG (SINGAPORE) | ENN Global |
|------------------|------------------------|-------------------|
| | PTE LTD | Trading Pte. Ltd. |
| Operating income | 496,692 | 302,446 |
| Operating cost | 436,009 | 222,403 |
| Operating profit | 126,148 | 84,904 |
| Net profit | 114,417 | 71,027 |
| Total assets | 607,780 | 120,177 |
| Net assets | 509,581 | 85,731 |

(VII) Structured entities controlled by the Company☐ Applicable ☒ N/A**III. Other Disclosures****(I) Possible risks**☒ Applicable ☐ N/A**1. Risk of gas source acquisition and price fluctuation**

Natural gas of the Company mainly sources from international procurement and supplies by CNPC, Sinopec and CNOOC, with higher reliance on upstream suppliers. The operation of the Company will be adversely affected in case of the fluctuation in the supplies from domestic upstream suppliers or any force majeure risk in offshore LNG. As affected by complex economic situations both abroad and at home, natural gas price has been subject to significant fluctuation over the past years, and the

range of adjustments to the Company's natural gas sale prices is lower than or lags behind that of purchase price and cannot cover the changes in raw materials, labor and other costs contributed by the Company for its piped gas and non-piped gas business. The raw material price fluctuation may affect the Company's operating results. For gas source acquisition, the Company continuously deepens its cooperation with CNPC, Sinopec and CNOOC to consolidate the resource base. It also gathers on a large scale various domestic unconventional resources and sets up pricing mechanisms with suppliers of relevant resources including coalbed methane, coal gas and shale gas to achieve stable gas supply and flexible exchange and regulation relying on resilient delivery network. At the same time, the Company continues to optimize the international resource pool, expand the scale of long-term agreements and seek to achieve a diversified combination of resources to reduce the dependence on single supplier. For price fluctuation risk, the Company realizes the procurement-end cost reduction through diversification of resource portfolios and scale operation, and the sales-end companies establish a sound price linkage mechanism, effectively promoting the market-oriented demand ecology.

2. Risk of safe operation

Nature gas is flammable and explosive, so 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, distribution and transportation 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, distribution and transportation equipment, improper operation of employees or natural disasters and threaten the health and safety of production personnel in the future, the Company may be required by the safety authorities for suspension or overhaul which would cause losses to production and operations, thus affecting the daily operations of the Company. For potential risk of safe operation, adhering to the concept of "noticeable, attended and priority-specific", the Company always gives priority to operation safety and compliance and continuously enhances the safe operation level by establishing a digital-intelligent safety system.

3. Risk of exchange rate fluctuations

As of the date of this Report, the Company had a balance of USD2.021 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. 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 include a number of foreign currency derivative contracts and commodity derivative contracts concluded 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 Henry

Hub, TTF, JKM and other indexes to stabilize its future LNG purchase costs and control the price exposure risk arising from mismatch of purchase and sales and some of these contracts are designated as hedging instruments. The Company's derivative products are mainly exposed to market, liquidity, credit, counterparty and operation risks posed by commodity price fluctuations. The Company has established the Risk Control and Compliance Department to control various risks. Regarding the credit and counterparty risks, the Company strictly implements the counterparty risk restrictions and sets up a credit limit tracing & monitoring model to monitor the changes in counterparty risk by analyzing credit defaults and various financial indicators; in response to operation risk, the Company develops the Hedging System and Working Rules and transaction authorization system to regulate hedging transactions and define the trading direction and stop-loss quota, monitor the credit change of counterparty and introduce the world's leading energy trading risk management (ETRM) system of bulk commodities and independently develops a mobile risk control product – ETMO to mark to market and monitor various risk indicators on a daily basis. Based on the whole-process digital-intelligent management of derivatives business, the Company hedges the risks by reducing inappropriate manual intervention and maximizes the precision of risk management.

(II) Other disclosures

☐ Applicable ☒ N/A



04

Corporate Governance

I. Brief Introduction of the General Meetings

| Meeting | Convening date | Inquiry index of the website designated to publish resolutions | Disclosure date of resolutions | Resolution |
|------------------------------------------|----------------|----------------------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2023 First Extraordinary General Meeting | 11 April 2023 | Website of Shanghai Stock Exchange, www.sse.com.cn Announcement No.: 2023-017 | 12 April 2023 | <ol style="list-style-type: none"> 1. Deliberated and approved the <i>Proposal on the Purchase of Liability Insurance for Directors, Supervisors and Senior Managers</i>; 2. Deliberated and approved the <i>Proposal on the Change of Registered Capital and Amendment to the Articles of Association of ENN Natural Gas Co., Ltd.</i> |
| 2022 Annual General Meeting | 9 June 2023 | Website of Shanghai Stock Exchange, www.sse.com.cn Announcement No.: 2023-025 | 10 June 2023 | <ol style="list-style-type: none"> 1. Deliberated and approved the 2022 <i>Annual Report</i> and its Summary; 2. Deliberated and approved the 2022 <i>Work Report of the Board of Directors</i>; 3. Deliberated and approved the 2022 <i>Work Report of the Board of Supervisors</i>; 4. Deliberated and approved the 2022 <i>Final Accounting Report of the Company</i>; 5. Deliberated and approved the 2022 <i>ENN-NG 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 the Remuneration of Directors in 2022</i>; 8. Deliberated and approved the <i>Proposal on the Remuneration of Supervisors in 2022</i>. |

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

☐ Applicable ☒ N/A

Information on the general meetings

☒ Applicable ☐ N/A

During the Reporting Period, the Company convened a total of 2 general meetings. The procedures for convening and holding the general meetings, qualification of the convener, qualification of the attendees and procedures for voting resolutions are in compliance with the provisions of relevant laws, regulations, regulatory documents and the Articles of Association, and the voting results are legally valid.

The 2022 Annual General Meeting of the Company was held for the first time by live broadcast, and can be watched online by visiting the websites for replay: <https://l.qsh1.cn/activity/4kqNXG> or <https://s.comein.cn/A1vKJ>.

II. Changes in directors, supervisors and senior managers of the Company

√ Applicable ☐ N/A

| Name | Position | Change |
|--------------|----------------------------|-------------|
| Wang Shihong | Vice President | Dimission |
| Wang Guiqi | Vice President | Dimission |
| Men Jijun | Assistant to the President | Dimission |
| Zong Bo | Assistant to the President | Appointment |

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

√ Applicable ☐ N/A

- On 2 February 2023, the Company disclosed the *Announcement of ENN-NG on the Resignation of Vice President*. Due to the adjustment of job position, Mr. Wang Shihong resigned as the Company's Vice President and would continue to hold other posts in the Company.
- On 25 March 2023, the Company disclosed the *Announcement of ENN-NG on the Resignation of Senior Managers*. Due to the adjustment of job position, Mr. Wang Guiqi resigned as the Company's Vice President and Mr. Men Jijun resigned as the Company's Assistant to the President, and both would continue to hold other posts in the Company. Meanwhile, the Company held the Sixth Meeting of the Tenth Board of Directors on 24 March 2023 to deliberate and pass the *Proposal on Appointment of Senior Manager of the Company*, approving Mr. Zong Bo to be appointed as the Assistant to the President of the Company for the term of office from the date when the Proposal was approved until the expiry of the Tenth Board of Directors.

III. Plan for Profit Distribution or Capitalization of Capital Reserve

Semi-annual proposed plan for profit distribution or capitalization of capital reserve

| Whether distribution or capitalization is made | No |
|-------------------------------------------------------------------------|----|
| Number of bonus shares per 10 shares (share) | / |
| Amount of dividends distributed per 10 shares (yuan) (tax included) | / |
| Number of shares converted into share capital per 10 shares (share) | / |
| Information on profit distribution or capitalization of capital reserve | |
| N/A | |

IV. Information on and Effects from the Company's Equity Incentive Plan, Employee Stock Ownership Plan 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

☒ Applicable ☐ N/A

| Summary | Query Index |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Under the 2021 Restricted Stock Incentive Plan of the Company, five incentive grantees for first grant had an "unsatisfactory" individual performance evaluation result during the first Unrestricted Period, and one incentive grantee retired and therefore was no longer eligible and one grantee had an "unsatisfactory" individual performance evaluation result during the first Unrestricted Period for reserved grant. A total of 265,000 shares granted to the above incentive grantees but had not been released from restrictions had been repurchased and canceled by the Company on 6 March 2023. | Please refer to the <i>Announcement of ENN-NG on Repurchase and Cancellation of Shares for First Grant and Reserved Grant under the 2021 Restricted Stock Incentive Plan</i> (Announcement No.: 2023-003) disclosed by the Company at the website of Shanghai Stock Exchange on 2 March 2023 for details. |

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

Equity incentive

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

Employee stock ownership plan

☐ Applicable ☒ N/A

Other incentive measures

☐ Applicable ☒ N/A



05

Environmental and Social Responsibilities

I. Environmental Information

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

√ Applicable ☐ N/A

1. Information on pollution discharge

√ Applicable ☐ N/A

| Company name | Pollutant name | Discharge method | Number of discharge outlets | Location 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 discharge (t) | Total verified discharge/ discharge concentration | Excessive discharge |
|----------------|---------------------|---------------------------------------------|-----------------------------|------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------|---------------------|---------------------------------------------------|---------------------|
| Xinneng Energy | Exhaust gas | Centralized discharge | 2 | West side of Phase I Plant and east side of Phase II Plant | Sulfur dioxide | <i>Emission Standards of Air Pollutants for Thermal Power Plants (GB13223-2011)</i> | 50mg/m ³ | 24.8115mg/m ³ | 51.03233 | 462.97t/a 50mg/m ³ | None |
| | | | 2 | | Smoke and dust | | 20mg/m ³ | 5.5975mg/m ³ | 12.59274 | 132.28t/a 20mg/m ³ | None |
| | | | 2 | | Nitrogen oxide | | 100mg/m ³ | 78.62mg/m ³ | 162.12929 | 661.39t/a 100mg/m ³ | None |
| | General solid waste | Centralized storage | — | Gasifier slagging outlet and boiler slagging outlet | Gasified slag | <i>Standards on Control of General Industrial Solid Waste Storage and Disposal Site Pollution (GB18599-2001)</i> | — | — | 131,881.57 | — | None |
| | | | | | Boiler ash | | — | — | 22,119.76 | — | None |
| | | | | | Coal slime | | — | — | 93,601.26 | — | None |
| | | | | | Fly ash | | — | — | 73,017.73 | — | None |
| | | | | | Sludge from water purification station | | — | — | 6,863.58 | — | None |
| | | | | | Desulfurized gypsum | | — | — | 10,129.38 | — | None |
| | | | | | | | | | | | |
| | Hazardous waste | Disposal by itself Disposal by agreement | — | Recovery tower outlet | Fusel oil | <i>Standards on Control of Hazardous Waste Pollution Storage (GB18597-2001)</i> | — | — | 2,295.83 | — | None |
| | | | | Laboratory | Laboratory waste liquid | | — | — | 0.018915 | — | None |
| | | | | Dryer outlet | Carnallite | | — | — | 75 | — | None |
| | | | | Unit fuel tank | Waste mineral oil | | — | — | 6.307 | — | None |
| | | | | Substation UPS | Waste storage battery | | — | — | 0.327 | — | None |
| | | | | Water supply unit | Waste nanofiltration and reverse osmosis membrane | | — | — | 20.72 | — | None |
| | | | | Phases I & II | Waste mineral oil drum | | — | — | 1.356 | — | None |
| | Noise | — | — | Boundary of the Plant | — | Standards on Noise Emissions at the Boundaries of Industrial Plants (GB12348-2008) | Daytime 65 dB (A) Night 55 dB (A) | Daytime 53.225 dB (A) Night 44.94 dB (A) | — | Daytime 65dB (A) Night 55dB (A) | None |

2. Construction and operation of pollution prevention facilities

√ Applicable ☐ N/A

(1) Air pollution control measures

Xinneng Energy Phase I has 3 sets of 160t/h circulating fluidized bed boilers and uses limestone – gypsum method and out-of-furnace flue gas desulfurization. Xinneng Energy Phase II has 2 sets of 260t/h circulating fluidized bed boilers and uses infurnace limestone method + out-of-furnace ammonia desulfurization. As each boiler of Xinneng Energy Phase I and Phase II are equipped with a high-efficiency electric bag dust remover with low-nitrogen combustion technology control and SNCR denitrification system, and 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 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”. A/O biochemical process was used to treat the wastewater from production, which contains substance including methanol, ammonia nitrogen, sulfide, cyanide and suspended solid for production and reuse. The recycle technology solely developed by Eerduosi Yongsheng Wastewater Treatment Co., Ltd. was adopted to treat the strong brine produced during the process, to achieve “zero discharge” of wastewater, and the industrial salt obtained was recycled for use as the raw material of chlor-alkali industry.

(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 selection of low-noise products, Xinneng Energy installed mufflers at the outlets of boiler safety valve vent tube, dust remover fan and blower as well as the inlet and outlet of 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 avoid noise generation by vibration, the fan, mill and other equipments with larger vibration were separately set up to prevent the spread out of noise generated by vibration.

(4) Solid waste treatment measures

The waste nanofiltration and reverse osmosis membrane, carnallite, used mineral oil and waste liquid from laboratory generated during the production process of Xinneng Energy were entrusted to a qualified unit for disposal according to the disposal agreement signed; the gasification slag and boiler ash were comprehensive utilized and the others 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

√ Applicable ☐ N/A

In strict compliance with the *Environmental Impact Assessment Law and the Regulations on Environmental Protection Management of Construction Projects*, Xinneng Energy 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 structure were designed simultaneously, constructed simultaneously and commenced simultaneously.

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 and completed change in the pollutant discharge permit on 28 June 2023. At present, Xinneng Energy monitors pollutants on real-time basis through 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. Environmental emergency response plan

☒ Applicable ☐ N/A

Xinneng Energy formulated and implemented the *Environmental Emergency Response Plan of Xinneng Energy Co., Ltd.* which had been filed with the Dalad Banner Branch of Ordos City Ecological Environment Bureau. Xinneng Energy organized and carried out an emergency drill for waste methanol tanks in raw material tank farm of major hazard sources of fusel oil on 11 April 2023 and an emergency drill for radioactive sources from the incipient fire of hydrogasification high-pressure coal scuttle on 13 June 2023 to enhance the employees' familiarity with emergency disposal procedures and methods and improve their ability to respond to environmental emergencies.

5. Environmental self-monitoring program

☒ Applicable ☐ N/A

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. In the first half of 2023, self-monitoring was completed twice for underground water and air and once for soil with satisfactory testing results which were in compliance with relevant standards and released to the public through the "Huaduoduo Live Stream".

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

☐ Applicable ☒ N/A

7. Other environmental information to be disclosed

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

1. Administrative penalties imposed for environmental issues

☐ Applicable ☒ N/A

2. Disclosure of other environmental information with reference to major polluters

☒ Applicable ☐ N/A

(1) Information on pollution discharge

| Company name | Pollutant name | Discharge/disposal method | Number of discharge outlets | Location 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 discharge (t) | Total verified discharge/discharge concentration | Excessive discharge |
|----------------|-----------------|---------------------------|-----------------------------|--------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|---------------------|--------------------------------------------------|---------------------|
| Xinneng Mining | Exhaust gas | Centralized discharge | 1 | Boiler room at industrial area | Particulate matter | <i>Emission Standard of Air Pollutants for Boilers</i> (GB13271-2014) | 80mg/m ³ | 29.4mg/m ³ | 0.622 | 21.673t/a | None |
| | | | | | Sulfur dioxide | | 400mg/m ³ | 63mg/m ³ | 1.168 | 69.2t/a | None |
| | | | | | Nitrogen oxide | | 400mg/m ³ | 188mg/m ³ | 5.109 | 108.366t/a | None |
| | Solid waste | Centralized discharge | — | — | Gangue | <i>Standards on Control of General Industrial Solid Waste Storage and Disposal Site Pollution</i> (GB18599-2001) | — | — | 610,111.7 | — | None |
| | | Disposal by agreement | — | — | Boiler ash | — | — | — | 393.23 | — | None |
| ENN Qinshui | 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 52.6dB(A) Night 42.6dB(A) | — | Daytime 65dB(A) Night 55dB(A) | None |
| | Hazardous waste | Disposal by agreement | — | — | Waste mineral oil | <i>Standards on Control of Hazardous Waste Pollution Storage</i> (GB18597-2001) | — | — | 7.465 | — | None |
| | | | | | Waste oil drum | | — | — | 1.026 | — | None |
| | Waste water | Centralized discharge | 1 | Southwest corner of the Plant | COD | DB141928-2019 Comprehensive Wastewater Discharge Standard (Shanxi Province) | 40mg/L | Q1: 36 mg/L Q2: 34 mg/L | 0.04459 | 0.077t | None |
| | | | | | Ammonia nitrogen | | 2.0mg/L | Q1: 0.274 mg/L Q2: 1.28 mg/L | 0.000989898 | 0.021t | None |
| | Exhaust gas | Centralized discharge | 2 | Thermal oil furnace | Sulfur dioxide | <i>Emission Standard of Air Pollutants for Boilers</i> (DB14/1929-2019) | 35mg/m ³ | 1H: 1# : 11mg/m ³ 2# : 14mg/m ³ | 0.179272536 | — | None |
| | | | | | Nitrogen oxide | | 50mg/m ³ | 2H: 1# : 31mg/m ³ 2# : 36mg/m ³ | 0.479981592 | 1.22t | None |
| | | | | | Particulate matter | | 5mg/m ³ | 1H: 1# : 2.5mg/m ³ 2# : 2.8mg/m ³ | 0.0379539624 | 0.56t | None |
| | Hazardous waste | Disposal by agreement | — | — | Waste mineral oil | <i>Standards on Control of Hazardous Waste Pollution Storage</i> (GB18597-2001) | — | — | 5.47 | — | None |
| | Noise | — | — | Boundary of the Plant | — | <i>Standards on Noise Emissions at the Boundaries of Industrial Plants</i> (GB12348-2008) | Daytime 60dB(A) Night 50dB(A) | Daytime 52.7dB(A) Night 41.9dB(A) | — | Daytime 60dB(A) Night 50dB(A) | None |

| Company name | Pollutant name | Discharge/disposal method | Number of discharge outlets | Location 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 discharge (t) | Total verified discharge/discharge concentration | Excessive discharge |
|--------------|-----------------|------------------------------|-----------------------------|------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------|---------------------|--------------------------------------------------|---------------------|
| ENN Zhoushan | Hazardous waste | Disposal by qualified entity | — | Warehouse for hazardous waste | Waste paint buckets | <i>Standard for Pollution Control in Storage of Hazardous Wastes</i> (GB18597-2001) | No application standards, regular treatment required | — | — | 0.843t | None |
| | | | — | | Waste dilute hydrochloric acid (5%) | | | — | — | 3.0t | None |
| | | | — | | Waste packing materials | | | — | — | 0.018t | None |
| | | | — | | Waste lubricating oil | | | — | — | 2.71t | None |
| | | | — | | Oil waste | | | — | — | 0.228t | None |
| | | | — | | Waste adhesives and sealants | | | — | — | 0.008t | None |
| | | | — | | Waste paint and diluent | | | — | — | 0.626t | None |
| | | | — | Mamu Offtake Station and Zhenhai Terminal | Waste filter elements | | | — | — | 0.502t | None |
| | Noise | — | — | BOG compressor, nitrogen generation by membrane and water intake | — | <i>Standard on Noise at the Boundaries of Industrial Plants</i> (GB12348—2008) | Daytime 60dB (A) Night 50dB (A) | — | — | Daytime 52.4dB (A) Night 41.6dB (A) | None |

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

Wastewater treatment measures

Xinneng Mining: There is a mine water treatment station with the mine water treatment capacity of 13,600m³/d and the reverse osmosis treatment capacity of 9,300m³/d, and the water quality reached the surface Class III standard. The designed domestic wastewater treatment capacity was 954m³/d.

Domestic sewage treatment process: Two-stage contact oxidation + two-stage filtration + disinfection treatment process was adopted. The domestic sewage discharged from the industrial site is collected through various septic tanks and then enters into the domestic sewage regulating tank respectively after the mechanical grille retains large

impurities and floating materials; then the domestic sewage 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 wastewater flows through the anoxic tank, aerobic tank, sedimentation tank, and finally arrives at 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 into the reuse tank; the sludge from the sedimentation tank is discharged to the sludge tank, and finally sent to the sludge treatment system for treatment.

Underground dewatering treatment capacity: the pretreatment capacity is 13,600m³/d; the advanced treatment capacity is 9,300m³/d. Mine water treatment process: we adopted the pretreatment 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 and coagulant to accelerate the sedimentation and flocculation of 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.

ENN Qinshui: The sewage of ENN Qinshui mainly comes from domestic water and the sewage treatment facilities are in good condition through technical transformation after completion. Advanced A2O treatment system is 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 capacity was 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 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. Current the sewage treatment facilities in the plant are normally operating with all indicators in compliance with the operating requirements.

Exhaust gas treatment measures

Xinneng Mining: 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 are under 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 desulfurization.

ENN Qinshui: There are now two-phased thermal oil heater under operation adopting two sets of YY(Q) W-1400(125)Y(Q) gas boilers. Technical transformation of low-nitrogen burner effectively reduced the environmental air pollution caused by the flue gas pollutants from the boilers.

Solid waste treatment measures

Xinneng Mining: The gangues selected by washing at the Coal Preparation Plant were used for 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 has obtained 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) issued by Ordos Ecological Environment Bureau. Ordos Lvyue Environmental Protection Co., Ltd, which was Qualified, were entrusted to comprehensively utilize the slag produced from boilers. The hazardous wastes, including waste mineral oil and waste oil drums produced from Xinneng Mining were entrusted to qualified companies for disposal with signed disposal agreements. The third-party qualified company Ordos Meidu Environmental Protection Co., Ltd. was entrusted for disposal of domestic garbage.

ENN Qinshui: Disposal agreements were signed with qualified companies for the disposal of hazardous wastes, including waste mineral oil, waste oil drums, waste MDEA solution and mercury – containing active carbon.

ENN Zhoushan: The generated hazardous wastes including waste oil paint buckets, waste diluted hydrochloric acid, waste packing materials, waste lubricating oil, oily waste, waste adhesives, sealants, waste oil paint and diluent were regularly transported and disposed of by qualified entities with which a disposal agreement is entered into.

Noise treatment measures

Xinneng Mining: It rationally planned its business strategies, and 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 operation, greatly reducing the noise of the south and north wind wells at the boundaries of the industrial plaza.

ENN Qinshui: The main sources of noise 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 selection of 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 indoors for sound insulation and used sound-insulating and sound-absorbing materials to make doors, windows, masonry, etc., so as to prevent noise from spreading and dissemination. ENN Qinshui 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.

ENN Zhoushan: The primary noise sources include BOG compressor, high pressure compressor, sea water pump, gasification equipment and all kinds of pumps. Subject to the satisfaction of process requirements, soundproof sponge is arranged at the pressurized end of expansion machine and silencers at the inlet and outlet of air compressor for noise elimination in addition to use of low-noise products; safety notification boards and safety warning signs of occupational hazardous factors related to noise are managed on the spot, and the employees of all posts are provided with necessary labor protection articles such as ear protector.

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

Xinneng Mining: Xinneng Mining has declared the total permitted amount of air pollutant emissions at the “National Pollutant Discharge Permit Management Information Platform”: 9.242535 t/a of particulate matter, 36.970140 t/a of SO₂ and 46.212674 t/a of NO_x. At present, Xinneng Mining’s boiler flue gas pollutant are monitored by the online monitoring equipment installed at pollutant emission outlets. The pollutant data are monitored in real-time and upload to the management platform of the Environmental Protection Bureau, and pollution tax is paid to the tax authority for the emission load calculated based on emission concentration of pollutants. On 28 September 2022, Xinneng Mining obtained the *Official Reply on the Environmental Impact Report for the Renovation and Expansion Project of Wangjiata Mine and Coal Preparation Plant of Xinneng Mining Industry Co., Ltd.* (Nei Huan Shen [2022] No. 35) issued by the Department of Ecological Environment of Inner Mongolia Autonomous Region, and the Renovation and Expansion Project of Wangjiata Mine and Coal Preparation Plant of Xinneng Mining passed the completion acceptance of environmental protection on 25 March 2023.

ENN Qinshui: Phase I and Phase II projects of ENN Qinshui were in strict compliance with the requirements of laws and regulations concerning environmental protection, with environmental impact assessment and completion acceptance of environmental protection completed and registered at the National Discharge Permit Management Information System Platform with registration number of 9114052167018913XQ001X and term valid until 12 April 2025.

ENN Zhoushan: Phase I and Phase II projects of ENN Zhoushan were in strict compliance with the requirements of laws and regulations concerning environmental protection, with environmental impact assessment and completion acceptance of environmental protection completed and registered at the National Discharge Permit

Management Information System Platform with registration number of 913309000692086510001W and term valid until 26 July 2025.

(4) *Emergency plan for environmental contingencies*

Xinneng Mining: The *Emergency Plan for Environmental Contingencies* is implemented by Xinneng Mining currently. The Plan has been filed with the Ejia Huolu Qi Branch of Ordos Ecological Environment Bureau for record. Xinneng Mining established an emergency system for environmental contingencies and equipped itself with relevant emergency materials and equipment. It organized an emergency drill for environmental contingency involving leakage of waste mineral oil on 21 June 2023 and in hence improve the employees’ awareness of response to environmental contingencies and their ability to deal with environmental contingencies.

ENN Qinshui: The *Emergency Plan for Environmental Contingencies of Shanxi ENN Qinshui Clean Energy Co., Ltd.* is implemented by ENN Qinshui currently. The Plan was filed with the Ecological Environment Bureau of Jincheng City (Filing No.: 140500-2022-008M). And a comprehensive emergency drill for the leakage of liquid inlet pipelines under storage tank was organized on 14 June 2023.

ENN Zhoushan: The *Emergency Plan for Environmental Contingencies of ENN (Zhoushan) LNG Co., Ltd.* has been filed with Zhoushan Ecological Environment Bureau (filing No.: 330900-2021-004-M) for record, and a fire emergency drill for tank leakage was organized on 21 June 2023.

The *Emergency Plan for Environmental Contingencies of ENN (Zhoushan) Natural Gas Pipelines Co., Ltd.* currently implemented by ENN (Zhoushan) Natural Gas Pipelines Co., Ltd., a subsidiary of ENN Zhoushan, has been respectively filed with Zhoushan Ecological Environment Bureau (filing No.: 330902-2021-033-L), Zhenhai Branch of Ningbo Ecological Environment Bureau (filing No.: 330211-2021-050-L) and Daishan Branch of Zhoushan Ecological Environment Bureau (filing No.: 330921-2021-008-L) for record.

(5) Environmental self-monitoring program

Xinneng Mining: 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 four sets (20 tons for 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 Ecology and Environment Bureau of the Banner and the city. The online monitoring equipment has passed the inspection and acceptance by the Ecological Environmental Bureau of the Banner and city. Xinneng Mining appointed the third party Ordos Environmental Protection Investment Co., Ltd. for the routine maintenance. In the first half of 2023, a third-party qualified company named "Inner Mongolia Keyuan Environment Inspection Co., Ltd." was entrusted with routine monitoring of boiler fuel 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".

ENN Qinshui: 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, ENN Qinshui organized self-monitoring and information disclosure of pollutants discharged, and formulated self-monitoring plans. In the first half of 2023, Shanxi Mengsheng Environmental Technology Co., Ltd. was appointed to complete testing of wastewater and noise at plant boundary for Q1 on 1 March and testing of wastewater, exhaust gas and noise at plant boundary for Q2 on 6 June, with all satisfactory testing results.

ENN Zhoushan: 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, ENN Zhoushan organized transportation and treatment, and conducted self-monitoring and information disclosure of hazardous wastes generated.

3. Reason for not disclosing other environmental information

☐ Applicable ☒ N/A

(III) Information on the subsequent progress or change of the disclosure of environmental information during the Reporting Period

☐ Applicable ☒ N/A

(IV) Information on those conducive to protection of ecology, pollution prevention and fulfillment of environmental responsibilities

☒ Applicable ☐ N/A

1. ENN Energy

In accordance with the *Environmental Protection Law of the People's Republic of China* and other laws and regulations concerning environmental management, ENN Energy has developed several internal management systems including the *Administrative Measures for Civilized Construction*, and gradually improved its whole-process environmental management system. To implement whole-process environmental risk management and control in terms of design, construction and operation, and put in place concepts of energy conservation and environmental protection and initiatives throughout the business chain, the primary measures are taken as follows:

- (1) Carry out comprehensive environmental monitoring with digital intelligence technology by upholding the principle of maximizing resources saved and minimizing negative impact on the environment on the premise that quality and safety are guaranteed to accurately identify air pollution, noise pollution, waste pollution, damage to animals and plants and other environmental risks, implement effective management measures and ensure that the discharge of wastewater, exhaust gas, solid waste and other pollutants complies with the national standards.
- (2) Actively apply various digital intelligence products to monitor the scene equipment including plant stations, pipeline networks and indoor equipments and reduce the leakage of natural gas; endeavor to recover the boil-off gas (BOG) generated in the process of storage, transportation and distribution of gas and reduce the methane emission; minimize the emission and leakage of natural gas in the course of project execution and operation, and minimize the impact on the surrounding ecological environment while ensuring operational safety.
- (3) Promote the application of clean energy, install a large number of PV application projects, and achieve zero carbon emissions for some stations and offices.
- (4) Enhance waste management, perform sorting and centralized collection of hazardous wastes which are eventually transferred for recovery and disposal by qualified environmental protection agencies.

2. *Xinneng Energy*

Xinneng Energy improves water reuse rate by strictly adhering to the principle of “separating clean water from sewage, separating rainwater from sewage, and using water for multiple purposes”. A/O biochemical process is used to treat the wastewater from production, which contains substances including methanol, ammonia nitrogen, sulfide, cyanide and suspended solid for production and reuse. The recycle technology solely developed by Yongsheng

Environmental Protection Co., Ltd. was adopted to treat the brine produced during the process to achieve “zero discharge” of wastewater. The industrial salt produced could be recycled and used as raw materials in chlor-alkali industry.

3. *Xinneng Mining*

Xinneng Mining was included in the Green Mine List of Inner Mongolia Autonomous Region in 2019. In the first half of 2023, 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 of Inner Mongolia Autonomous Region, and conducted comprehensive treatment and vegetation restoration in the sinkhole area to ensure timely ecological restoration of the sinkhole area.

4. *ENN Qinshui*

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

5. *ENN Zhoushan*

To increase the capacity of emergency disposal of oil spill pollution, an material warehouse for oil spill prevention was built and equipped with oil spill prevention equipments and facilities such as oil skimmer and oil containment boom at Zhoushan Terminal; meanwhile, a plan for releasing marine stock enhancement and releasing was also developed to protect the marine fishery resources.

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

√ Applicable ☐ N/A

During the Reporting Period, with the green development philosophy in mind, ENN-NG has been fully responsive to the Double Carbon Target 3060 and energy transformation

strategy, and fully explored the solutions for low-carbon energy and clean energy to make contribution to the harmonious development of energy, economy, society and environment.

Making comprehensive and in-depth layout for whole industrial chain of hydrogen energy and actively exploring the development and utilization of clean energy technology, ENN-NG has devoted much attention to the layout of whole industrial chain of hydrogen energy for many years and actively invested in research and development for certain results. It exerts great efforts in research and development of efficient dry biogas technology, completes the preparation of experimental platform programs, actively makes business layout for green and low-carbon biogas and supports the low-carbon development of natural gas industry. Meanwhile, it leads the Research on *Key Technology for Cogeneration by Solid Oxide Fuel Cell (SOFC) Battery*, a national key research and development plan of the Ministry of Science and Technology.

For utilization of clean energy, in the field of photovoltaics, the Company has been proactive in the layout of ground PV, carport PV and rooftop PV power generation projects, and the entities under the Company have made full use of ground, roofs and carports for the construction of distributed photovoltaic projects. ENN Energy has actively explored self-owned building PV projects and launched the construction of self-owned building PV power generation projects in Henan, Shandong, Jiangsu, Fujian, Shanghai, Zhejiang, Hebei, etc. In terms of cold power generation, the Company takes full advantage of the LNG cold energy in Zhoushan Terminal to independently develop and demonstrate the power generation technology and equipment, and uses two separate cycles for gradient utilization of cold energy and recovery for power generation to avoid cold energy loss.

The Company achieves energy conservation and carbon reduction by technology upgrading and smart operation. In the course of production, technical renovation and technical measures are employed for energy saving and carbon reduction to vigorously recycle waste heat and

waste gas resources and allow for efficient use of resources. In May 2023, Xinneng Energy completed the technical renovation project of “micro-gas turbine power generation by vented fuel gas” which may realize the recycling of the vented fuel gas, energy saving and carbon reduction upon implementation, and it is expected to annually reduce the carbon dioxide emission by 18,092 tons. ENN Energy upgraded its means for smart operation and management to make data forecasts for energy consumption and equipment load and allow for all-round improvement in energy consumption overview, energy consumption benchmarking, energy consumption judgment, energy efficiency enhancement, operation and maintenance, and developed integrated energy saving and efficiency improvement optimization plans to build intelligent energy efficiency engine for customers and support the safe, low-carbon and efficient development of the whole industrial chain.

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

√ Applicable □ N/A

As a private energy company developing with the reform and opening up of the country, ENN-NG always ponders the source of development with grateful heart, sees it as our mission to build a strong country and deliver a better life for people and deeply integrates the concept of social responsibility and the requirement of sustainable development into daily operations while diligently practicing corporate social responsibilities. Upholding the role in charity and public welfare for “focus on energy conservation and environmental protection, support for education undertakings, and promotion of social harmony”, we actively participate in public charity, provide strong support for the rural revitalization and rejuvenation of the country through education, repay the society with a grateful heart, contribute to the promotion of social harmony, regard the sense of responsibility as our foundation of presence, drive development and realize the promotion of comprehensive value of economy, environment and society.

1 Support for education undertakings

From difficulty addressing to foundation strengthening and empowerment to joint creation, ENN-NG has been on the move to support the education undertakings by actively participating in public education projects focused on school building, encouragement and quality orientation, developing cooperation in talent cultivation and creating a new model of university-enterprise cooperation to support the development of higher education. During the Reporting Period, the Company and its subsidiaries have donated RMB24.18 million in total to support rural education, improve teaching environment and carry out university-enterprise cooperation, etc.



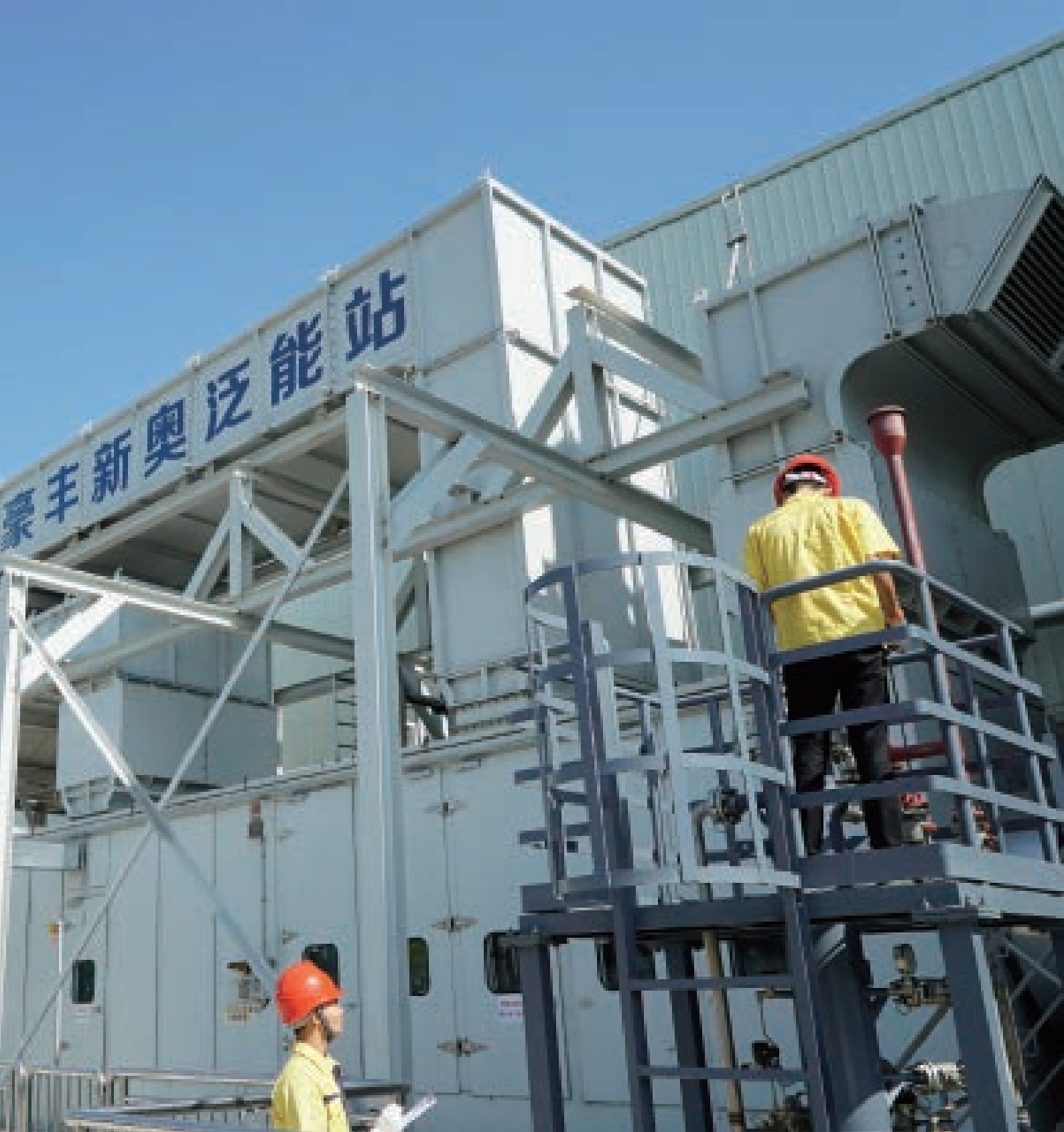
2 Rural revitalization

The implementation of the strategy of rural revitalization is a major decision and arrangement made at the 19th National Congress of the CPC and the key to our efforts concerning agriculture, rural areas and farmers in the new era. ENN-NG closely cooperates with local governments to focus on local needs, explore new measures for assistance, promote the implementation of rural revitalization plans, strengthen assistance and continuously contribute to rural revitalization. During the Reporting Period, the Company and its subsidiaries donated RMB150,000 for rural revitalization to support construction of public infrastructure in rural areas, consolidate and expand our results in poverty alleviation, and promote high-quality rural development.

3 Public welfare

The Company has long maintained sharing the development achievements with the society and enthusiasm in charitable donations to help vulnerable groups. We encourage the employees to contribute to the society, organize the employees to participate in voluntary services and earnestly practice corporate care and responsibility for the society. During the Reporting Period, the Company and its subsidiaries donated RMB110,000 for social assistance, improvement of local environment and construction of public infrastructure, etc.





06

Major Events

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

√ Applicable □ N/A

| Commitment background | Commitment type | Commitment provider | Commitment content | Time and term of commitment | Time limit for performance | Timely and strict performance | Reasons for failure to perform commitments (if applicable) on a timely basis | Next action plan for failure to perform commitments (if applicable) on a timely basis |
|-------------------------------------------------|------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Commitment related to major asset restructuring | Restrictions on sale of shares | ENN International | The shares of the Listed Company acquired by this restructuring in which the shares of ENN Energy are purchased by means of asset swap, issue of shares and cash payment are subject to a lock-up period of 36 months. | 9 December 2019 Term: 36 months upon issue of shares (18 September 2020) | Yes | Yes | | |
| | Others | Wang Yusuo | I will maintain my status as the actual controller of the Listed Company within 60 months upon completion of this restructuring in which the shares of ENN Energy are purchased by means of asset swap, issue of shares and cash payment. | 9 December 2019 Term: 60 months upon completion of the restructuring (18 September 2020) | Yes | Yes | | |
| | Solving the defects on ownership of land, etc. | ENN International | For the defects of ENN Energy and its holding subsidiaries in premises, lands, lease, business qualification and administrative penalties, we undertake to urge the obtaining of relevant certificates, and in case of failure to do so, we will bear losses accordingly. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving the defects on ownership of land, etc. | Essential Investment | For the defects of ENN Energy and its holding subsidiaries in premises, lands, lease, business qualification and administrative penalties, we undertake to urge the obtaining of relevant certificates, and in case of failure to do so, we will bear losses accordingly. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving the defects on ownership of land, etc. | ENN Holdings | We ensure that the status quo of Xinneng Mining's housing ownership will not affect its normal production and operation, and will bear legal responsibility for the losses caused by the failure to obtain the aforesaid certificate. | 21 January 2013 Term: until the housing ownership certificate of Xinneng Mining has been obtained | Yes | Yes | | |
| | Solving horizontal competition | ENN International | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, we and the companies under our control will avoid substantive horizontal competition with ENN-NG and its holding subsidiaries. | 26 October 2021 Term: indefinite | No | Yes | | |

| Commitment background | Commitment type | Commitment provider | Commitment content | Time and term of commitment | Time limit for performance | Timely and strict performance | Reasons for failure to perform commitments (if applicable) on a timely basis | Next action plan for failure to perform commitments (if applicable) on a timely basis |
|-----------------------|-----------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------|-------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | Solving horizontal competition | Wang Yusuo | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, the companies under my control and I, as the actual controller, will avoid substantive horizontal competition with ENN-NG and its holding subsidiaries. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Solving horizontal competition | ENN Science and Technology, ENN Group and ENN Holdings | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, we and the companies under our control will avoid substantive horizontal competition with ENN-NG and its holding subsidiaries. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Solving related-party transaction | ENN International | We are the controlling shareholder and the related-party transactions concluded by us and persons acting in concert, and companies controlled by us and persons acting in concert with ENN-NG and its subsidiaries will be regulated upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Solving related-party transaction | Wang Yusuo | I am the actual controller and the related-party transactions concluded by me and companies under my control with ENN-NG and its subsidiaries will be regulated upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Solving related-party transaction | ENN Science and Technology, ENN Group and ENN Holdings | The related-party transactions concluded by us and our affiliates with ENN-NG and its subsidiaries will be regulated upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Others | ENN International | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, we will continue to maintain the independence of ENN-NG. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Others | Wang Yusuo | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, I will continue to maintain the independence of ENN-NG. | 26 October 2021 Term: indefinite | No | Yes | | |
| | Others | ENN Science and Technology, ENN Group and ENN Holdings | Upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment, we will continue to maintain the independence of ENN-NG. | 26 October 2021 Term: indefinite | No | Yes | | |

| Commitment background | Commitment type | Commitment provider | Commitment content | Time and term of commitment | Time limit for performance | Timely and strict performance | Reasons for failure to perform commitments (if applicable) on a timely basis | Next action plan for failure to perform commitments (if applicable) on a timely basis |
|-----------------------|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | Restrictions on sale of shares | ENN Science and Technology | The shares of the Listed Company acquired by this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment are subject to a lock-up period of 36 months. | 26 October 2021 Term: 36 months upon issue of shares (16 August 2022) | Yes | Yes | | |
| | Restrictions on sale of shares | ENN International | We will neither reduce the shares held in ENN-NG during this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment and nor transfer the shares held previously within 18 months upon completion of this restructuring. | 26 October 2021 Term: 18 months upon completion of the restructuring (16 August 2022) | Yes | Yes | | |
| | Restrictions on sale of shares | Wang Yusuo | I will neither reduce the shares held in ENN-NG during this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment and nor transfer the shares held previously within 18 months upon completion of this restructuring. | 26 October 2021 Term: 18 months upon completion of the restructuring (16 August 2022) | Yes | Yes | | |
| | Solving the defects on ownership of land, etc. | ENN Science and Technology, ENN Group and ENN Holdings | We will urge and assist ENN Zhoushan and its subsidiaries to obtain relevant ownership certificates for premises, buildings, land and sea areas, and in case of failure to do so, we will bear losses accordingly. | 26 October 2021 Term: after obtaining the housing ownership certificate of ENN Zhoushan and/or its subsidiaries | Yes | Yes | | |
| | Others | Wang Yusuo | I will maintain my status as the actual controller of ENN-NG within 36 months upon completion of this restructuring in which 90% shares of ENN Zhoushan are purchased by issue of shares and cash payment. | 26 October 2021 Term: 36 months upon completion of the restructuring (16 August 2022) | Yes | Yes | | |
| | Others | ENN Science and Technology | We undertake that the consideration shares received in connection with this restructuring in which 90% shares of ENN Zhoushan are purchased by means of issue of shares and cash payment will be prioritized for the fulfillment of performance compensation commitment. | 26 October 2021 Term: after issue of shares (16 August 2022) until the fulfillment of performance compensation commitment | Yes | Yes | | |

| Commitment background | Commitment type | Commitment provider | Commitment content | Time and term of commitment | Time limit for performance | Timely and strict performance | Reasons for failure to perform commitments (if applicable) on a timely basis | Next action plan for failure to perform commitments (if applicable) on a timely basis |
|-----------------------------------|------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------|-------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Commitment related to refinancing | Profit forecast and compensation | ENN Science and Technology, ENN Group and ENN Holdings | We undertake that the net profits attributable to owners of the parent company after deduction of nonrecurring profits or losses of ENN Zhoushan, the Target Company, are not lower than RMB 349.67 million, RMB 639.43 million, RMB 933.48 million and RMB 1,196.43 million respectively in 2022, 2023, 2024 and 2025. | 26 October 2021 Term: 2022 - 2025 | Yes | Yes | | |
| | Solving related-party transaction | ENN Holdings | We will decrease and regulate the related-party transactions made by ENN Holdings and its subsidiaries with ENN-NG and its subsidiaries upon this restructuring in which 90% shares of ENN Zhoushan are purchased by asset swap, issue of shares and cash payment. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving related-party transaction | Wang Yusuo | I will decrease and regulate the related-party transactions made by me and companies under my control with ENN-NG and its subsidiaries upon this restructuring in which shares of ENN Energy are purchased by asset swap, issue of shares and cash payment. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving horizontal competition | ENN Holdings | We and our holding subsidiaries will avoid horizontal competition with ENN-NG and its subsidiaries upon this restructuring in which shares of ENN Energy are purchased by asset swap, issue of shares and cash payment. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving horizontal competition | Wang Yusuo | My holding subsidiaries and I will avoid horizontal competition with ENN-NG and its subsidiaries upon this restructuring in which shares of ENN Energy are purchased by asset swap, issue of shares and cash payment. | 9 December 2019 Term: indefinite | No | Yes | | |
| | Solving the defects on ownership of land, etc. | ENN Holdings | We will urge and assist the Company and its subsidiaries to obtain development/construction permits and ownership certificates for the premises and buildings concerned, and in case of failure to do so, we will bear losses accordingly. | 17 May 2017 Term: until relevant ownership certificates have been obtained | Yes | Yes | | |

Note: The Company has consolidated and teased out the commitments made by the actual controller, shareholders, related parties, acquirers, and other committed parties concerned for the major asset restructuring matters in which the shares of ENN Energy and ENN Zhoushan are purchased by the Company. Such commitments are presented above by the Company based on the latest commitment time of parties making the commitments. For details on all commitments made by the parties concerned, please refer to the *Report of ENN-NG on Asset Purchase by Major Asset Swap, Issue of Shares and Cash Payment, Raising of Supporting Proceeds and Related-party Transaction* and the *Report of ENN-NG on Asset Purchase by Issue of Shares and Cash Payment and Related-party Transaction* disclosed by the Company at the website of Shanghai Stock Exchange.

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

☐ Applicable ☒ N/A

III. Guarantees in Violation of Applicable Regulations

☐ Applicable ☒ N/A

IV. Audit of the Semi-annual Report

☐ Applicable ☒ N/A

V. Change and Handling of Matters Involved in Non-standard Audit Opinions in the Annual Report of the Previous Year

☐ Applicable ☒ N/A

VI. Matters Related to Bankruptcy Reorganization

☐ Applicable ☒ N/A

VII. Material Litigation and Arbitration

☐ The Company was subject to material litigation or arbitration during the Reporting Period

☒ The Company was not subject to material litigation or arbitration during the Reporting Period

VIII. Suspected Violations of Laws and Regulations by, Penalties on and Rectifications by the Listed Company and its Directors, Supervisors, Senior Managers and Holding Shareholders and Actual Controller

☐ Applicable ☒ N/A

IX. Information on the Credit Status of the Company and its Controlling Shareholder and Actual Controller during the Reporting Period

☒ Applicable ☐ N/A

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

X. Major Related-party Transactions

(I) Related-party transactions in connection with daily operation

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

1. *Related-party transaction estimate and deliberation of new related-party transactions*

- (1) The Company held the 37th Meeting of the Ninth Board of Directors on 17 November 2021, deliberating and approving the *Proposal on the Annual Estimate of Daily Related-party Transactions of the Company for 2022-2023*. For details, please refer to the interim announcement titled the *Announcement of ENN-NG on the Annual Estimate of Daily Related-party Transactions for 2022-2023* (Announcement No.: 2021-083) disclosed by the Company on 18 November 2021 at the website of Shanghai Stock Exchange;

- (2) The Company held the 2021 Third Extraordinary General Meeting on 28 December 2021, deliberating and approving the *Proposal on the Annual Estimate of Daily Related-party Transactions of the Company for 2022-2023*. For details, please refer to the interim announcement titled the *Announcement of ENN-NG on the Resolution of the 2021 Third Extraordinary General Meeting* (Announcement No.: 2021-102) disclosed by the Company on 29 December 2021 at the website of Shanghai Stock Exchange;
- (3) The Company held the Fifth Meeting of the Tenth Board of Directors on 9 December 2022, deliberating and approving the *Proposal on Adjusting the Estimated Amount of Daily Related-party Transactions of the Company for 2023*. For details, please refer to the interim announcement titled the *Announcement of ENN-NG on Adjusting the Estimated Amount of Daily Related-party Transactions of the Company for 2023* (Announcement No.: 2022-107) disclosed by the Company on 10 December 2022 at the website of Shanghai Stock Exchange;

II. Implementation of related-party transactions in the first half of 2023

From January to June 2023, the actual daily related-party transactions between the Company (and its subsidiaries) and the related parties amounted to RMB487.52 million, accounting for 21.74% of the estimated amount of daily related-party transactions for 2023. The accumulative amount of daily related-party transactions completed from January to June 2023 is presented below:

Comparison of Estimated and Actually Implemented Daily Related-party Transactions in 2023

Unit: RMB'0000 Currency: RMB

| Category of daily related-party transaction | Related party | Estimated amount | Amount actually incurred from |
|----------------------------------------------------------|-----------------------------------------------------------------|-----------------------|------------------------------------|
| | | in 2023 (RMB'0000) | January to June 2023 (RMB'0000) |
| Design, construction and sales of materials and supplies | Subsidiaries controlled by the actual controller of the Company | 10,100 | 664 |
| Subtotal | | 10,100 | 664 |
| Provision of technology and comprehensive services | Ennova Holdings Co., Ltd. and its subsidiaries | 28,500 | 8,075 |
| | Subsidiaries controlled by the actual controller of the Company | 12,900 | 1,138 |
| Subtotal | | 41,400 | 9,213 |
| Provision of finance lease and commercial factoring | Subsidiaries controlled by the actual controller of the Company | 17,000 | 1,675 |
| | Shanghai 3040 Technology Co., Ltd. | 1,000 | 1,854 |
| Subtotal | | 18,000 | 3,529 |

| Category of daily related-party transaction | Related party | Estimated amount in 2023 | Amount actually incurred from January to June 2023 |
|-----------------------------------------------------|-----------------------------------------------------------------|--------------------------|----------------------------------------------------|
| | | (RMB'0000) | (RMB'0000) |
| Sale of gas and other goods | Subsidiaries controlled by the actual controller of the Company | 3,400 | 1,874 |
| Subtotal | | 3,400 | 1,874 |
| Subtotal of income | | 72,900 | 15,280 |
| Acceptance of project construction services | Subsidiaries controlled by the actual controller of the Company | 3,600 | 219 |
| Subtotal | | 3,600 | 219 |
| Acceptance of technology and comprehensive services | Ennova Holdings Co., Ltd. and its subsidiaries | 16,900 | 1,188 |
| | ENC Digital Technology Co., Ltd. and its subsidiaries | 31,100 | 14,742 |
| | Subsidiaries controlled by the actual controller of the Company | 57,800 | 8,352 |
| | Shanghai 3040 Technology Co., Ltd. | 900 | |
| | Shanghai Petroleum and Gas Exchange Co., Ltd. | 400 | 4 |
| Subtotal | | 107,100 | 24,286 |
| Purchase of equipment, materials and natural gas | ENN Sunshine Yicai Technology Co., Ltd. and its subsidiaries | 10,300 | 10 |
| | Subsidiaries controlled by the actual controller of the Company | 13,400 | 3,689 |
| | Shanghai 3040 Technology Co., Ltd. | 17,000 | 5,268 |
| Subtotal | | 40,700 | 8,967 |
| Subtotal of expenditure | | 151,400 | 33,472 |
| Total | | 224,300 | 48,752 |

3. Matters not disclosed in the interim announcements

☐ Applicable ☒ N/A

(II) Related-party transactions incurred in connection with acquisition of assets or acquisition or sale of equity interests

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 announcements

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Associated relationship | Type of related-party transaction | Content of related-party transaction | Pricing principle of related-party transaction | Book value of assets transferred | Appraisal value of assets transferred | Transfer price | Settlement method of related-party transaction | Proceeds from transfer of assets | Impact of the transaction on operating results and financial status of the Company | Reason for significant difference between the transaction value and the book value or appraised value or fair market value |
|--------------------------------|---------------------------|-----------------------------------|-------------------------------------------------------------------|------------------------------------------------|----------------------------------|---------------------------------------|----------------|------------------------------------------------|----------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| ENN Xinzi Technology Co., Ltd. | Subsidiary of shareholder | Transfer of shares | Transfer of 49% equity interests in Greatgas E-commerce Co., Ltd. | Appraisal value | 67 | 100 | 49 | Bank transfer | / | N/A | N/A |

Description of related-party transactions incurred in connection with asset acquisition and sale

On 31 May 2023, Langfang Huayuan Energy Technology Co., Ltd. and ENN Xinzi Technology Co., Ltd. (hereinafter referred to as "ENN Xinzi") entered into the Agreement on *Transfer of Equity Interests in Greatgas E-commerce Co., Ltd.* to acquire 49% equity interests in Greatgas E-commerce Co., Ltd. (hereinafter referred to as "Greatgas") held by Langfang Huayuan Energy Technology Co., Ltd. Based on the audited consolidated net assets value as of 31 December 2022 and through friendly consultation, the Parties reasonably determined the transfer price for the 49% equity interests in the Target Company to be RMB490,000. As the Parties further acknowledged and agreed that, considering that the interests in Greatgas were actually held by the Company's holding subsidiary subsidiary, ENN (China) Gas Investment Limited (hereinafter referred to as "ENN China

Investment”) in the form of VIE structure and the holding subsidiary ENN Energy made continuous investment in Greatgas since the establishment of the VIE structure, ENN Xinzhi fully paid the transfer price for the equity interests in Greatgas to ENN China Investment based on the trading substance of transfer of equity transfers. Meanwhile, ENN Xinzhi is a company under control of the Company’s actual controller Mr. Wang Yusuo. As set forth in the *Share Listing Rules of the Shanghai Stock Exchange*, ENN Xinzhi shall be the Company’s affiliated legal person and this transaction shall be a related-party transaction.

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

☒ Applicable ☐ N/A

The Company purchased 90% shares of ENN Zhoushan held in aggregate by ENN Science and Technology, ENN Group and ENN Holdings by means of share issue and cash payment. The counterparties, ENN Science and Technology, ENN Group and ENN Holdings undertook that the net profits attributable to owners of parent company after deducting nonrecurring profits and losses of ENN Zhoushan in 2022 shall be no less than RMB349.67 million. As presented in the *Special Audit Report on the Realization of Profit Forecast for ENN (Zhoushan) LNG Co., Ltd.* issued by ZhongXi CPAs (Special General Partnership), in 2022, the net profit attributable to owners of parent company after deducting nonrecurring gains and losses of ENN Zhoushan amounted to RMB402.1033 million, and 115% of the performance commitment of RMB349.67 million was actually completed.

(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 credits and liabilities

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) Other major related-party transactions

☐ Applicable ☒ N/A

(VII) Others

☐ Applicable ☒ N/A

| Total amount of guarantees provided by the Company (including those for subsidiaries) | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total guarantee amount (A+B) | 2,918,850 |
| Proportion of total guarantee amount to net assets of the Company (%) | 166.05% |
| Among which: | |
| Amount of guarantees for shareholders, actual controller and their related parties (C) | 0 |
| Amount of direct or indirect debt guarantees for guaranteed party whose asset-liability ratio exceeds 70% (D) | 578,163 |
| Amount of total guarantee in excess of 50% of net assets (E) | 1,461,781 |
| Total amount of the above three guarantees (C+D+E) | 2,039,944 |
| Information on the outstanding guarantees for which the Company may assume joint and several liability | N/A |
| Information on guarantees | <p>1. The amount of guarantee incurred during the Reporting Period and the guarantee balance at the end of Reporting Period include the external guarantees provided by a subsidiary, and the amount of guarantee equals to the product of amount of guarantees provided by the subsidiary in favor of external parties multiplied by the Company's shareholding ratio in such subsidiary.</p> <p>2. Guarantees provided by subsidiaries for subsidiaries as at the end of the Reporting Period had a guarantee balance of RMB 7,321.4 million. Specifically:</p> <p>(1) ENN Energy Holdings Limited provided guarantees of up to RMB 433.38 million for ENN Global Trading Pte. Ltd.</p> <p>(2) ENN Energy Holdings Limited provided guarantees of up to RMB 36.13 million for ENN LNG Trading Company Limited.</p> <p>(3) Bengbu Xin'ao Gas Co., Ltd. provided guarantees of up to RMB 20 million for Bengbu Xin'ao Gas Development Co., Ltd.</p> <p>(4) Changzhou Xin'ao Gas Development Co., Ltd. provided guarantees of up to RMB 30 million for Changzhou Xin'ao Gas Engineering Co., Ltd.</p> <p>(5) Changzhou Xin'ao Gas Engineering Co., Ltd. provided guarantees of up to RMB 455 million for Changzhou Xin'ao Gas Development Co., Ltd.</p> <p>(6) Dongguan ENN Gas Co., Ltd. provided guarantees of up to RMB 143 million for Dongguan New Energy Management Co., Ltd.</p> <p>(7) Wenan ENN Mingshun Gas Co., Ltd. provided guarantees of up to RMB 10 million for Wenan County Yutong Gas Co., Ltd.</p> <p>(8) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 1,861.83 million for 13 subsidiaries including ENN Gas Development Co., Ltd.</p> <p>(9) ENN Gas Development Co., Ltd. provided guarantees of up to RMB 51.48 million for Sinopec Zhejiang Xin'ao (Zhoushan) Gas Co., Ltd.</p> <p>(10) Xindi Energy Engineering Technology Co., Ltd. provided guarantees of up to RMB 757.15 million for ENN (Tianjin) Energy Investment Co., Ltd.</p> <p>(11) Xinneng (Hong Kong) Energy Investment Co., Ltd. provided guarantees of up to RMB 2,251.24 million for ENN LNG (Singapore) Pte. Ltd.</p> <p>(12) Xinxiang Xin'ao Gas Engineering Co., Ltd. provided guarantees of up to RMB 100 million for Xinxiang Xin'ao Gas Co., Ltd.</p> <p>(13) Changsha Xin'ao Gas Development Co., Ltd. provided guarantees of up to RMB 249 million for Changsha ENN Gas Co., Ltd.</p> <p>(14) Changsha ENN Gas Co., Ltd. provided guarantees of up to RMB 898 million for Changsha Xin'ao Gas Development Co., Ltd.</p> <p>(15) Changsha ENN Changnan Energy Development Co., Ltd. provided guarantees of up to RMB 26.19 million for Changsha ENN Xiangjiang New Energy Development Co., Ltd.</p> |

| Total amount of guarantees provided by the Company (including those for subsidiaries) | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 3. Debt guarantees directly or indirectly granted for guaranteed parties with an asset-liability ratio of more than 70% as at the end of the Reporting Period had a balance of RMB 8,074.6 million. Specifically: | |
| (1) ENN Clean Energy International Investment Limited, an overseas wholly-owned subsidiary of the Company, issued USD 800 million senior unsecured fixed-rate bonds (equivalent to RMB 5,030.78 million) on 12 May 2021; the Company provides a cross-border joint liability surety guarantee which was deliberated and approved at the Sixteenth Meeting of the Ninth Board of Directors held on 21 July 2020 and the 2020 Second Extraordinary General Meeting held on 7 August 2020. | |
| (2) The Company provided its wholly-owned subsidiary Xinmeng (Tianjin) Energy Co., Ltd. with a guarantee for the bank acceptance bill of RMB 111.66 million. | |
| (3) Bengbu Xin'ao Gas Co., Ltd. provided guarantees of up to RMB 20 million for Bengbu Xin'ao Gas Development Co., Ltd. | |
| (4) Changzhou Xin'ao Gas Development Co., Ltd. provided guarantees of up to RMB 30 million for Changzhou Xin'ao Gas Engineering Co., Ltd. | |
| (5) Changzhou Xin'ao Gas Engineering Co., Ltd. provided guarantees of up to RMB 455 million for Changzhou Xin'ao Gas Development Co., Ltd. | |
| (6) Wenan ENN Mingshun Gas Co., Ltd. provided guarantees of up to RMB 10 million for Wenan County Yutong Gas Co., Ltd. | |
| (7) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 711.68 million for Daqing Gaoxin Boyuan Thermal Power Co., Ltd. | |
| (8) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 1 million for Rongcheng ENN Gas Co., Ltd. | |
| (9) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 39.93 million for Xinxiang ENN Gas Co., Ltd. | |
| (10) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 470 million for Xin'ao Gas Development Co., Ltd. | |
| (11) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 52.62 million for Yangpu ENN Energy Development Co., Ltd. | |
| (12) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 60 million for Yutian ENN Gas Co., Ltd. | |
| (13) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 20 million for Tangshan Fengnan ENN Gas Co., Ltd. | |
| (14) Xin'ao (China) Gas Investment Co., Ltd. provided guarantees of up to RMB 27.8 million for Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. | |
| (15) ENN Energy Holdings Limited provided guarantees of up to RMB 36.13 million for ENN LNG Trading Company Limited. | |
| (16) Xinxiang Xin'ao Gas Engineering Co., Ltd. provided guarantees of up to RMB 100 million for Xinxiang Xin'ao Gas Co., Ltd. | |
| (17) Changsha ENN Gas Co., Ltd. provided guarantees of up to RMB 898 million for Changsha Xin'ao Gas Development Co., Ltd. | |
| 4. Xin'ao (China) Gas Investment Co., Ltd., a subsidiary of the Company, provided guarantees of up to RMB 27.8 million for Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. at the end of the Reporting Period. | |
| 5. At the end of the Reporting Period, the Company provided RMB 18.35 million counter guarantee for joint and several liability guarantee for Chongqing Fuling Energy Industry Group Co., Ltd., an enterprise invested by the Company, in favor of Chongqing Longjan Energy Technology Co., Ltd. The counter guarantee has been deliberated and approved at the Seventeenth Meeting of the Ninth Board of Directors held on 28 August 2020 and the 2020 Third Extraordinary General Meeting held on 29 September 2020. | |

3. Other material contracts

☐ Applicable ☒ N/A

XII. Information on other major matters

☐ Applicable ☒ N/A



07

Change in Shares and Information on Shareholders

I. Changes in Share Capital

(I) Table of Changes in Shares

1. Table of Changes in Shares

Unit: share

| | Before change | | Increase or decrease (+ or -) | | | | | After change | |
|------------------------------------------------------------------|------------------|----------------|-------------------------------|--------------|------------------------------------|----------|----------|------------------|----------------|
| | Number of shares | Proportion (%) | New shares issued | Bonus shares | Capitalization of capital reserves | Other | Subtotal | Number of shares | Proportion (%) |
| I. Restricted shares | 1,637,380,719 | 52.84 | 0 | 0 | 0 | -265,000 | -265,000 | 1,637,115,719 | 52.84 |
| 1. Shares held by the State | | | | | | | | | |
| 2. Shares held by the state-owned legal persons | | | | | | | | | |
| 3. Other shares held by domestic investors | 266,754,039 | 8.61 | 0 | 0 | 0 | -265,000 | -265,000 | 266,489,039 | 8.60 |
| Including: Shares held by domestic non-state-owned legal persons | 252,808,988 | 8.16 | 0 | 0 | 0 | 0 | 0 | 252,808,988 | 8.16 |
| Shares held by domestic natural persons | 13,945,051 | 0.45 | 0 | 0 | 0 | -265,000 | -265,000 | 13,680,051 | 0.44 |
| 4. Shares held by foreign investors | 1,370,626,680 | 44.23 | 0 | 0 | 0 | 0 | 0 | 1,370,626,680 | 44.24 |
| Including: Shares held by overseas legal persons | 1,370,626,680 | 44.23 | 0 | 0 | 0 | 0 | 0 | 1,370,626,680 | 44.24 |
| Shares held by overseas natural persons | | | | | | | | | |
| II. Tradable share without conditions on restricted sale | 1,461,281,888 | 47.16 | 0 | 0 | 0 | 0 | 0 | 1,461,281,888 | 47.16 |
| 1. RMB ordinary shares | 1,461,281,888 | 47.16 | 0 | 0 | 0 | 0 | 0 | 1,461,281,888 | 47.16 |
| 2. Foreign shares listed domestically | | | | | | | | | |
| 3. Foreign shares listed overseas | | | | | | | | | |
| 4. Others | | | | | | | | | |
| III. Total number of shares | 3,098,662,607 | 100.00 | 0 | 0 | 0 | -265,000 | -265,000 | 3,098,397,607 | 100.00 |

2. Information on changes in shares

☒ Applicable ☐ N/A

Under the 2021 Restricted Stock Incentive Plan of the Company, five incentive grantees had an “unsatisfactory” individual performance evaluation result during the first Unrestricted Period for first grant, and one incentive grantee was no longer eligible due to retirement one incentive grantee had an “unsatisfactory” individual performance evaluation result during the first Unrestricted Period for reserved grant. In accordance with the *2021 Restricted Stock Incentive Plan (Draft) of the Company*, a total of 265,000 restricted shares which have been granted to the above incentive grantees but have not been released from restrictions on sale, shall not be released from restrictions on sale and had been repurchased and canceled by the Company on 6 March 2023. The restricted shares changed from 1,637,380,719 to 1,637,115,719 and the total number of shares changed from 3,098,662,607 to 3,098,397,607.

3. Effect of the changes in shares on the earnings per share, net assets per share and other financial indicators during the period from the end of the Reporting Period to the disclosure date of the Semi-annual Report (if any)

☐ Applicable ☒ N/A

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 restricted shares

☒ Applicable ☐ N/A

Unit: Share

| Name of shareholder | Number of restricted shares at the beginning of the period | Number of restricted shares released during the Reporting Period | Increase in the number of restricted shares during the Reporting Period | Number of unrestricted shares at the end of the Reporting Period | Reasons for restriction | Date of restriction release |
|--------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------|-----------------------------|
| Incentive Grantees for Restricted Shares in 2021 | 13,945,051 | 0 | -265,000 | 13,680,051 | Equity incentive restriction | / |
| Total | 13,945,051 | 0 | -265,000 | 13,680,051 | / | / |

Note: Under the 2021 Restricted Stock Incentive Plan of the Company, five incentive grantees had an “unsatisfactory” individual performance evaluation result during the first Unrestricted Period for first grant, and one incentive grantee was no longer eligible due to retirement, one incentive grantee had an “unsatisfactory” individual performance evaluation result during the first Unrestricted Period for reserved grant. In accordance with the *2021 Restricted Stock Incentive Plan (Draft) of the Company*, a total of 265,000 restricted shares which have been granted to the above incentive grantees but have not been released from restrictions on sale, shall not be released from restrictions on sale and had been repurchased and canceled by the Company on 6 March 2023. The restricted shares changed from 1,637,380,719 to 1,637,115,719.

II. Shareholders

(I) Total number of shareholders:

| | |
|-------------------------------------------------------------------------------------------------------------------|--------|
| Total number of ordinary shareholders as of the end of the Reporting Period (household) | 18,812 |
| Total number of preferred shareholders with voting rights restored at the end of the Reporting Period (household) | 0 |

(II) Table of shareholdings by top 10 shareholders and top 10 holders of tradable shares (or holders of unrestricted shares) as of the end of the Reporting Period

Unit: share

| Shareholding of 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 (%) | Number of restricted shares | Pledged, marked or frozen shares Share status | Number | Nature of shareholder |
| ENN GROUP INTERNATIONAL INVESTMENT LIMITED | 0 | 1,370,626,680 | 44.24 | 1,370,626,680 | N/A | 0 | Foreign legal person |
| ENN Investment Holdings Co., Ltd. | 0 | 430,737,451 | 13.90 | 0 | Pledged | 226,310,000 | Domestic non-state-owned legal person |
| ENN Science and Technology Development Co., Ltd. | 0 | 252,808,988 | 8.16 | 252,808,988 | N/A | 0 | Domestic non-state-owned legal person |
| Hong Kong Securities Clearing Company Limited | 30,737,239 | 178,434,018 | 5.76 | 0 | N/A | 0 | Other |
| Langfang Heyuan Investment Center (LLP) | 0 | 98,360,656 | 3.17 | 0 | Pledged | 67,300,000 | Other |
| Hebei Weiyuan Group Co., Ltd. | 0 | 89,004,283 | 2.87 | 0 | Pledged | 61,200,000 | Domestic non-state-owned legal person |
| Hongchuang (Shenzhen) Investment Center (L.P.) | -478,798 | 78,463,417 | 2.53 | 0 | N/A | 0 | Other |
| National Social Security Fund 106 Portfolio | 9,999,463 | 64,787,719 | 2.09 | 0 | N/A | 0 | Other |
| Basic Endowment InsuranceFund 15022 Portfolio | -2,162,100 | 26,755,519 | 0.86 | 0 | N/A | 0 | Other |
| CITIC Securities — China Citic Bank — Hybrid Collective Asset Management Plan for Excellent Growth with Two-year Holding Period of CITIC Securities | 22,963,572 | 23,732,872 | 0.77 | 0 | N/A | 0 | Other |

| Shareholding of top 10 shareholders of unrestricted shares | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------|
| Name of shareholder | Number of tradable shares without conditions on restricted sale | Category and number of shares | |
| | | Category | Number |
| ENN Investment Holdings Co., Ltd. | 430,737,451 | Ordinary shares in RMB | 430,737,451 |
| Hong Kong Securities Clearing Company Limited | 178,434,018 | Ordinary shares in RMB | 178,434,018 |
| Langfang Heyuan Investment Center (LLP) | 98,360,656 | Ordinary shares in RMB | 98,360,656 |
| Hebei Weiyuan Group Co., Ltd. | 89,004,283 | Ordinary shares in RMB | 89,004,283 |
| Hongchuang (Shenzhen) Investment Center (L.P.) | 78,463,417 | Ordinary shares in RMB | 78,463,417 |
| National Social Security Fund 106 Portfolio | 64,787,719 | Ordinary shares in RMB | 64,787,719 |
| Basic Endowment Insurance Fund 15022 Portfolio | 26,755,519 | Ordinary shares in RMB | 26,755,519 |
| CITIC Securities — China Citic Bank — Hybrid Collective Asset Management Plan for Excellent Growth with Two-year Holding Period of CITIC Securities | 23,732,872 | Ordinary shares in RMB | 23,732,872 |
| Huaneng Guicheng Trust Co., Ltd. | 18,296,614 | Ordinary shares in RMB | 18,296,614 |
| Basic Endowment Insurance Fund 807 Portfolio | 10,400,000 | Ordinary shares in RMB | 10,400,000 |
| Information on special repurchased shareholders among top 10 shareholders | N/A | | |
| Information on voting trust, entrusted voting right and waiver of voting right of the shareholders above | N/A | | |
| Information on associated relationship or concerted action between the aforesaid shareholders | <ol style="list-style-type: none"> 1. ENN GROUP INTERNATIONAL INVESTMENT LIMITED, ENN Investment Holdings Co., Ltd., ENN Science and Technology Development 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. 2. The couple, Mr. Wang Yusuo and Ms. Zhao Baoju, signed the <i>Share Escrow Agreement in respect of ENN GROUP INTERNATIONAL INVESTMENT LIMITED</i> 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. 3. The Company is not aware of whether there is an associated relationship between other shareholders or whether they are acting in concert. | | |
| Information on preferred shareholders with voting rights restored and the number of shares held by them | N/A | | |

Number of shares held by top 10 shareholders of restricted shares and conditions on restricted sale

√ Applicable □ N/A

Unit: Share

| Tradable conditions of restricted shares | | | | | |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------|----------------------------------------------------------------------|
| No. | Name of shareholder of restricted shares | Number of restricted shares held | Tradable date | Number of increased tradable shares | Conditions on restricted sale |
| 1 | ENN GROUP INTERNATIONAL INVESTMENT LIMITED | 1,370,626,680 | 18 September 2023 | 0 | Issue of shares for asset purchase, with lock-up period of 36 months |
| 2 | ENN Science and Technology Development Co., Ltd. | 252,808,988 | 18 August 2025 | 0 | Issue of shares for asset purchase, with lock-up period of 36 months |
| 3 | Yu Jianchao | 1,050,000 | Note 1 | 0 | Stock incentive |
| 4 | Han Jishen | 1,050,000 | Note 1 | 0 | Stock incentive |
| 5 | Zheng Hongtao | 750,000 | Note 1 | 0 | Stock incentive |
| 6 | Jiang Chenghong | 682,551 | Note 1 | 0 | Stock incentive |
| 7 | Wang Dongzhi | 600,000 | Note 1 | 0 | Stock incentive |
| 8 | Zhang Jin | 450,000 | Note 1 | 0 | Stock incentive |
| 9 | Zhang Xiaoyang | 450,000 | Note 1 | 0 | Stock incentive |
| 10 | Zheng Wenping | 450,000 | Note 1 | 0 | Stock incentive |
| Information on associated relationship or concerted action between the aforesaid shareholders | | ENN GROUP INTERNATIONAL INVESTMENT LIMITED and ENN Science and Technology Development 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 unlocked 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 legal persons that become the top 10 shareholders as result of placement of new shares

□ Applicable √ N/A

III. Information on Directors, Supervisors and Senior Management

(I) Changes in shares held by incumbent and resigned directors, supervisors and senior managers during the Reporting Period

☒ Applicable ☐ N/A

Unit: Share

| Name | Position | Number of shares held at the beginning of the period | Number of shares held at the end of the period | Increase or decrease of shares during the Reporting Period | Reasons for increase or decrease |
|--------------|---------------------------------------|------------------------------------------------------|------------------------------------------------|------------------------------------------------------------|---------------------------------------------|
| Yu Jianchao | Director & Co-Chief Executive Officer | 1,400,000 | 1,450,000 | +50,000 | Increase by centralized competitive pricing |
| Wang Shihong | Vice President (resigned) | 200,000 | 150,000 | -50,000 | Increase by centralized competitive pricing |
| Zhang Jin | Director | 600,000 | 510,000 | -90,000 | Increase by centralized competitive pricing |
| Han Jishen | Director | 1,400,000 | 1,050,000 | -350,000 | Increase by centralized competitive pricing |

Other information

☒ Applicable ☐ N/A

1. On 10 December 2022, the Company disclosed the *Announcement on Decreased Shareholding Plan after the Expiry of the Sales Restriction on the Shares Acquired from the Equity Incentives for the Directors and Senior Managers of ENN-NG*, under which some directors and senior managers intended to decrease not more than 2,237,500 shares of the Company by centralized competitive pricing combined with block trading, accounting for not more than 0.0722% of the Company's total share capital and not more than 25% of the total shares held by them respectively.

The Decreased Shareholding Plan expired as at 30 June 2023. Mr. Wang Shihong decreased 50,000 shares held of the Company by centralized competitive pricing, accounting for 0.0016% of the Company's total share capital; Mr. Han Jishen decreased 350,000 shares held of the Company by centralized competitive pricing, accounting for 0.0113% of the Company's total share capital; Mrs. Zhang Jin decreased 90,000 shares held of the Company by centralized competitive pricing, accounting for 0.0029% of the Company's total share capital; the shares held by other shareholders have not been decreased.

2. On 2 February 2023, the Company disclosed the *Announcement of ENN-NG on the Resignation of Vice President*. Due to the adjustment of job position, Mr. Wang Shihong resigned as the Company's Vice President and would continue to hold other posts in the Company. After resignation, Mr. Wang Shihong has not decreased his stake in the Company.

(II) Equity incentives granted to the directors, supervisors and senior managers in the Reporting Period

☐ Applicable ☒ N/A

(III) Other information

☐ Applicable ☒ N/A

IV. Change in controlling shareholder or actual controller

☐ Applicable ☒ N/A



08

Information on Preferred Shares

☐ Applicable ☒ N/A



09

Information on Bonds

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

☒ Applicable ☐ N/A

(I) Enterprise bond

☐ Applicable ☒ N/A

(II) Corporate bond

☐ Applicable ☒ N/A

(III) Non-financial corporate debt-financing instruments at the inter-bank bond market

☒ Applicable ☐ N/A

1. Basic information on non-financial corporate debt-financing instruments

Unit: RMB'0000 Currency: RMB

| Bond name | Short name | Code | Date of issue | Value date | Maturity date | Bond balance | Interest rate (%) | Method of repayment of principal with interests | Trading venue | Investor suitability arrangement (if any) | Trading scheme | If there is any risk from delisting |
|----------------------------------------------------------------|--------------------|-----------|---------------|---------------|---------------|--------------|-------------------|------------------------------------------------------------|---------------------------------|-------------------------------------------|-------------------------------------------------------------------------|-------------------------------------|
| 2023 First Green Medium-term Note of ENN Natural Gas Co., Ltd. | 23 ENN-NG GN001 | 132380028 | 25 April 2023 | 26 April 2023 | 26 April 2023 | 5000 | 3.30 | Interests paid annually and principal repaid upon maturity | National inter-bank bond market | | Trading by way of competitive pricing, quotation, inquiry and agreement | No |

Measures to deal with the risks arising from delisting of bonds taken by the Company

☐ Applicable ☒ N/A

Overdue outstanding bond☐ Applicable ☒ N/A*Information on Overdue debt*☐ Applicable ☒ N/A**2. Trigger and enforcement of option clause and investor protection provision by the issuer or investor**☐ Applicable ☒ N/A**3. Adjustment of credit rating result**☐ Applicable ☒ N/A**4. Implementation, change and influence of guarantee, debt repayment plan and other debt repayment guarantee measures during the Reporting Period**☐ Applicable ☒ N/A**5. Description of other information on non-financial corporate debt-financing instruments**☐ Applicable ☒ N/A**(IV) Excess of the losses in the scope of consolidated financial statements within the Reporting Period of the Company by 10% of the net assets as at the end of previous year**☐ Applicable ☒ N/A

(V) Key accounting data and financial indicators

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Key indicator | End of the Reporting Period | End of previous year | Increase or decrease at the end of Reporting Period over the previous year (%) | Reason for change |
|---------------------------|-----------------------------|----------------------|--------------------------------------------------------------------------------|---------------------------------------------------------|
| Liquidity ratio | 0.77 | 0.80 | -3.75 | Increase in short-term borrowings and dividends payable |
| Quick ratio | 0.72 | 0.75 | -4.00 | Increase in short-term borrowings and dividends payable |
| Asset-liability ratio (%) | 61.96 | 62.14 | -0.29 | Increase in assets and equity |

| | Current Reporting Period (January – June) | Same period of previous year | Increase or decrease of the Reporting Period over the same period in the previous year (%) | Reason for change |
|----------------------------------------------------------|-------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Net profit after deducting nonrecurring gains and losses | 138,104 | 134,900 | 2.38 | Increase in net profits attributable to shareholders of listed companies |
| Ratio of EBITDA to total debt | 0.24 | 0.24 | | |
| Interest coverage ratio | 9.57 | 9.39 | 1.92 | Increase in total profit |
| Cash interest coverage ratio | 13.07 | 14.66 | -10.85 | Decrease in net cash flow from operating activities |
| EBITDA interest coverage ratio | 12.55 | 12.17 | 3.12 | Increase in total profit and depreciation of fixed assets |
| Loan repayment rate (%) | 100.00 | 100.00 | | |
| Interest coverage (%) | 100.00 | 100.00 | | |

II. Convertible Corporate Bonds

□ Applicable √ N/A



10

Financial Report

I. Auditor's Report

☐ Applicable ☒ N/A

II. Financial Statements

Consolidated Balance Sheet

30 June 2023

Prepared by: ENN Natural Gas Co., Ltd.

Unit: RMB'0000 Currency: RMB

| Project | Notes | 30 June 2023 | 31 December 2022 |
|----------------------------------------------|--------|--------------|------------------|
| Current assets: | | | |
| Monetary fund | VII-1 | 1,172,939 | 923,809 |
| Settlement reserve | | | |
| Lending funds | VII-2 | 335,555 | 285,117 |
| Transaction financial assets | VII-3 | 15,542 | 2,560 |
| Derivative financial assets | VII-4 | 221,440 | 289,663 |
| Notes receivable | VII-5 | 25,399 | 32,507 |
| Accounts receivable | VII-6 | 575,423 | 637,603 |
| Receivables financing | VII-7 | 83,884 | 91,663 |
| Prepayments | VII-8 | 401,843 | 498,758 |
| Premiums receivable | | | |
| Reinsured accounts receivable | | | |
| Reserves for reinsurance contract receivable | | | |
| Loans and Advances(short-term) | VII-9 | 3,920 | 4,410 |
| Other receivables | VII-10 | 195,003 | 326,770 |
| Including: Interest receivable | | | |
| Dividend receivable | | 27,375 | 25,912 |
| Buying back the sale of financial assets | | | |
| Inventories | VII-11 | 261,774 | 241,660 |
| Contract assets | VII-12 | 346,408 | 302,998 |
| Assets held for sale | | | |
| Non-current assets due within one year | VII-14 | 1,896 | 8,417 |
| Other current-assets | VII-15 | 266,226 | 232,383 |
| Total current assets | | 3,907,252 | 3,878,318 |
| Non-current assets: | | | |
| Loans and Advances | VII-16 | 1,470 | |
| Debt investment | VII-17 | 280 | |
| Other debt investment | | | |
| Long-term receivables | VII-19 | | 439 |

| Project | Notes | 30 June 2023 | 31 December 2022 |
|---------------------------------------------|--------|--------------|------------------|
| Long-term equity investment | VII-20 | 611,414 | 602,109 |
| Investment in other equity instruments | VII-21 | 25,556 | 25,498 |
| Other non-current financial assets | VII-22 | 439,166 | 432,722 |
| Investment real estate | VII-23 | 27,632 | 27,632 |
| Fixed assets | VII-24 | 6,755,551 | 6,612,822 |
| Construction in progress | VII-25 | 553,745 | 478,612 |
| Productive biological assets | | | |
| Oil-gas assets | | | |
| Right-of-use assets | VII-28 | 42,818 | 42,442 |
| Intangible assets | VII-29 | 1,096,312 | 1,106,248 |
| Development expenditure | VII-30 | 34,737 | 18,507 |
| Goodwill | VII-31 | 57,385 | 57,385 |
| Long-term prepaid expenses | VII-32 | 79,451 | 77,407 |
| Deferred tax assets | VII-33 | 237,482 | 225,454 |
| Other non-current assets | VII-34 | 32,077 | 34,149 |
| Total non-current assets | | 9,995,076 | 9,741,426 |
| Total assets | | 13,902,328 | 13,619,744 |
| Current liabilities: | | | |
| Short-term borrowings | VII-35 | 946,861 | 756,023 |
| Borrowings from central bank | | | |
| Borrowing funds | | | |
| Transaction financial liabilities | | | |
| Derivative financial liabilities | VII-37 | 123,096 | 101,916 |
| Notes payable | VII-38 | 69,315 | 85,737 |
| Accounts payable | VII-39 | 1,039,104 | 1,048,430 |
| Advance receipts | | | |
| Contract liabilities | VII-41 | 1,558,936 | 1,742,053 |
| Financial assets sold for repurchase | VII-42 | 19,869 | 36,519 |
| Deposits from customers and interbank | VII-43 | 23,624 | 23,684 |
| Acting trading securities | | | |
| Acting underwriting securities | | | |
| Payroll payable | VII-44 | 91,809 | 124,770 |
| Taxes payable | VII-45 | 246,099 | 288,649 |
| Other payables | VII-46 | 529,427 | 304,457 |
| Including: Interests payable | | | |
| Dividends payable | | 350,071 | 26,304 |
| Handling charges and commissions payable | | | |
| Cession insurance premiums payable | | | |
| Liabilities held for sales | | | |
| Non-current liabilities due within one year | VII-48 | 292,285 | 194,933 |

| Project | Notes | 30 June 2023 | 31 December 2022 |
|-----------------------------------------------------------------------------------|--------|--------------|------------------|
| Other current liabilities | VII-49 | 143,139 | 159,635 |
| Total current liabilities | | 5,083,564 | 4,866,806 |
| Non-current liabilities: | | | |
| Reserves for insurance contract | | | |
| Long-term borrowings | VII-50 | 1,109,677 | 1,211,218 |
| Bonds payable | VII-51 | 1,489,659 | 1,437,773 |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | VII-52 | 30,668 | 30,977 |
| Long-term payables | VII-53 | 147,192 | 157,114 |
| Long-term payroll payable | | | |
| Anticipation liabilities | | | |
| Deferred income | VII-56 | 109,426 | 111,884 |
| Deferred tax liabilities | VII-33 | 347,175 | 358,215 |
| Other non-current liabilities | VII-57 | 296,688 | 289,535 |
| Total non-current liabilities | | 3,530,485 | 3,596,716 |
| Total liabilities | | 8,614,049 | 8,463,522 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (share capital) | VII-58 | 309,840 | 309,866 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | VII-60 | 23,038 | 19,396 |
| Less: Treasury shares | VII-61 | 18,304 | 19,182 |
| Other comprehensive income | VII-62 | 53,605 | 45,835 |
| Special reserve | VII-63 | 6,578 | 5,222 |
| Surplus reserve | VII-64 | 33,111 | 33,111 |
| General risk provisions | VII-65 | 18,839 | 18,839 |
| Undistributed profits | VII-66 | 1,407,129 | 1,344,725 |
| Total owners' equity (or shareholders' equity) attributable to the parent company | | 1,833,836 | 1,757,812 |
| Minority interest | | 3,454,443 | 3,398,410 |
| Total owners' equity (or shareholders' equity) | | 5,288,279 | 5,156,222 |
| Total liabilities and owners' equity (or shareholders' equity) | | 13,902,328 | 13,619,744 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Balance Sheet of the Parent Company

30 June 2023

Prepared by: ENN Natural Gas Co., Ltd.

Unit: RMB'0000 Currency: RMB

| Project | Notes | 30 June 2023 | 31 December 2022 |
|----------------------------------------|--------|--------------|------------------|
| Current assets: | | | |
| Monetary fund | | 30,300 | 35,233 |
| Transaction financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | XVII-1 | 47 | 47 |
| Receivables financing | | | |
| Prepayments | | 141 | 82 |
| Other receivables | XVII-2 | 1,170,622 | 823,340 |
| Including: Interest receivable | | | |
| Dividend receivable | | 413,331 | 170,586 |
| Inventories | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current-assets | | 289 | 275 |
| Total current assets | | 1,201,399 | 858,977 |
| Non-current assets: | | | |
| Debt investment | | | |
| Other debt investment | | | |
| Long-term receivables | | 20,007 | |
| Long-term equity investment | XVII-3 | 1,371,236 | 1,371,630 |
| Investment in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment real estate | | | |
| Fixed assets | | 215 | 235 |
| Construction in progress | | | |

| Project | Notes | 30 June 2023 | 31 December 2022 |
|---------------------------------------------|-------|--------------|------------------|
| Productive biological assets | | | |
| Oil-gas assets | | | |
| Right-of-use assets | | 100 | 200 |
| Intangible assets | | 2,978 | 3,160 |
| Development expenditure | | 1,064 | 688 |
| Goodwill | | | |
| Long-term prepaid expenses | | | |
| Deferred tax assets | | | |
| Other non-current assets | | | |
| Total non-current assets | | 1,395,600 | 1,375,913 |
| Total assets | | 2,596,999 | 2,234,890 |
| Current liabilities: | | | |
| Short-term borrowings | | 90,082 | 60,020 |
| Transaction financial liabilities | | | |
| Derivative financial liabilities | | | |
| Notes payable | | 49,500 | 14,100 |
| Accounts payable | | 1,545 | 961 |
| Advance receipts | | | |
| Contract liabilities | | | |
| Payroll payable | | 208 | 553 |
| Taxes payable | | 557 | 51 |
| Other payables | | 782,675 | 619,711 |
| Including: Interests payable | | | |
| Dividends payable | | | |
| Liabilities held for sales | | | |
| Non-current liabilities due within one year | | 40,241 | 229 |
| Other current liabilities | | | |
| Total current liabilities | | 964,808 | 695,625 |
| Non-current liabilities: | | | |
| Long-term borrowings | | 19,802 | 60,061 |
| Bonds payable | | 50,180 | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |

| Project | Notes | 30 June 2023 | 31 December 2022 |
|----------------------------------------------------------------|-------|--------------|------------------|
| Lease liabilities | | | |
| Long-term payables | | 488,329 | 480,537 |
| Long-term payroll payable | | | |
| Anticipation liabilities | | | |
| Deferred income | | 670 | 670 |
| Deferred tax liabilities | | 25 | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 559,006 | 541,268 |
| Total liabilities | | 1,523,814 | 1,236,893 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (share capital) | | 309,840 | 309,866 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | | 445,872 | 444,027 |
| Less: Treasury shares | | 18,304 | 19,182 |
| Other comprehensive income | | | |
| Special reserve | | | |
| Surplus reserve | | 53,167 | 53,167 |
| Undistributed profits | | 282,610 | 210,119 |
| Total owners' equity (or shareholders' equity) | | 1,073,185 | 997,997 |
| Total liabilities and owners' equity (or shareholders' equity) | | 2,596,999 | 2,234,890 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Consolidated Income Statement

January - June 2023

Unit: RMB'0000 Currency: RMB

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|---------------------------------------------------------------------------------------|--------|-------------------|-------------------|
| I. Gross revenue | | 6,721,300 | 7,319,754 |
| Including: Operating income | VII-67 | 6,716,963 | 7,313,112 |
| Interest revenue | VII-68 | 4,337 | 6,635 |
| Earned premium | | | |
| Handling charges and commissions income | VII-69 | | 7 |
| II. Gross operating cost | | 6,215,576 | 6,780,665 |
| Including: Operating cost | VII-67 | 5,744,034 | 6,291,641 |
| Interest expense | VII-68 | 736 | 1,062 |
| Handling charges and commissions expense | VII-69 | 144 | 46 |
| Surrender value | | | |
| Net payments for insurance claims | | | |
| Net Deposit for Duty of Reinsurance | | | |
| Expenditures dividend policy | | | |
| Amortized Reinsurance expenses | | | |
| Taxes and surcharges | VII-70 | 30,497 | 36,012 |
| Selling expenses | VII-71 | 73,771 | 68,755 |
| Administrative expenses | VII-72 | 209,390 | 195,255 |
| Research and development expenditure | VII-73 | 37,475 | 36,898 |
| Financing expense | VII-74 | 119,529 | 150,996 |
| Including: Interest expense | | 66,740 | 65,914 |
| Interest revenue | | 7,909 | 5,999 |
| Plus: Other income | VII-75 | 34,322 | 16,207 |
| Investment income (losses as in "-") | VII-76 | 201,599 | 72,053 |
| Including: Investment incomes from associated ventures and joint ventures | | 8,598 | 14,390 |
| Derecognized income of financial assets measured at amortized cost (losses as in "-") | | | |
| Exchange gains (losses as in "-") | VII-77 | -24 | -18 |
| Net exposure hedging gains (losses as in "-") | | | |
| Income from changes in fair values (losses as in "-") | VII-79 | -90,612 | -10,486 |
| Credit impairment loss (losses as in "-") | VII-80 | -16,161 | -9,185 |
| Asset impairment loss (losses as in "-") | VII-81 | 5,776 | -1,233 |
| Assets disposal gains (losses as in "-") | VII-82 | 235 | -1,288 |
| III. Operating profit (losses as in "-") | | 640,859 | 605,139 |
| Plus: Non-operating income | VII-83 | 10,336 | 4,591 |
| Less: Non-operating expenditure | VII-84 | 6,691 | 3,427 |
| IV. Total profit (Total losses as in "-") | | 644,504 | 606,303 |

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|-----------------------------------------------------------------------------------------------------|--------|-------------------|-------------------|
| Less: Income tax expenses | VII-85 | 164,622 | 169,323 |
| V. Net profit (Net loss as in "-") | | 479,882 | 436,980 |
| (I) Classified by the continuity of operations | | | |
| 1. Net profit of going concern (net losses as in "-") | | 479,882 | 436,980 |
| 2. Net profit of discontinuing operation (net losses as in "-") | | | |
| (II) Classified by attribution of ownership | | | |
| 1. Net profit attributable to shareholders of the parent company (net losses as in "-") | | 220,353 | 169,680 |
| 2. Minority shareholders' profits and losses (net losses as in "-") | | 259,529 | 267,300 |
| VI. Net of tax from other comprehensive income | | 7,932 | -122,523 |
| (I) Net after-tax amount of other comprehensive income attributable to owners of the parent company | | 7,770 | -101,624 |
| 1. Other comprehensive income that cannot be reclassified into profit and loss | | 16 | -558 |
| (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 | | 16 | -558 |
| (4) Changes in fair value of enterprise's own credit risk | | | |
| 2. Other comprehensive income that will be reclassified into profit and loss | | 7,754 | -101,066 |
| (1) Other comprehensive 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 comprehensive income | | | |
| (4) Preparation for credit impairment of other creditor's rights investment | | | |
| (5) Cash flow hedging reserve | | -16,804 | -104,834 |
| (6) Conversion difference of foreign currency financial statements | | 24,558 | 3,768 |
| (7) Others | | | |
| (II) Net income of tax of Other comprehensive income attributable to minority shareholders | | 162 | -20,899 |
| VII. Total comprehensive incomes | | 487,814 | 314,457 |
| (I) Total consolidated income attributable to the owner of the parent company | | 228,123 | 68,056 |
| (II) Total aggregate income attributable to minority shareholders | | 259,691 | 246,401 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | 0.71 | 0.55 |
| (II) Diluted earnings per share (yuan/share) | | 0.71 | 0.55 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Income Statement of the Parent Company

January - June 2023

Unit: RMB'0000 Currency: RMB

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|---------------------------------------------------------------------------------------|--------|-------------------|-------------------|
| I. Operation income | XVII-4 | 64 | 1,766 |
| Less: Operating cost | XVII-4 | 2 | |
| Taxes and surcharges | | 143 | 61 |
| Selling expenses | | | |
| Administrative expenses | | 3,117 | 4,989 |
| Research and development expenditure | | | |
| Financing Expense | | 8,938 | 7,471 |
| Including: Interest expense | | 8,624 | 7,468 |
| Interest revenue | | 347 | 928 |
| Plus: Other income | | 22 | 28 |
| Investment income (losses as in "-") | XVII-5 | 242,351 | 1,063 |
| Including: Investment incomes from associated ventures and joint ventures | | -394 | 1,063 |
| Derecognized income of financial assets measured at amortized cost (losses as in "-") | | | |
| Net exposure hedging gains (losses as in "-") | | | |
| Income from changes in fair values (losses as in "-") | | | |
| Credit impairment loss (losses as in "-") | | | -1 |
| Asset impairment loss (losses as in "-") | | | |
| Assets disposal gains (losses as in "-") | | | |
| II. Operation profits (losses as in "-") | | 230,237 | -9,665 |
| Plus: Non-operating income | | 1 | 11 |
| Less: Non-operating expenditure | | | |
| III. Total profits (total losses as in "-") | | 230,238 | -9,654 |
| Less: Income tax expenses | | -25 | |
| IV. Net profits (net losses as in "-") | | 230,263 | -9,654 |
| (I) Net profit of going concern (net losses as in "-") | | 230,263 | -9,654 |
| (II) Net profit of discontinuing operation (net losses as in "-") | | | |

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|----------------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| V. Net of tax from other comprehensive income | | | |
| (I) Other comprehensive income that cannot be reclassified into gains or losses | | | |
| 1. Re-measurement of the amount of changes in the defined benefit plans | | | |
| 2. other comprehensive income that cannot be transferred to profit or loss under the equity method | | | |
| 3. Changes in fair value of other equity instrument | | | |
| 4. Changes in fair value of enterprise's own credit risk | | | |
| (II) Other comprehensive income can reclassified into gains and losses | | | |
| 1. Other comprehensive 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 comprehensive 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 | | 230,263 | -9,654 |
| VII. Earnings per share: | | | |
| (I) Basic earnings per share (yuan/share) | | | |
| (II) Diluted earnings per share (yuan/share) | | | |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Consolidated Cash Flow Statement

January - June 2023

Unit: RMB'0000 Currency: RMB

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|---------------------------------------------------------------------|--------|-------------------|-------------------|
| I. Cash flow from operating activities: | | | |
| Cash received from selling goods and providing labor service | | 8,041,811 | 8,456,172 |
| Net increase of customer's deposit and deposit from other banks | | | 1,503 |
| 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 | | 3,456 | 5,534 |
| Net increase of borrowing funds | | | |
| Net increase of the repurchased business capital | | | 24,710 |
| Net decrease in customers' loans and advances | | | 6,990 |
| Net cash of receivings from vicariously traded securities | | | |
| Refund of taxes received | | 33,097 | 185,652 |
| Other cash received related to operating activities | VII-87 | 44,089 | 27,646 |
| Subtotal cash inflow from operating activities | | 8,122,453 | 8,708,207 |
| Cash paid for purchasing goods and accepting labor services | | 6,658,462 | 7,209,939 |
| Net decrease in customer deposits and interbank deposits | | 60 | |
| Net increase of customer lending and money advanced | | 4,768 | |
| Net increase deposited in central bank and other banks | | | |
| Net decrease of the repurchase business funds | | 16,650 | |
| 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 | | 365,342 | 338,436 |
| Other taxes and dues | | 360,203 | 322,957 |
| Other cash paid related to operating activities | VII-87 | 85,860 | 94,773 |
| Subtotal cash outflow for operating activities | | 7,491,345 | 7,966,105 |
| Net cash flow from operating activities | | 631,108 | 742,102 |

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|-----------------------------------------------------------------------------------------------|--------|-------------------|-------------------|
| II. Cash flow from investing activities: | | | |
| Cash received from investment recovery | | 417,359 | 655,888 |
| Cash received from investment return | | 54,259 | 55,017 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 7,932 | 9,603 |
| Net cash received from disposal of subsidiaries and other business units | | 50 | |
| Other cash received related to investment activities | VII-87 | 57,434 | 42,206 |
| Subtotal cash inflow of investment activities | | 537,034 | 762,714 |
| Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets | | 412,098 | 335,605 |
| Cash paid for investments | | 437,972 | 728,513 |
| Net increase of pledged loans | | | |
| Net cash paid by subsidiaries and other business units | | 2,946 | 6,335 |
| Other cash payments related to investment activities | VII-87 | 64,227 | 52,075 |
| Subtotal cash outflow for investment activities | | 917,243 | 1,122,528 |
| Net cash flow from investing activities | | -380,209 | -359,814 |
| III. Cash flow from financing activities: | | | |
| Cash received from investment absorption | | 7,481 | 5,323 |
| Including: Cash received from subsidiaries for investment by minority interest | | 5,558 | 3,090 |
| Cash received from loan | | 952,036 | 1,028,990 |
| Other cash received related to financing activities | VII-87 | 88,718 | 64,412 |
| Subtotal cash inflow from fund-raising activities | | 1,048,235 | 1,098,725 |
| Cash paid for debt repayment | | 840,256 | 997,607 |
| Cash paid for dividend distribution, profits distribution, or interests payment | | 118,858 | 98,446 |
| Including: Dividends, profits paid to minority owners by the subsidiaries | | 48,263 | 31,743 |
| Other cash payments related to financing activities | VII-87 | 28,293 | 53,759 |
| Subtotal cash outflow for fund-raising activities | | 987,407 | 1,149,812 |
| Net cash flow from financing activities | | 60,828 | -51,087 |
| IV. Impact of exchange rate movement on cash and cash equivalents | | 7,212 | 13,785 |
| V. Net increase of cash and cash equivalents | | 318,939 | 344,986 |
| Plus: Beginning balance of cash and cash equivalents | | 1,095,554 | 1,241,341 |
| VI. ending cash and cash equivalents balance | | 1,414,493 | 1,586,327 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Cash Flow Statement of the Parent Company

January - June 2023

Unit: RMB'0000 Currency: RMB

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|-----------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| I. Cash flow from operating activities: | | | |
| Cash received from selling goods and providing labor service | | | 389 |
| Refund of taxes received | | | |
| Other cash received related to operating activities | | 47,062 | 9,127 |
| Subtotal cash inflow from operating activities | | 47,062 | 9,516 |
| Cash paid for purchasing goods and accepting labor services | | | |
| Cash payments to and on behalf of employees | | 140 | 1,059 |
| Other taxes and dues | | 131 | 407 |
| Other cash paid related to operating activities | | 901 | 1,654 |
| Subtotal cash outflow for operating activities | | 1,172 | 3,120 |
| Net cash flow from operating activities | | 45,890 | 6,396 |
| II. Cash flow from investing activities: | | | |
| Cash received from investment recovery | | | |
| Cash received from investment return | | | 40,000 |
| 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 | | 3 | |
| Subtotal cash inflow of investment activities | | 3 | 40,000 |
| Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets | | 38 | 19 |
| Cash paid for investments | | | |
| Net cash paid by subsidiaries and other business units | | | |
| Other cash payments related to investment activities | | | 55 |
| Subtotal cash outflow for investment activities | | 38 | 74 |
| Net cash flow from investing activities | | -35 | 39,926 |

| Project | Notes | Half Year of 2023 | Half Year of 2022 |
|---------------------------------------------------------------------------------|-------|-------------------|-------------------|
| III. Cash flow from financing activities: | | | |
| Cash received from investment absorption | | | |
| Cash received from loan | | 179,880 | 118,000 |
| Other cash received related to financing activities | | 194,716 | 634,405 |
| Subtotal cash inflow from fund-raising activities | | 374,596 | 752,405 |
| Cash paid for debt repayment | | 99,980 | 89,590 |
| Cash paid for dividend distribution, profits distribution, or interests payment | | 2,625 | 2,913 |
| Other cash payments related to financing activities | | 322,780 | 720,585 |
| Subtotal cash outflow for fund-raising activities | | 425,385 | 813,088 |
| Net cash flow from financing activities | | -50,789 | -60,683 |
| IV. Impact of exchange rate movement on cash and cash equivalents | | 3 | 4 |
| V. Net increase of cash and cash equivalents | | -4,931 | -14,357 |
| Plus: Beginning balance of cash and cash equivalents | | 32,456 | 139,502 |
| VI. Ending cash and cash equivalents balance | | 27,525 | 125,145 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Consolidated Statement of Changes in Owners' Equity

January - June 2023

Unit: RMB'0000 Currency: RMB

[illegible]

| Project | Half Year of 2023 | | | | | | | | | | | | | | |
|----------------------------------------------------------------------------|----------------------------------------------------------|--------------------------|-----------------|--------|-----------------|-----------------------|----------------------------|-----------------|-----------------|--------------------------|-----------------------|--------|-----------|-------------------|----------------------|
| | Attributable to the owner's equity of the parent company | | | | | | | | | | | | | | |
| | Paid-in capital (share capital) | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk preparation | Undistributed profits | Others | Subtotal | Minority interest | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | | | | | |
| (IV) Internal carry-over of ownership interests | -26 | | | | -154 | -180 | | | | | | | | | |
| 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 comprehensive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6. Others | -26 | | | | -154 | -180 | | | | | | | | | |
| (V) Appropriate reserve | | | | | | | | 1,356 | | | | | 1,356 | 192 | 1,548 |
| 1. Extraction of current period | | | | | | | | 13,936 | | | | | 13,936 | 880 | 14,816 |
| 2. Use of current period | | | | | | | | 12,580 | | | | | 12,580 | 688 | 13,268 |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Ending balance of current period | 309,840 | | | | 23,038 | 18,304 | 53,605 | 6,578 | 33,111 | 18,839 | 1,407,129 | | 1,833,836 | 3,454,443 | 5,288,279 |

[illegible]

| Half Year of 2022 | | | | | | | | | | | | | | | |
|----------------------------------------------------------------------------|----------------------------------------------------------|--------------------------|-----------------|--------|-----------------|-----------------|----------------------------|-----------------|-----------------|--------------------------|----------------------|--------|-----------|-------------------|----------------------|
| Project | Attributable to the owner's equity of the parent company | | | | | | | | | | | | | | |
| | Paid-in capital (share capital) | Other equity instruments | | | Capital reserve | Less: | | Special reserve | surplus reserve | General risk preparation | Undistributed profit | Others | Subtotal | Minority interest | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | Treasury shares | Other comprehensive income | | | | | | | | |
| 4. Carried forward retained earnings from changes in defined benefit plans | | | | | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Appropriate reserve | | | | | | | | -669 | | | | | -669 | 365 | -304 |
| 1. Extraction of current period | | | | | | | | 11,010 | | | | | 11,010 | 1,108 | 12,118 |
| 2. Use of current period | | | | | | | | 11,679 | | | | | 11,679 | 743 | 12,422 |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Ending balance of current period | 284,585 | | | | 469,464 | 19,340 | -74,165 | 3,622 | 22,415 | 17,464 | 943,196 | | 1,647,241 | 3,246,992 | 4,894,233 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

Statement of Changes in Owners' Equity of the Parent Company

January - June 2023

Unit: RMB'0000 Currency: RMB

| | | Half Year of 2023 | | | | | | | | | |
|----------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------|--------|-----------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|
| Project | Paid-in capital (share capital) | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | surplus reserve | Undistributed profit | Total owners' equity |
| | | Preferred shares | Perpetual bonds | Others | | | | | | | |
| I. Ending balance of last year | 309,866 | | | | 444,027 | 19,182 | | | 53,167 | 210,119 | 997,997 |
| Plus: Change in accounting policies | | | | | | | | | | -50 | -50 |
| Early error correction | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Beginning balance of current year | 309,866 | | | | 444,027 | 19,182 | | | 53,167 | 210,069 | 997,947 |
| III. Increase or decrease of current period (decrease expressed with "-") | -26 | | | | 1,845 | -878 | | | | 72,541 | 75,238 |
| (I) Total comprehensive income | | | | | | | | | | 230,263 | 230,263 |
| (II) Capital invested and reduced by the owner | | | | | 1,999 | -698 | | | | | 2,697 |
| 1. Common stock invested by the owner | | | | | | | | | | | |
| 2. Capital invested by other interest tool holders | | | | | | | | | | | |
| 3. Amount of share-based payment included in the owner's equity | | | | | 1,999 | -698 | | | | | 2,697 |
| 4. Others | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | -157,722 | -157,722 |
| 1. Extraction of surplus reserve | | | | | | | | | | | |
| 2. Distribution of the owner (or shareholder) | | | | | | | | | | -157,722 | -157,722 |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-over of ownership interests | -26 | | | | -154 | -180 | | | | | |
| 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 comprehensive income carried forward to retained earnings | | | | | | | | | | | |
| 6. Others | -26 | | | | -154 | -180 | | | | | |
| (V) Appropriate reserve | | | | | | | | | | | |
| 1. Extraction of current period | | | | | | | | | | | |
| 2. Use of current period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Ending balance of current period | 309,840 | | | | 445,872 | 18,304 | | | 53,167 | 282,610 | 1,073,185 |

| Project | | Half Year of 2022 | | | | | | | | | | | |
|---------|----------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------|--------|-----------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|---------|
| | | Paid-in capital (share capital) | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | surplus reserve | Undistributed profit | Total owners' equity | |
| | | | Preferred shares | Perpetual bonds | Others | | | | | | | | |
| I. | Ending balance of last year | 284,585 | | | | 35,554 | 12,545 | -1,085 | | | 42,471 | 202,297 | 551,277 |
| | Plus: Change in accounting policies | | | | | | | | | | | | |
| | Early error correction | | | | | | | | | | | | |
| | Others | | | | | | | | | | | 1 | 1 |
| II. | Beginning balance of current year | 284,585 | | | | 35,554 | 12,545 | -1,085 | | | 42,471 | 202,298 | 551,278 |
| III. | Increase or decrease of current period (decrease expressed with "-") | | | | | 3,773 | 6,795 | | | | | -96,975 | -99,997 |
| | (I) Total comprehensive income | | | | | | | | | | | -9,651 | -9,651 |
| | (II) Capital invested and reduced by the owner | | | | | 3,773 | 6,795 | | | | | | -3,022 |
| | 1. Common stock invested by the owner | | | | | | | | | | | | |
| | 2. Capital invested by other interest tool holders | | | | | | | | | | | | |
| | 3. Amount of share-based payment included in the owner's equity | | | | | 3,773 | -3,269 | | | | | | 7,042 |
| | 4. Others | | | | | | 10,064 | | | | | | -10,064 |
| | (III) Profit distribution | | | | | | | | | | | -87,324 | -87,324 |
| | 1. Extraction of surplus reserve | | | | | | | | | | | | |
| | 2. Distribution of the owner (or shareholder) | | | | | | | | | | | -87,324 | -87,324 |
| | 3. Others | | | | | | | | | | | | |
| | (IV) Internal carry-over of ownership interests | | | | | | | | | | | | |
| | 1. Capital reserve converted into capital (or share capital) | | | | | | | | | | | | |
| | 2. Surplus reserve converted into capital (or share capital) | | | | | | | | | | | | |
| | 3. Surplus reserve makes up for losses | | | | | | | | | | | | |
| | 4. Carried forward retained earnings from changes in defined benefit plans | | | | | | | | | | | | |
| | 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | |
| | 6. Others | | | | | | | | | | | | |
| | (V) Appropriate reserve | | | | | | | | | | | | |
| | 1. Extraction of current period | | | | | | | | | | | | |
| | 2. Use of current period | | | | | | | | | | | | |
| | (VI) Others | | | | | | | | | | | | |
| IV. | Ending balance of current period | 284,585 | | | | 39,327 | 19,340 | -1,085 | | | 42,471 | 105,323 | 451,281 |

Person in charge of the Company:
Yu Jianchao

Person in charge of the accounting:
Wang Dongzhi

Person in charge of accounting organization:
Cheng Zhiyan

III. General Information of the Company

1. Company profile

☒ Applicable ☐ N/A

ENN Natural Gas Co., Ltd. (hereinafter referred to as “Company”, “the Company” or “ENN-NG” 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 were issued in RMB to the public, listed and traded on the Shanghai Stock Exchange on January 3, 1994 with the stock 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. With registration number of 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 RMB118.2217 million including RMB52.1257 million of state-owned legal person shares and RMB66.096 million of social public shares. The state-owned legal person shares were held by Hebei Weiyuan Group Co., Ltd.

On 12 May 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 28 December 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 in Hebei Weiyuan Group Co., Ltd.

On 4 April 2006, the shareholders’ meeting regarding the stock split reform of the Company deliberated and approved the Scheme on Reform of Stock Split of Hebei Weiyuan Biochemical Co., Ltd. under which Hebei Weiyuan Group Co., Ltd., the non-tradable shareholder, should be granted with circulation right for the non-tradable shares held by it and offer 2.5 shares to tradable shareholders for every 10 shares, with a total of 16,524,000 shares offered. After the implementation of the Scheme, the Company’s total share capital remained unchanged.

On 30 May 2006, the Company’s 2005 Annual General Meeting considered and approved the Profit Distribution and Capital Provident Fund Transfer Scheme. 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. General Information of the Company (Continued)

1. Company profile (Continued)

On 27 December 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 Holdings” for short) to buy the 75% equity of Xinneng (Zhangjiagang) Energy Co., Ltd. and 100% equity of Xinneng (Bengbu) Energy Co., Ltd. On 6 January 2011, the Company completed the procedures for the securities registration change of the new-added shareholders, and on January 28, the registration procedures for the industrial and commercial change of the new-added capital of ENN Holdings Investment Limited were completed. The total amount of the company’s equity was changed to 311,832,403 shares.

According to the resolution of the Second Extraordinary General Meeting of Shareholders of 2012 and the approval of China Securities Regulatory Commission [2013] No. 211, of “the approval of Hebei Weiyuan Biochemical Co., Ltd. to purchase assets from ENN Holdings Investment Limited and other issued shares”, the company non-publicly issued 229,872,495 shares to ENN Holdings Investment Limited; issued 98,360,656 shares to Beijing ENN-Jianyin Energy Development Equity Investment Fund (Limited Partnership) (short for “ENN Fund”); issued 78,688,525 shares, to Langfang Heyuan Investment Center (Limited Partnership) (short for Heyuan Investment); issued 100,182,149 shares, to Stone Capital Energy Equity Investment Fund (Shanghai) (Limited Partnership) (short for Taoshi Fund); issued 63,752,277 shares to Shenzhen Ping’an Innovation Capital Investment Co., Ltd. (short for “Ping’an Capital”); issued 19,672,131 shares to Legend Holdings (short for “Legend Holdings”), and issued 19,672,131 shares to Oceanwide Energy Investment Co., Ltd. (short for “Oceanwide Investment”) to acquire Xinneng Mining Industry Co., Ltd. (short for “Xinneng Mining”) which is totally held by seven companies. The company acquired 100% equity of the Xinneng Mining Industry Co., Ltd. and 75% equity indirectly of Xinneng Energy Co., Ltd. Through. Xinneng Mining on July 4, 2013, the Company completed the registration and alteration procedures in the Shanghai Branch of China Securities Registration and Settlement Co., Ltd. On August 12, 2013, the Company completed the registration procedures for the industrial and commercial changes of a total capital increase of RMB610,200,364, 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”). After deliberation and approval of the First Extraordinary General Meeting of Shareholders, the company injected “pesticide production and sales, biochemical products, fine chemical products production and sales and other related business” and other agrochemical business (including subordinate No. 3 Bio-Pharmaceutical Plant, Luquan Preparations Branch and Branch of Chemical Park) and other related operational assets, liabilities and related qualifications into the pesticide company; increased capital to Hebei Weiyuan Biochemical Co., Ltd., with 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. General Information 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 RMB68.6070 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") 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-NG" since January 16, 2015, and the securities code remained unchanged.

III. General Information 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 RMB22.0028 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") 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") held by ENN Group Co., Ltd. for RMB1,060.8 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. General Information 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 21st 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 was 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 Seventh Board of Directors held in March 2016, the 25th Meeting of the Seventh Board of Directors 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 common 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. General Information 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 13th Meeting of the Eighth Board of Directors held on August 2, 2017, on August 30, 2017, At its Fifteenth Meeting of the Eighth Board of Directors, the Resolution on Determining the Proportion of Company Allotments was considered and approved. On January 19, 2018, the Company received the approval document (Securities Regulatory [2018] No. 115) of the China Securities Regulatory Commission (CSRC) on Approval of the Allotment of Shares of ENN Ecological Holdings Co., Ltd. The shares allotment was based on a total of 985,785,043 shares after the closing of the Shanghai Stock Exchange on February 1, 2018, shares were allotted to all Shareholders at 2.5 shares per 10 shares and at a price 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 Jiaxing 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, Jiaxing 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 "Three Agriculture and Veterinary and Pharmaceutical Companies").

III. General Information of the Company (Continued)

1. Company profile (Continued)

According to the Second Meeting of the Ninth 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 was 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 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 Ninth Board of Directors held on November 21, 2019, the 6th Extraordinary General Meeting held on December 9, 2019, the 11th Meeting of the Ninth 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. General Information of the Company (Continued)

1. Company profile (Continued)

As resolved at the 23rd Meeting of the Ninth 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 Ninth 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 Ninth 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 Ninth 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.

According to the Proposal on the Company's Assets Purchase by Issue of Shares and Cash Payment and Related-party Transaction Scheme deliberated and approved at the 44th Meeting of the Ninth Board of Directors, the approval documents of the Official Reply on Approval of Issue of Shares by ENN Natural Gas Co., Ltd. to ENN Science and Technology Development Co., Ltd. for Purchase of Assets (CSRC License [2022] No. 1660) issued by CSRC and the Company's Announcement on Adjusting the Issue Price and Number of Shares Issued and Cash Payment for Purchase of Assets or Related-party Transactions after the Implementation of Equity Distribution in 2021, the Company issued 252,808,988 RMB ordinary shares (A-share) for assets purchase, and applied for the increased registered capital of RMB252,808,988.00 in total. The registered capital after change amounted to RMB3,098,662,607.00.

III. General Information of the Company (Continued)

1. Company profile (Continued)

As at December 31, 2022, the registered capital of the Company was RMB3,098,662,607.00; 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).

In accordance with the Motion on the Repurchase and Cancellation of Some Restricted Shares of the 2021 Restricted Stock Incentive Plan approved by the 47th meeting of the Ninth Board of Directors held on June 24, 2022 and the Third Extraordinary General Meeting of shareholders held on July 25, 2022, The resolution adopted at the fifth meeting of the tenth Board of Directors held on December 9, 2022, and the resolution adopted at the sixth Extraordinary General Meeting of Shareholders held on December 28, 2022, on the Proposal to repurchase and cancel some Restricted Shares of the 2021 Restricted Stock Incentive Plan, According to the provisions of the Company's 2021 Restricted Stock Incentive Plan (Draft), whereas the personal performance evaluation results of the first five incentive objects of the Company's 2021 restricted Stock incentive Plan granted for the first time during the release of the restricted stock incentive period are "unqualified", If one of the reserved grant incentive objects leaves the company due to retirement and no longer meets the conditions of the incentive object, and the personal performance evaluation result of the first release of the restriction period of one incentive object is "unqualified", all or part of the 265,000 restricted shares of the above incentive object that have been granted but have not been lifted shall not be lifted. The buyback cancellation was completed by the Company on March 6, 2023, reducing the total number of shares from 3,098,662,607 to 3,098,397,607.

As of June 30, 2023, the Company's registered capital was RMB3,098,397,607; Unified Social credit code: 91130100107744755W; Legal representative: Wang Yusuo; Address: No. 383, Heping East Road, Shijiazhuang City; The company's main business scope: clean energy project construction, clean energy management services, natural gas clean energy technology research and development, technical consulting, technical services, technology transfer, enterprise management consulting, business consulting services (except securities, investment, futures, education, training). (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments).

III. General Information of the Company (Continued)

2. Scope of Consolidated Financial Statements

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Full name of subsidiary | Registered capital | Shareholding (%) | |
|----------------------------------------------------------------------|--------------------|------------------|----------|
| | | Direct | Indirect |
| Major subsidiaries | | | |
| Xinneng Mining Industry Co., Ltd. | 79,000 | 100.00 | |
| Xinneng Energy Co., Ltd. | USD 32,516 | | 79.90 |
| Shanxi Qinshui Xin’ao Clean Energy Co., Ltd. | 9,000 | | 100.00 |
| Xindi Energy Engineering Technology Co., Ltd. | 30,000 | | 100.00 |
| Xinneng (Hong Kong) Energy Investment Co., Ltd. | USD 77,818 | 100.00 | |
| Xinneng (Tianjin) Energy Co., Ltd. | 8,000 | | 100.00 |
| ENN (Tianjin) Energy Investment Co., Ltd. | 500,000 | 100.00 | |
| Chongqing Xin’ao Longxin Clean Energy Co., Ltd. | 1,000 | 51.00 | |
| Shanghai International Engineering Construction Consulting Co., Ltd. | 1,000 | 64.00 | |
| ENN LNG(SINGAPORE) PTE. LTD | USD 5,000 | | 100.00 |
| Xinneng Capital Management Limited | USD 0.01 | | 100.00 |
| ENN Natural Gas Investment Inc | USD 0.01 | | 100.00 |
| ENN Clean Energy International Investment Limited | USD 0.01 | | 100.00 |
| Xin’ao (Hainan) Energy Trading Co., Ltd | USD 2,000 | | 100.00 |
| Xin’ao Xinneng (Zhejiang) Energy Trading Co., Ltd. | 5,000 | | 100.00 |
| Xin’ao Xinneng (Guangdong) Energy Trading Co., Ltd. | 5,000 | | 100.00 |
| ENN Energy Holdings Limited | HKD 30,000 | | 32.64 |
| ENN Xinneng (Hunan) Natural Gas Co., Ltd. | 5,000 | | 100.00 |
| ENN (Langfang Airport FTZ) Natural Gas Sales Co., Ltd. | 10,000 | 100.00 | |
| ENN (Zhoushan) LNG Co., Ltd. | 205,600 | | 90.00 |
| Tianjin Lianhe Energy Center Co., Ltd. | 5,000 | | 70.00 |
| Xinao Xineng (Hebei) Natural Gas Co., LTD | USD 3,000 | | 100.00 |
| Xinao Xineng (Shandong) Energy Trading Co., LTD | USD 5,000 | | 100.00 |
| Xinao Xineng (Fujian) Energy Trading Co., LTD | 5,000 | | 100.00 |
| Xinao Xineng (Jiangsu) Energy Trading Co., LTD | 5,000 | | 100.00 |
| Great gas e-commerce Co., LTD | 12,800 | | 51.00 |
| Xinao Xineng (Langfang) Natural Gas Co., LTD | USD 3,500 | | 100.00 |

The specific changes in the scope of consolidation are detailed in "Note VIII. Changes in the Scope of Consolidation", and "Note IX. Interests in Other Entities".

IV. Basic of Preparation of Financial Statements

1. Basis of preparation

The financial statements have been prepared on a going-concern basis subject to the actual transactions and matters and in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and specific accounting standards, guidance on the application of the Accounting Standards for Enterprises, interpretation of the Accounting Standards for Enterprises and other relevant regulations (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”), as well as the provisions on disclosure of the Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 15 – General Provisions on Financial Reports issued by China Securities Regulatory Commission.

2. Going concern

☒ Applicable ☐ N/A

The Company has evaluated the going concern ability within 12 months since the end of the Reporting Period and has not found any event or circumstance causing substantial doubt about the going concern ability. These financial statements were therefore prepared on the basis of going concern assumption.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates indicate that:

☒ Applicable ☐ N/A

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company based on actual production and operation characteristics.

1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the 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.

3. Operating Cycle

☒ Applicable ☐ N/A

The Company treats 12 months as one operating cycle.

4. Recording Currency

The Company uses RMB as its recording currency.

V. Significant Accounting Policies and Accounting Estimates (Continued)

5. Accounting Treatment Method of Business Combination under Common Control and Different Control

√ Applicable ☐ N/A

- (1) Business combination under common control: A business combination under common control is a business combination in which all the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Assets and liabilities that are obtained by the Company in a business combination under common control shall, except for adjustments made due to different accounting policies, be measured at the book value of the assets and liabilities of the combined party (including the goodwill arising from the acquisition of the combined party by the final controller) in the consolidated financial statements of the final controller on the combination date. Assets and liabilities that are acquired in a business combination by the Company shall be measured at their book values as recorded by the combined party on the combination date. The difference between the book value of the net assets acquired and the book value of the consideration paid for the combination (or the aggregate face value of shares issued) shall be adjusted to the capital reserve. If the capital reserve is not sufficient to offset the difference, excess shall be adjusted against retained earnings. The intermediary fees of auditing, legal services, evaluation and consultation and other directly relevant expenses incurred for the business combination shall be charged against profit or loss in the period in which the cost is incurred; the transaction costs of issuing equity securities for the purpose of business combination 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, or shall be deducted from the surplus reserve and undistributed profits when the equity securities are issued without a premium or the amount of the premium is insufficient to be deducted.
- (2) Business combination not under common 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 business combination, 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 business combination 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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

6. Preparation Method for Consolidated Financial Statements

√ Applicable ☐ N/A

(1). Determination of the scope of consolidation

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

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

(2). Method for preparation 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 Consolidate the items including assets, liabilities, shareholders' equity, income, expenses and cash flows of the parent company and subsidiaries.
- ② Offset the long-term equity investment of the parent company in the subsidiary company and the share of the parent company in the owners' equity of subsidiaries.
- ③ 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 Adjust the special transaction from the point of view of the enterprise group.

V. Significant Accounting Policies and Accounting Estimates (Continued)

6. Preparation Method for Consolidated Financial Statements (Continued)

(3). *Special considerations in consolidation 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 owners of 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 owners of parent company" and the "minority interest". 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 owners of parent company" and the "minority interest".

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 owners' equity attributable to parent company and minority interest 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 interest 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 business combination not under common 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. Significant Accounting Policies and Accounting Estimates (Continued)

6. Preparation Method for Consolidated Financial Statements (Continued)

(3). *Special considerations in consolidation 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. Classification of Joint Arrangements and Accounting Treatment Method for Joint Operations

☒ Applicable ☐ N/A

Joint arrangements include joint operations and joint ventures. The joint operation means the joint 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 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: recognize 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. Recognition Criteria for Cash and Cash Equivalents

Cash equivalents refer to investments held by enterprises with a short term (generally within three months from the date of purchase), strong liquidity, easy to convert into known amounts of cash, and little risk of value changes.

V. Significant Accounting Policies and Accounting Estimates (Continued)

9. Foreign Currency Transaction and Translation of Foreign Currency Financial Statements

√ Applicable ☐ N/A

(1). Method for determining the exchange rate for translation in foreign currency transactions

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 recognition of the foreign currency transaction of the Company is made.

(2). Methods for translation of monetary items and in foreign currency on balance sheet date

As for monetary items in foreign currency on the balance sheet date, the spot rate on the balance sheet date shall be adopted. The difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the initial recognition date or at the previous balance sheet date recognized through current profit or loss.

(3). Translation method of financial statements denominated in foreign currency

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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments

√ Applicable ☐ N/A

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 effective interest rate method, and then deducting the accumulated loss reserve (applicable only to financial assets).

The effective 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.

Effective 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 effective 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

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

Financial assets are initially recognized at fair value. After initial recognition, 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.

For such financial assets, the effective interest rate method is adopted for subsequent measurement according to the amortized cost. The profit or loss generated by the amortization or impairment shall be recognized in the current profit and loss. 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, debt 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 effective 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

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

Debt instrument (Continued)

Financial assets measured at fair value through other comprehensive 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 effective 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 debt 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.

Financial assets measured at fair value through profit or loss for the current period

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 trading 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

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

Equity instrument investment

The equity instrument investments 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 trading 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-trading 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). *Impairment of financial instruments*

The Company recognizes 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(2). Impairment 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 recognition on each balance sheet date. If the credit risk of the financial instrument has increased significantly from the initial recognition, 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 recognition, 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 recognition. 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.

Significant increase of credit risk

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 recognition 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 recognition date.

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(2). Impairment of financial instruments (Continued)

Significant increase of credit risk (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 date, 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 recognition. 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(2). Impairment 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 violates 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 financial difficulties of issuer or debtor 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(2). Impairment of financial instruments (Continued)

Determination of expected credit loss (Continued)

The Company determines the expected credit loss of 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 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 date, 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 a financial asset contract to be recoverable in whole or in part, it shall directly write down the book balance of the financial asset. Such write-down constitute the derecognition of the financial asset.

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(3). *Transfer of financial assets*

Financial assets meeting one of the following conditions shall be derecognized: 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 ownership 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 ownership of the financial asset, the Company has not retained its control over the financial asset.

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

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

Where a transferred financial asset is measured at amortized cost, the book value of the relevant liability shall be equal to the book value of the transferred financial asset, minus the amortized cost of the rights reserved by the Company (if the Company retains the relevant rights' fair value due to the transfer of the financial asset) and plus the amortized cost of the Company's obligations (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.

Where 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 fair value of the rights 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.

Where the overall transfer of a financial asset meets the conditions for derecognition, 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-trading 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. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (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 derecognition, the Company shall continue to determine the transferred financial assets as a whole, and the consideration received by the transfer of assets shall be recognized as liabilities upon receipt.

(4). Classification, recognition 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 recognition, 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 classified, at the time of initial recognition, into financial liabilities at fair value through profit or loss and other financial liabilities.

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(4). Classification, recognition and measurement of financial liabilities (Continued)

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

At the time of initial recognition, 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 recognition 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; and (c) eligible hybrid instruments containing embedded derivatives.

Trading 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 credit risk shall be included in other comprehensive income, and when the financial liability is derecognized, the accumulated changes at fair value caused by changes in the own credit risk included in other comprehensive income shall be transferred to retained earnings.

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(4). Classification, recognition and measurement of financial liabilities (Continued)

Other financial liabilities

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

A financial guarantee contract is a contract whereby the issuer of a financial guarantee pays a specified sum to the contract holder who has suffered losses in the event that the debtor is unable to pay its liabilities as they fall due in accordance with the terms of any of the original or any modification thereto. Financial guarantee contracts which are not designated as financial liabilities at fair value through current profit or loss shall, after initial recognition, be measured based on the balance of the provision for losses or the amount of initial recognition less the accumulative amortization amount within the guarantee period, whichever is higher.

(5). Derecognition of financial liabilities

If the current obligations of a financial liability have been discharged in whole or in part, such financial liability or a part thereof shall be derecognized. The Company (borrower) signs an agreement with the lender to replace the original financial liability by assuming the new financial liability. If the contract terms of the new financial liability and the original financial liability are substantially different, the company shall derecognize the original financial liability and simultaneously recognize a new financial liability.

Where a financial liabilities are derecognized in whole or in part, the Company shall recognize the difference between the book value and consideration paid (including the transferred non-cash assets or new financial liabilities assumed) of the derecognized portions into the current profit and loss.

(6). Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the Company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the Company shall be treated as changes in the equity. The Company does not recognize changes in the fair value of equity instruments. The transaction fees related to the equity transactions shall be deducted from the equity.

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(7). Derivatives and hedging instruments

The Company's related derivative financial instruments include option contracts, swaps, forwards, etc. 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.

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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

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

The 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.

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 absolute amount of the following two items, whichever is lower:

- 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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(7). Derivatives and hedging instruments (Continued)

Cash flow hedging (Continued)

The portion 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.

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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

10. Financial Instruments (Continued)

(8). Fair value of financial instruments

The fair value of a financial asset or a financial liability with an active market shall be determined by the quoted price in the active market. Where there is no active market, the Company uses valuation techniques to determine its fair value. When evaluating the fair value of a financial asset or a financial liability, the Company uses valuation techniques that are applicable under current circumstances and are supported by sufficient data and other information to select input values consistent with the features of the asset or liability considered by market participants in the transactions of related asset or liability and uses relevant observable input values as possible. Non-observable input values are used 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.

(9). Offset of financial assets and financial liabilities

When the Company has a legal right 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 presented in the balance sheet at the amount offset by each other. In addition, financial assets and financial liabilities shall be separately presented on the balance sheet and should not be offset each other.

11. Notes receivable

Determination and accounting treatment methods of expected credit losses on notes receivable

☒ Applicable ☐ N/A

See the Note "V-10. Financial Instruments (2) Impairment of financial instruments" for details on the determination and accounting treatment methods of expected credit loss on notes receivable.

V. Significant Accounting Policies and Accounting Estimates (Continued)

12. Accounts receivable

Determination and accounting treatment methods of expected credit losses on accounts receivable

☒ Applicable ☐ N/A

See the Note “V-10. Financial Instruments (2) Impairment of financial instruments” for details on the determination and accounting treatment methods of expected credit loss on accounts receivable.

13. Receivables financing

☒ Applicable ☐ N/A

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.

14. Other receivables

Determination and accounting treatment methods of expected credit losses on other receivables

☒ Applicable ☐ N/A

See the Note “V-10. Financial Instruments (2) Impairment of financial instruments” for details on the determination and accounting treatment methods of expected credit loss on other receivable.

V. Significant Accounting Policies and Accounting Estimates (Continued)

15. Inventories

☒ Applicable ☐ N/A

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

16. Contract assets

(1). Method and criteria for recognition of contract assets

☒ Applicable ☐ N/A

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

16. Contract assets (Continued)

(2). Determination and accounting treatment methods of expected credit losses on contract assets

☒ Applicable ☐ N/A

See the Note “III-10. Financial Instruments (2) Impairment of financial instruments” for details on the determination and accounting treatment methods of expected credit loss on contract assets.

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

17. Held-for-sale assets

☒ Applicable ☐ N/A

The determining conditions for classification of 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 separately presents the non-current assets or disposal portfolios which meet the held-for-sale conditions as “Held-for-sale Assets” in current assets on balance sheet date, and the liabilities directly related to the assets are presented as the “Held-for-sale Liabilities” in current liabilities.

18. Debt investment

(1). Determination and accounting treatment methods of expected credit losses on debt investment

☒ Applicable ☐ N/A

See the Note “V-10. Financial Instruments (2) Impairment of financial instruments” for details on the determination and accounting treatment methods of expected credit loss on debt investment.

V. Significant Accounting Policies and Accounting Estimates (Continued)

19. Other debt investments

(1). Determination and accounting treatment methods of expected credit losses on other debt investments

☐ Applicable ☒ N/A

20. Long-term receivables

(1). Determination and accounting treatment methods of expected credit losses on long-term receivables

☒ Applicable ☐ N/A

See the Note “V-10. Financial Instruments (2) Impairment of financial instruments” for details.

21. Long-term equity investments

☒ Applicable ☐ N/A

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

(1). Determination of investment cost

For a long-term equity investment formed from business combination, its investment cost is determined in accordance with the following standards:

A. In case of business combination under common control, if the Company pays the consideration by cash payment and transfer of non-cash assets or assumption of debts, the cost of long-term equity investments is the share of the book value of the owners’ 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 owners’ equity of the merged party in the consolidated financial statement of the ultimate controller on the merger date. The total par value of the issued shares is recorded as capital stock, and capital reserve is adjusted according to the difference between the cost of long-term equity investment and the total par value of the issued shares; where the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

V. Significant Accounting Policies and Accounting Estimates (Continued)

21. Long-term equity investments (Continued)

(1). Determination of investment cost (Continued)

B. In case of business combination not under common control, the investment cost is the assets paid, the liabilities occurred or assumed and the fair value of the issued equity securities on acquisition date. If the fair value of the acquisition cost is greater than the share of the fair value of the identifiable net assets of the merged party, the difference is recorded into goodwill; If the fair value of the acquisition cost is lower than the share of the fair value of the identifiable net assets of the merged party, the difference is recorded into the current profit or loss.

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

(2). Subsequent measurement and recognition method of profits and losses

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 associated enterprises 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 long-term equity investment is adjusted accordingly.

V. Significant Accounting Policies and Accounting Estimates (Continued)

21. Long-term equity investments (Continued)

(2). Subsequent measurement and recognition method of profits and losses (Continued)

After obtaining the long-term equity investment, the investment income and other comprehensive income should be recognized separately according to the share of the net profit and loss and other comprehensive income realized by the invested unit, and the book value of the long-term equity investment should be adjusted at the same time; the book value of long-term equity investment should be reduced according to the portion of the profit or cash dividend declared by the invested unit; the book value of the long-term equity investment is adjusted according to the changes in the owners' 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.

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 shall be recognized.

(3). Disposal of long-term equity investments

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

21. Long-term equity investments (Continued)

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

Common control refers to the joint 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 common 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 estates

(1). If the fair value measurement model is adopted:

Basis for selecting fair value measurement

Investment real estates are properties held to earn rentals or for capital appreciation or both. The investment real estates of the Company include the land use rights and buildings which have been rented.

(1) Recognition of investment real estates

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

(2) Initial measurement of investment real estates

The costs of purchased investment property include 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 in current profit or loss.

V. Significant Accounting Policies and Accounting Estimates (Continued)

22. Investment real estates (Continued)

(1). If the fair value measurement model is adopted: (Continued)

Basis for selecting fair value measurement (Continued)

(3) Subsequent measurement of investment real estates

The Company subsequently measures the investment real estates in a fair value model on the balance sheet date.

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

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 the fair value model is adopted, 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 included in current profit or loss.

(4) Conversion of investment real estates

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

23. Fixed assets

(1). Recognition criteria

☒ Applicable ☐ N/A

Fixed assets are tangible assets that are held for production of goods, provision of services, rental or administrative purposes, and have service life of more than one fiscal year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and its cost can be measured reliably.

(2). Depreciation method

☒ Applicable ☐ N/A

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

23. Fixed assets (Continued)

(3). Basis of determination and methods of valuation and depreciation of fixed assets under financial lease

☒ Applicable ☐ N/A

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

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

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

24. Construction in progress

☒ Applicable ☐ N/A

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

25. Borrowing costs

☒ Applicable ☐ N/A

- (1) Borrowing costs refer to interest and other related costs incurred as a result of borrowing, including interest on borrowing, 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 attributable 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) The borrowing costs can be capitalized when the following conditions are met at the same time:

The expenditures for the asset are being incurred, 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 costs have already occurred;

The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have commenced.
- (4) Borrowing costs incurred during capitalization for the acquisition, 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 costs incurred afterward shall be directly included into the current finance costs.
- (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. Significant Accounting Policies and Accounting Estimates (Continued)

25. Borrowing costs (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 ☒ N/A

27. Oil-gas assets

☐ Applicable ☒ N/A

28. Right-of-use assets

☒ Applicable ☐ N/A

Right-of-use assets are the right of the corporation, as a lessee, to use the leased assets during the term of the lease. Except for short-term lease and low value assets lease, the company recognizes the Right-of-use assets on the beginning date of the lease. Right-of-use assets are recognized when it is probable that economic benefits will flow in and the cost can be measured reliably. The Company's Right-of-use assets categories mainly include buildings and facilities, machinery and equipment, land and transportation equipment.

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

- (1) The initial measurement amount of the lease liabilities;
- (2) For the lease payment made on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of the lease incentive already enjoyed shall be deducted;
- (3) Initial direct costs incurred by the Company;
- (4) 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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

28. Right-of-use assets (Continued)

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

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

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

29. Intangible assets

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

☒ Applicable ☐ N/A

- (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 service life in accordance with the expected realization of economic benefits; Intangible assets with uncertain service life shall not be amortized. Including:
 - 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: ① Technically speaking, it is feasible to complete the intangible assets so that it can be used or sold; ② the intention to complete the intangible asset and use or sell it; ③ the intangible asset can generate possible future economic benefits; ④ it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and ⑤ expenses attributable to the development stage of the intangible asset can be measured reliably.

V. Significant Accounting Policies and Accounting Estimates (Continued)

29. Intangible assets (Continued)

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

(2) *(Continued)*

- ② Accounting and amortization of land use right: The land use right purchased by the company or acquired by paying the land transfer fee shall be initially measured according to the cost. For self-development and construction of buildings such as plant, the relevant land use right shall not be included in the cost of the building, but shall be separately accounted for as intangible assets and amortized according to the transfer period of the land use right.
- ③ 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.
- ⑤ Intangible assets acquired by business combination not under common control.

The intangible assets and goodwill acquired from business combination not under common control 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 life 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 life.

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

29. Intangible assets (Continued)

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

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

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

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

☒ Applicable ☐ N/A

See the "Accounting policy for internal research and development expenditures" under V-29. Intangible Assets (1) Valuation Method, Service Life and Accounting policy for internal research and development expenditures in impairment testing.

30. Long-term asset impairment

☒ Applicable ☐ N/A

On each balance sheet date, the Company inspects long-term equity investment, fixed assets, construction in progress, intangible assets with limited service life 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 life at the end of each year, regardless whether there are signs of impairment or not.

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

30. Long-term asset impairment (Continued)

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

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

31. Long-term prepaid expenses

☒ Applicable ☐ N/A

Long-term prepaid 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 prepaid expenses are measured at actual cost and shall be amortized evenly during the benefit period of the project.

32. Contractual liabilities

(1). *Recognition method of contractual liabilities*

☒ Applicable ☐ N/A

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

33. Employee compensation

(1). *Accounting treatment method of short-term compensation*

☒ Applicable ☐ N/A

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

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

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

33. Employee compensation (Continued)

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

☒ Applicable ☐ N/A

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 plan: 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 plan: 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 method for dismissal benefits*

☒ Applicable ☐ N/A

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

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

☐ Applicable ☒ N/A

V. Significant Accounting Policies and Accounting Estimates (Continued)

34. Lease liabilities

☒ Applicable ☐ N/A

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

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

- (1) Fixed payment and substantial fixed payment, if there is lease incentive, the relevant amount of lease incentive shall be deducted;
- (2) The exercise price of call to purchase reasonably determined by the Company;
- (3) The amount payable for termination of lease option if the lease term reflects the exercise of lease termination option by the Company.

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

35. Anticipation liabilities

☒ Applicable ☐ N/A

The Company's obligations related to the contingent events are recognized as Anticipation 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 Anticipation liabilities on balance sheet date and adjusts the book value according to the current best estimate.

36. Share-based payment

☒ Applicable ☐ N/A

(1). Equity settled share-based payment

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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

36. Share-based payment (Continued)

(2). *Cash settled share-based payment*

Cash settled share-based payments are measured at the fair value of liabilities calculated and determined based on shares or other equity instruments assumed by the company.

For cash settled share-based payments that are exercisable immediately after the grant, the fair value of the liabilities assumed by the company on the grant date is included in the relevant costs or expenses, and the liabilities are increased accordingly.

For cash-settled share-based payments that cannot be exercised until the services within the waiting period have been completed or the prescribed performance conditions have been met, on each balance sheet date within the waiting period, based on the best estimate of the vesting situation, the services obtained in the current period are included in costs or expenses and corresponding liabilities at the fair value of the liabilities assumed by the company.

On the balance sheet date, if subsequent information indicates that the fair value of the debt assumed by the company in the current period is different from previous estimates, adjustments should be made and adjusted to the actual exercisable level on the vesting date.

The Company remeasures the fair value of the liabilities on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes are included in the current profit and loss.

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

☐ Applicable ☒ N/A

V. Significant Accounting Policies and Accounting Estimates (Continued)

38. Revenue

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

☒ Applicable ☐ N/A

The Company's revenue mainly comes from businesses such as natural gas retail, natural gas wholesale, natural gas direct sale, project construction and installation, integrated energy sales and services, value-added businesses, energy production, infrastructure operation. 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) *Retail of natural gas*

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 (namely, LNG or CNG is transferred to the customer).

V. Significant Accounting Policies and Accounting Estimates (Continued)

38. Revenue (Continued)

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

(2) Wholesale of natural gas

The Company supplies LNG to wholesale customers. Revenue is recognized when the control of LNG is transferred (i.e., LNG has been delivered in bulk to the Customer at a specified location).

(3) Direct sale of natural gas

The Company sells natural gas to customers such as domestic industrial customers, city gas operators, power plants, transportation energy operators and international traders. Revenue is recognized when the control of the natural gas is transferred (i.e., the natural gas is delivered to the customer at a specified location).

(4) 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.

(5) Energy production

The Company engages in the production and sale of the products such as coal and methanol. Revenue is recognized when the control of commodity is transferred to the purchaser depending on the nature of specific business and contractual provisions.

(6) Construction and installation

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.

(7) Value-added business

The Company provides various value-added services to the customers, including but not limited to kitchen products, heating products and security products. In case of installation service, the revenue shall be recognized at the time point when the customer accepts the service. 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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

38. Revenue (Continued)

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

(8) Infrastructure operation

The Company operates natural gas receiving terminals to provide LNG liquid loading and unloading services, LNG liquid warehousing services, LNG gaseous external transportation services and natural gas pipeline transportation services to its customers. Relevant revenue will be recognized when those services have been provided and confirmed by the customers.

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.

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 the *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.

V. Significant Accounting Policies and Accounting Estimates (Continued)

38. Revenue (Continued)

(2). Situation where different revenue recognition accounting policies is adopted for the same business due to different business patterns

☐ Applicable ☒ N/A

39. Contract cost

☒ Applicable ☐ N/A

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. Significant Accounting Policies and Accounting Estimates (Continued)

40. Government subsidies

☒ Applicable ☐ N/A

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

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

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

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

41. Deferred tax assets/deferred tax liabilities

☒ Applicable ☐ N/A

- (1) The Company adopts the balance sheet liability approach for the accounting treatment of income tax.
- (2) Basis for recognition of deferred tax assets/deferred tax liabilities:

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

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

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

42. Lease

(1). Accounting treatment method for operating lease

☐ Applicable ☒ N/A

(2). Accounting treatment method for financing lease

☐ Applicable ☒ N/A

(3). Determination and accounting treatment methods of lease under new lease standards

☒ Applicable ☐ N/A

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 the lessor

On the commencement date of the lease term, the Company shall recognize right-of-use assets and lease liabilities for the lease. For details, please refer to the Note "25. Right-of-use Assets" and "31. Lease Liabilities".

② The Company as the lessee

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

42. Lease (Continued)

(3). Determination and accounting treatment methods of lease under new lease standards (Continued)

② The Company as the lessee (Continued)

Financing lease

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

Operating lease

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

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

V. Significant Accounting Policies and Accounting Estimates (Continued)

43. Other significant accounting policies and accounting estimates

√ Applicable ☐ N/A

(1). *Provision and utilization of work safety costs*

The Company shall, in accordance with the Administrative Measures for the Withdrawal and Utilization of Enterprise Work Safety Costs (Cai Zi [2022] No. 136) 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. *Project construction*

In accordance with the provisions of Article 17 of Cai Zi [2022] No. 136, the construction projects subsidiaries of the Company shall, on the basis of the construction project price, make provision for work safety costs subject to the project progress at the end of the month by applying the criteria “(II) 3% for railway projects, housing construction projects and urban rail transit projects; (IV) 2% for smelting, mechanical and electrical installation, chemical petroleum and communication projects; (V) 1.5% for municipal public works, harbor and waterway projects as well as highway projects”.

The work safety costs for which provisions are made by project construction entities shall be used for the expenses incurred directly in connection with work safety and protection during project 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 Article 7 of the *Administrative Measures for the Withdrawal and Utilization of Enterprise Work Safety Costs* (Cai Zi [2022] No. 136) promulgated by the Ministry of Finance and the State Administration of Work Safety, the Company shall, based on the raw coal production mined for the current month, make provision for work safety costs at the end of the month by applying the criteria “(II) RMB30 per ton of coal for highly gassy mines, mines with complicated and extremely complicated hydrogeological types and spontaneously ignitable coal bed mines. The work safety costs for which provisions are made shall be used to cover ten expenditure items including coal mine safety facilities and “two 4-in-1” outburst prevention measures for coal and gas outburst and highly gassy mines; the Company withdraws coal mine maintenance fee from the costs as per RMB9.50 per ton of coal based on the actual raw coal output (including RMB2.50 per ton of coal for mine working) to be primarily used for ordinarily continued expansion and extension as well as technical retrofitting for coal mine production.

V. Significant Accounting Policies and Accounting Estimates (Continued)

43. Other significant accounting policies and accounting estimates (Continued)

(1). Provision and utilization of work safety costs (Continued)

C. Production of hazardous goods

In accordance with the provisions of Article 21 of Cai Zi [2022] No. 136, the manufacturers of hazardous goods under the Company shall make provision for the work safety costs on the basis of the actual operating income from the previous year and in an excess regressive manner according to the following criteria:

- 1) 4.5% if the actual sales revenue throughout the year amounts to RMB10 million and below;
- 2) 2.25% if the portion of actual sales revenue throughout the year falls within the range from RMB10 million to RMB100 million (inclusive);
- 3) 0.55% if the portion of actual sales revenue throughout the year falls within the range from RMB100 million to RMB1,000 million (inclusive);
- 4) 0.2% if the portion of actual sales revenue throughout the year exceed RMB1,000 million.

The work safety costs for which provisions are made by the manufacturers of hazardous goods under the Company shall be used for the expenses incurred directly in connection with work safety and protection during production of hazardous goods.

D. Transportation of hazardous goods

In accordance with the provisions of Article 24 of Cai Zi [2022] No. 136, the transportation entities of hazardous goods under the Company shall make provision for the work safety costs on the basis of the actual operating income from the previous year and by applying the proportion of “1.5% for passenger transportation, pipeline transportation, transportation of dangerous goods and other special cargo transportation operations”.

The work safety costs for which provisions are made by the transportation entities of hazardous goods under the Company shall be used for the expenses incurred directly in connection with safety and protection during transportation of hazardous goods.

The work safety costs for which provisions are made by the Company in accordance with the above regulations shall be included in the current profit or loss and special reserve. 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” item under the owners equity in the balance sheet is set to reflect the closing balance of work safety costs separately.

V. Significant Accounting Policies and Accounting Estimates (Continued)

43. Other significant accounting policies and accounting estimates (Continued)

(2). Information on division

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.

(3). Profit distribution

For a subsidiary with foreign shareholders, after-tax profit shall be distributed in accordance with the resolution of its Board of Directors. The profits of other subsidiaries shall be distributed in the following order after making up the losses of the previous years:

| Item | Proportion |
|---------------------------------------------|--------------------------------|
| Provision for statutory reserve fund | 10% |
| Provision for discretionary surplus reserve | Decided by the General Meeting |
| Payment of dividends on ordinary shares | Decided by the General Meeting |

(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. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

☒ Applicable ☐ N/A

| Content and reason of changes in accounting policies | Approval procedure | Remarks (name and amount of items in financial statements that have been significantly affected) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In accordance with the implementation date stipulated in the Interpretation of Accounting Standards for Business Enterprises No. 16, the content of "Deferred income tax related to assets and liabilities arising from single transactions does not apply to the accounting treatment of initial recognition exemption" will be implemented from January 1, 2023 | The sixth meeting of the tenth Board of Directors | For details, see (3). The first implementation of the new accounting standards or the interpretation of the standards from 2023, which involves adjusting the financial statements at the beginning of the year in which the new accounting standards were first implemented |

(2). Changes in significant accounting estimates

☐ Applicable ☒ N/A

(3). Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023

☒ Applicable ☐ N/A

Reason for adjustment to the financial statements at the beginning of current year.

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Consolidated Balance Sheet

Unit: RMB'0000 Currency: RMB

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|----------------------------------------------|------------------|----------------|------------|
| Current assets: | | | |
| Monetary fund | 923,809 | 923,809 | |
| Settlement reserve | | | |
| Lending funds | 285,117 | 285,117 | |
| Transaction financial assets | 2,560 | 2,560 | |
| Derivative financial assets | 289,663 | 289,663 | |
| Notes receivable | 32,507 | 32,507 | |
| Accounts receivable | 637,603 | 637,603 | |
| Receivables financing | 91,663 | 91,663 | |
| Prepayments | 498,758 | 498,758 | |
| Premiums receivable | | | |
| Reinsured accounts receivable | | | |
| Reserves for reinsurance contract receivable | | | |
| Loans and Advances(short-term) | 4,410 | 4,410 | |
| Other receivables | 326,770 | 326,770 | |
| Including: Interest receivable | | | |
| Dividend receivable | 25,912 | 25,912 | |
| Buying back the sale of financial assets | | | |
| Inventories | 241,660 | 241,660 | |
| Contract assets | 302,998 | 302,998 | |
| Assets held for sale | | | |
| Non-current assets due within one year | 8,417 | 8,417 | |
| Other current-assets | 232,383 | 232,383 | |
| Total current assets | 3,878,318 | 3,878,318 | |
| Non-current assets: | | | |
| Loans and Advances | | | |
| Debt investment | | | |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Consolidated Balance Sheet (Continued)

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|----------------------------------------|------------------|----------------|------------|
| Other debt investment | | | |
| Long-term receivables | 439 | 439 | |
| Long-term equity investment | 602,109 | 602,109 | |
| Investment in other equity instruments | 25,498 | 25,498 | |
| Other non-current financial assets | 432,722 | 432,722 | |
| Investment real estate | 27,632 | 27,632 | |
| Fixed assets | 6,612,822 | 6,612,822 | |
| Construction in progress | 478,612 | 478,612 | |
| Productive biological assets | | | |
| Oil-gas assets | | | |
| Right-of-use assets | 42,442 | 42,442 | |
| Intangible assets | 1,106,248 | 1,106,248 | |
| Development expenditure | 18,507 | 18,507 | |
| Goodwill | 57,385 | 57,385 | |
| Long-term prepaid expenses | 77,407 | 77,407 | |
| Deferred tax assets | 225,454 | 235,754 | 10,300 |
| Other non-current assets | 34,149 | 34,149 | |
| Total non-current assets | 9,741,426 | 9,751,726 | 10,300 |
| Total assets | 13,619,744 | 13,630,044 | 10,300 |
| Current liabilities: | | | |
| Short-term borrowings | 756,023 | 756,023 | |
| Borrowings from central bank | | | |
| Borrowing funds | | | |
| Transaction financial liabilities | | | |
| Derivative financial liabilities | 101,916 | 101,916 | |
| Notes payable | 85,737 | 85,737 | |
| Accounts payable | 1,048,430 | 1,048,430 | |
| Advance receipts | | | |
| Contract liabilities | 1,742,053 | 1,742,053 | |
| Financial assets sold for repurchase | 36,519 | 36,519 | |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Consolidated Balance Sheet (Continued)

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|---------------------------------------------|------------------|----------------|------------|
| Deposits from customers and interbank | 23,684 | 23,684 | |
| Acting trading securities | | | |
| Acting underwriting securities | | | |
| Payroll payable | 124,770 | 124,770 | |
| Taxes payable | 288,649 | 288,649 | |
| Other payables | 304,457 | 304,457 | |
| Including: Interests payable | | | |
| Dividends payable | 26,304 | 26,304 | |
| Handling charges and commissions payable | | | |
| Cession insurance premiums payable | | | |
| Liabilities held for sales | | | |
| Non-current liabilities due within one year | 194,933 | 194,933 | |
| Other current liabilities | 159,635 | 159,635 | |
| Total current liabilities | 4,866,806 | 4,866,806 | |
| Non-current liabilities: | | | |
| Reserves for insurance contract | | | |
| Long-term borrowings | 1,211,218 | 1,211,218 | |
| Bonds payable | 1,437,773 | 1,437,773 | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | 30,977 | 30,977 | |
| Long-term payables | 157,114 | 157,114 | |
| Long-term payroll payable | | | |
| Anticipation liabilities | | | |
| Deferred income | 111,884 | 111,884 | |
| Deferred tax liabilities | 358,215 | 368,742 | 10,527 |
| Other non-current liabilities | 289,535 | 289,535 | |
| Total non-current liabilities | 3,596,716 | 3,607,243 | 10,527 |
| Total liabilities | 8,463,522 | 8,474,049 | 10,527 |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Consolidated Balance Sheet (Continued)

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|-----------------------------------------------------------------------------------|------------------|----------------|------------|
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (share capital) | 309,866 | 309,866 | |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | 19,396 | 19,396 | |
| Less: Treasury shares | 19,182 | 19,182 | |
| Other comprehensive income | 45,835 | 45,835 | |
| Special reserve | 5,222 | 5,222 | |
| Surplus reserve | 33,111 | 33,111 | |
| General risk provisions | 18,839 | 18,839 | |
| Undistributed profits | 1,344,725 | 1,344,498 | -227 |
| Total owners' equity (or shareholders' equity) attributable to the parent company | 1,757,812 | 1,757,585 | -227 |
| Minority interest | 3,398,410 | 3,398,410 | |
| Total owners' equity (or shareholders' equity) | 5,156,222 | 5,155,995 | -227 |
| Total liabilities and owners' equity (or shareholders' equity) | 13,619,744 | 13,630,044 | 10,300 |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Balance Sheet of the Parent Company

Unit: RMB'0000 Currency: RMB

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|----------------------------------------|------------------|----------------|------------|
| Current assets: | | | |
| Monetary fund | 35,233 | 35,233 | |
| Transaction financial assets | | | |
| Derivative financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | 47 | 47 | |
| Receivables financing | | | |
| Prepayments | 82 | 82 | |
| Other receivables | 823,340 | 823,340 | |
| Including: Interest receivable | | | |
| Dividend receivable | 170,586 | 170,586 | |
| Inventories | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current-assets | 275 | 275 | |
| Total current assets | 858,977 | 858,977 | |
| Non-current assets: | | | |
| Debt investment | | | |
| Other debt investment | | | |
| Long-term receivables | | | |
| Long-term equity investment | 1,371,630 | 1,371,630 | |
| Investment in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment real estate | | | |
| Fixed assets | 235 | 235 | |
| Construction in progress | | | |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Balance Sheet of the Parent Company (Continued)

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|---------------------------------------------|------------------|----------------|------------|
| Productive biological assets | | | |
| Oil-gas assets | | | |
| Right-of-use assets | 200 | 200 | |
| Intangible assets | 3,160 | 3,160 | |
| Development expenditure | 688 | 688 | |
| Goodwill | | | |
| Long-term prepaid expenses | | | |
| Deferred tax assets | | | |
| Other non-current assets | | | |
| Total non-current assets | 1,375,913 | 1,375,913 | |
| Total assets | 2,234,890 | 2,234,890 | |
| Current liabilities: | | | |
| Short-term borrowings | 60,020 | 60,020 | |
| Transaction financial liabilities | | | |
| Derivative financial liabilities | | | |
| Notes payable | 14,100 | 14,100 | |
| Accounts payable | 961 | 961 | |
| Advance receipts | | | |
| Contract liabilities | | | |
| Payroll payable | 553 | 553 | |
| Taxes payable | 51 | 51 | |
| Other payables | 619,711 | 619,711 | |
| Including: Interests payable | | | |
| Dividends payable | | | |
| Liabilities held for sales | | | |
| Non-current liabilities due within one year | 229 | 229 | |
| Other current liabilities | | | |
| Total current liabilities | 695,625 | 695,625 | |

V. Significant Accounting Policies and Accounting Estimates (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(3). *Adjustment to the financial statements at the beginning of year of initial implementation due to initial implementation of new accounting standards of interpretations on the standards since 2023 (Continued)*

Balance Sheet of the Parent Company (Continued)

| Project | 31 December 2022 | 1 January 2023 | Adjustment |
|----------------------------------------------------------------|------------------|----------------|------------|
| Non-current liabilities: | | | |
| Long-term borrowings | 60,061 | 60,061 | |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | | |
| Long-term payables | 480,537 | 480,537 | |
| Long-term payroll payable | | | |
| Anticipation liabilities | | | |
| Deferred income | 670 | 670 | |
| Deferred tax liabilities | | 50 | 50 |
| Other non-current liabilities | | | |
| Total non-current liabilities | 541,268 | 541,318 | 50 |
| Total liabilities | 1,236,893 | 1,236,943 | 50 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (share capital) | 309,866 | 309,866 | |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital reserve | 444,027 | 444,027 | |
| Less: Treasury shares | 19,182 | 19,182 | |
| Other comprehensive income | | | |
| Special reserve | | | |
| Surplus reserve | 53,167 | 53,167 | |
| Undistributed profits | 210,119 | 210,069 | -50 |
| Total owners' equity (or shareholders' equity) | 997,997 | 997,947 | -50 |
| Total liabilities and owners' equity (or shareholders' equity) | 2,234,890 | 2,234,890 | |

45. Others

☐ Applicable ☒ N/A

VI. Taxation

1. Main tax categories and tax rates

Main tax categories and tax rates

√ Applicable □ N/A

| Tax category | Taxation basis | Tax rate |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------|
| The company and its domestic subsidiaries | | |
| Value added tax (VAT) | Taxable income for VAT | 13%, 9%, 6%, 3% |
| Urban maintenance and construction tax | Turnover tax payable | 7% and 5% |
| Corporate income tax | Taxable income | 25%, 15%, 20% |
| Local education surcharge | 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% |
| Resource tax | Self-produced coal sales revenue and 90% of the self-produced coal sales revenue | 10% |
| Tax on farmland occupation | Based on the land area occupied by the subsidence area of coal mining | RMB 27/m ² |
| Overseas subsidiaries | | |
| Hong Kong profits tax | Profits and gains generated in Hong Kong | 16.5% |
| British Virgin Islands | Tax has not been levied on profits, capital gains, wages of offshore companies incorporated in the British Virgin Islands | 0% |
| Cayman Islands | There is currently no tax on profits, capital gains, wages, etc. of offshore companies established in the Cayman Islands | 0% |
| Corporate income tax (Singapore) | Income from Singapore | 17%、10% |
| Corporate income tax (USA) | Income from USA | 21% |

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

√ Applicable □ N/A

| Name of taxpayer | Income tax rate (%) |
|------------------------------------------------|---------------------|
| Hunan Yintong Science and Technology Co., Ltd. | 15 |
| Langfang ENN Intelligent Technology Co., Ltd. | 15 |
| Shanghai ENN New Energy Technology Co., Ltd. | 15 |
| Qingdao ENN Clean Energy Co., Ltd. | 15 |
| Huludao ENN Gas Development Co., Ltd. | 15 |
| Xiangtan ENN Gas Co., Ltd. | 15 |
| Changsha ENN Gas Co., Ltd. | 15 |
| Zhuzhou ENN Gas Co., Ltd. | 15 |

VI. Taxation (Continued)

1. Main tax categories and tax rates (Continued)

| Name of taxpayer | Income tax rate (%) |
|------------------------------------------------------------|---------------------|
| Yongzhou ENN Gas Co., Ltd. | 15 |
| Huaihua ENN Gas Co., Ltd. | 15 |
| Kaifeng ENN Gas Co., Ltd. | 15 |
| Kaifeng ENN Gas Engineering Co., Ltd. | 15 |
| Shangqiu ENN Gas Engineering Co., Ltd. | 15 |
| Luoyang ENN Energy Development Co., Ltd. | 15 |
| Guilin ENN Gas Development Co., Ltd. | 15 |
| Guangzhou ENN Gas Co., Ltd. | 15 |
| Zhanjiang ENN Gas Co., Ltd. | 15 |
| Huaiji ENN Gas Co., Ltd. | 15 |
| Zhaoqing Xin'ao Clean Energy Co., Ltd. | 15 |
| Dongguan ENN Gas Co., Ltd. | 15 |
| Guangzhou Panyu ENN Gas Co., Ltd. | 15 |
| ENN New Energy Engineering Technology Co., Ltd. | 15 |
| Langfang ENN Fanneng Network Technology Services Co., Ltd. | 15 |
| Xinxiang ENN Gas Engineering Co., Ltd. | 15 |
| Zhoukou Yisheng Thermal Supply Co., Ltd. | 15 |
| Guigang ENN Gas Engineering Co., Ltd. | 15 |
| ENN (Guangxi) Energy Sales Co., Ltd. | 15 |
| Shijiazhuang Xin'ao Energy Development Co., Ltd. | 15 |
| Beijing Xinao Jinggu Gas Co., Ltd. | 15 |
| Beijing ENN Gas Development Co., Ltd. | 15 |
| Fujian Xinyuan Energy Development Co., Ltd. | 15 |
| Changsha Xingsha ENN Gas Co., Ltd. | 15 |
| Luoyang ENN Huayou Gas Co., Ltd. | 15 |
| Luoyang ENN Gas Development Co., Ltd. | 15 |
| Ningxiang ENN Gas Co., Ltd. | 15 |
| Liaocheng Dongchangfu ENN Energy Co., Ltd. | 15 |
| Yancheng ENN Energy Development Co., Ltd. | 15 |
| Haining ENN Gas Co., Ltd. | 15 |
| Longyou ENN Intelligent Energy Co., Ltd. | 15 |
| Xin'an ENN Gas Co., Ltd. | 15 |
| Xindi Energy Engineering Technology Co., Ltd. | 15 |
| Shanxi Qinshui Xin'ao Clean Energy Co., Ltd. | 15 |
| Xinneng (Langfang) Chemical Technology Services Co., Ltd. | 15 |

VI. Taxation (Continued)

1. Main tax categories and tax rates (Continued)

| Name of taxpayer | Income tax rate (%) |
|---------------------------------------------------|---------------------|
| ENN (Zhoushan) LNG Co., Ltd. | 15 |
| Guangzhou Xinrui New Energy Development Co., Ltd. | 15 |
| Guigang ENN Gas Co., Ltd. | 15 |
| Guilin ENN Gas Co., Ltd. | 15 |
| Longchang Zhong'ou Oil and Gas Energy Co., Ltd. | 15 |
| Tongliao ENN Gas Development Co., Ltd. | 15 |
| Inner Mongolia Huayi Energy Co., Ltd. | 15 |
| Tongliao Xinao Gas Co., Ltd. | 15 |
| Beihai ENN Huaheng Logistics Co., Ltd. | 15 |
| Xinneng Mining Industry Co., Ltd. | 15 |
| Xinneng Energy Co., Ltd. | 15 |
| Chongqing Xin'ao Longxin Clean Energy Co., Ltd. | 15 |
| ENN Clean Energy International Investment Limited | 0 |
| ENN LNG (SINGAPORE) PTE LTD | 17、10 |
| ENN Global Trading Pte. Ltd. | 17 |
| ENN LNG Trading Co., Ltd. | 16.5 |
| ENN Gas North America Investment Co., Ltd. | 16.5 |
| Jiangsu Energy Holdings Co., Ltd. | 16.5 |

The preferential tax policy that the Company enjoys according to the preferential income tax for small low-profit enterprises issued by the State Taxation Administration:

Some subsidiaries of the Company: the subsidiaries including Chaohu Huairan Gas Co., Ltd. and Huaian ENN Huaiyin Automotive Gas Co., Ltd. were applicable to the provisions of the *Announcement of the State Administration of Taxation of the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (Announcement of the State Administration of Taxation of the Ministry of Finance [2023] No. 6), From January 1, 2023 to December 31, 2024, for small low-profit enterprises with an annual taxable income of no more than 1 million yuan, a reduction of 25% will be included in the taxable income, and the enterprise income tax will be paid at a 20% tax rate. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households regarding Taxation Policies (Announcement No. 12 of 2023), this policy will continue to be implemented until December 31, 2027. The above-mentioned small and micro profit enterprises refer to those engaged in industries that are not restricted or prohibited by the state, and also meet the requirements of an annual taxable income of no more than 3 million yuan and no more than 300 employees Enterprises with total assets not exceeding 50 million yuan and other three conditions.

VI. Taxation (Continued)

2. Tax preference

☒ Applicable ☐ N/A

- (1) According to the *Announcement on the Extension of Enterprise Income Tax Policies for Western Development* (Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission [2020] No.23), the *Catalogue for Guidance of Industrial Structure Adjustment* (2019 Edition) and the *Catalogue of Encouraged Industries in Western Regions* (2020 Edition), from January 1, 2021 to December 31, 2030, the enterprises in encouraged industries located in western regions shall be subject to a reduced corporate income tax rate of 15%. Xinneng Mining Industry Co., Ltd., Xinneng Energy Co., Ltd. and Chongqing ENN Longxin Clean Energy Co., Ltd. of the Company shall be subject to a reduced corporate income tax rate of 15%.
- (2) Some subsidiaries of the Company: Huaihua Xinao Gas Co., LTD., Guilin Xinao Gas Development Co., LTD, Xindi Energy Engineering Technology Co., Ltd. Shanxi Qinshui Xin'ao Clean Energy Co., Ltd. and Xinao (Zhoushan) Liquefied Natural Gas Co., Ltd were awarded the high-tech enterprise certificates, and are subject to a preferential corporate income tax rate of 15% for high-tech enterprises within three years.
- (3) Some subsidiaries of the Company: Chaohu Huairan Gas Co., Ltd. and Huaian ENN Huaiyin Automotive Gas Co., Ltd. were applicable for the provisions of the *Announcement of the State Administration of Taxation of the Ministry of Finance on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (Announcement of the State Administration of Taxation of the Ministry of Finance [2023] No. 6), From January 1, 2023 to December 31, 2024, for small low-profit enterprises with an annual taxable income of no more than 1 million yuan, a reduction of 25% will be included in the taxable income, and the enterprise income tax will be paid at a 20% tax rate. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households regarding Taxation Policies (Announcement No. 12 of 2023), this policy will continue to be implemented until December 31, 2027. The above-mentioned small and micro profit enterprises refer to those engaged in industries that are not restricted or prohibited by the state, and also meet the requirements of an annual taxable income of no more than 3 million yuan and no more than 300 employees Enterprises with total assets not exceeding 50 million yuan and other three conditions.

3. Others

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements

1. Monetary fund

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------------------------|-----------------|-----------------|
| Cash on hand | 103 | 926 |
| Bank deposits | 1,086,923 | 804,426 |
| Other monetary capital | 38,538 | 76,780 |
| Statutory reserves deposited with the central bank | 47,375 | 41,677 |
| Total | 1,172,939 | 923,809 |
| Including: Total amount deposited overseas | 288,380 | 192,765 |

Other information:

The details of use of restricted monetary capital as a result of mortgage, pledge or lock-up are listed as follows:

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|---------------------------------------------------------------------|-----------------|-----------------|
| Statutory reserves deposited with the central bank | 47,375 | 41,677 |
| Bank acceptance margin | 5,904 | 22,607 |
| Other margins | 15,990 | 19,026 |
| Special fund for gas purchase | 540 | 11,475 |
| Franchise margin | 4,619 | 3,747 |
| Electricity sales agent margin | 2,200 | 3,372 |
| Guarantee margin | 2,986 | 2,834 |
| Fund for geological environment restoration and governance of mines | 8,596 | 2,166 |
| Futures margin | 426 | 2,055 |
| Project construction bond | 3,151 | 1,361 |
| Borrowing margin deposit | | 1,149 |
| Fixed deposit receipt pledge | | 1,000 |
| Margin for payment of farmers | 2,215 | 899 |
| Cash in investment account | | 3 |
| Total | 94,002 | 113,371 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

2. Lending funds

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------|-----------------|-----------------|
| Due from interbank deposits | 335,555 | 285,117 |
| Including: Domestic banks | 335,555 | 285,117 |
| Total | 335,555 | 285,117 |

3. Transaction financial assets

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Financial assets measured at fair value through current profit and loss | 15,542 | 2,560 |
| Including: | | |
| Structured deposits | 15,542 | 2,560 |
| Financial assets that are designated to be measured at fair value through current profit and loss | | |
| Including: | | |
| Total | 15,542 | 2,560 |

Other information:

√ Applicable ☐ N/A

The transaction financial assets increased by 507.11% at the end of the current period compared to the end of the previous period, mainly due to an increase in structured deposits of subsidiaries of the company during the reporting period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

4. Derivative financial assets

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------------------------------|-----------------|-----------------|
| Non-hedging derivatives | 189,417 | 254,589 |
| Including: Commodity derivative contracts | 186,546 | 254,589 |
| Foreign exchange derivative contracts | 2,871 | |
| Hedging derivatives | 32,023 | 35,074 |
| Including: Commodity derivative contracts | 32,023 | 35,074 |
| Foreign exchange derivative contracts | | |
| Total | 221,440 | 289,663 |

5. Notes receivable

(1). Notes receivable by category

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------|-----------------|-----------------|
| Bank acceptance notes | 24,128 | 30,006 |
| Commercial acceptance notes | 1,271 | 2,501 |
| Total | 25,399 | 32,507 |

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

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

5. Notes receivable (Continued)

(3). Notes which are not matured as at the balance sheet date but have been endorsed or discounted at the end of the period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount derecognized at the end of the period | Amount not derecognized at the end of the period |
|-----------------------------|----------------------------------------------------|--------------------------------------------------------|
| Bank acceptance notes | | 17,334 |
| Commercial acceptance notes | | 1,150 |
| Total | | 18,484 |

(4). Notes transferred to accounts receivable by the Company due to failure non-performance by the drawers at the end of the period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount transferred to accounts receivable at the end of the period |
|-----------------------------|-----------------------------------------------------------------------------|
| Commercial acceptance notes | 2,037 |
| Total | 2,037 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

5. Notes receivable (Continued)

(5). Disclosure by the methods of provision for bad debt

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--------------------------------------|-----------------|----------------|------------------------|---------------------------|------------|-----------------|----------------|------------------------|---------------------------|------------|
| | Book balance | | Provision for bad debt | | | Book balance | | Provision for bad debt | | |
| | Amount | Proportion (%) | Amount | Proportion of accrual (%) | Book value | Amount | Proportion (%) | Amount | Proportion of accrual (%) | Book value |
| Bad debt provision made individually | | | | | | | | | | |
| Bad debt provision made by portfolio | 25,412 | 100.00 | 13 | 0.05 | 25,399 | 32,532 | 100.00 | 25 | 0.08 | 32,507 |
| Including: | | | | | | | | | | |
| Commercial acceptance notes | 1,284 | 5.05 | 13 | 1.00 | 1,271 | 2,526 | 7.76 | 25 | 1.00 | 2,501 |
| Bank acceptance notes | 24,128 | 94.95 | | 0.00 | 24,128 | 30,006 | 92.24 | | 0.00 | 30,006 |
| Total | 25,412 | / | 13 | / | 25,399 | 32,532 | / | 25 | / | 32,507 |

Bad debt provision made individually:

☐ Applicable ☒ N/A

Bad debt provision made by portfolio:

☒ Applicable ☐ N/A

Item subject to provision made by portfolio: Commercial acceptance notes

Unit: RMB'0000 Currency: RMB

| Name | Closing balance | | |
|-----------------------------|------------------|------------------------|---------------------------|
| | Notes receivable | Provision for bad debt | Proportion of accrual (%) |
| Commercial acceptance notes | 1,284 | 13 | 1.00 |
| Total | 1,284 | 13 | 1.00 |

Recognition criteria and description of bad debt provision made by portfolio:

☐ Applicable ☒ N/A

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

5. Notes receivable (Continued)

(6). Information on provision for bad debts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Opening balance | Amount of change in the current period | | | Closing balance |
|----------------------------------------|-----------------|----------------------------------------|-----------------------|-------------------------|-----------------|
| | | Accrual | Recovered or reversed | Charge-off or write-off | |
| Bad debt provision of notes receivable | 25 | -12 | | | 13 |
| Total | 25 | -12 | | | 13 |

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

☐ Applicable ☒ N/A

(7). Notes receivable actually written-off during the period

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

6. Accounts receivable

(1). Disclosure by aging

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Aging | Closing book value |
|-----------------------------------------------------|--------------------|
| Within one year | |
| Including: Sub-item due within one year | |
| Subtotal of accounts receivable due within one year | 469,040 |
| One to two years | 128,179 |
| Two to three years | 32,373 |
| Three to five years | 24,585 |
| More than five years | 17,619 |
| Total | 671,796 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

6. Accounts receivable (Continued)

(2). Disclosure by methods of bad debt provision

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--------------------------------------|-----------------|----------------|------------------------|---------------------------|------------|-----------------|----------------|------------------------|---------------------------|------------|
| | Book balance | | Provision for bad debt | | Book value | Book balance | | Provision for bad debt | | Book value |
| | Amount | Proportion (%) | Amount | Proportion of accrual (%) | | Amount | Proportion (%) | Amount | Proportion of accrual (%) | |
| Bad debt provision made individually | 14,400 | 2.14 | 14,400 | 100.00 | | 14,978 | 2.08 | 14,978 | 100.00 | |
| Bad debt provision made by portfolio | 657,396 | 97.86 | 81,973 | 12.47 | 575,423 | 704,352 | 97.92 | 66,749 | 9.48 | 637,603 |
| Total | 671,796 | / | 96,373 | / | 575,423 | 719,330 | / | 81,727 | / | 637,603 |

Bad debt provision made individually:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name | Closing balance | | | |
|-------------------------------------------------------------------------------------------|-----------------|------------------------|---------------------------|------------------------------------------------------------------------------|
| | Book value | Provision for bad debt | Proportion of accrual (%) | Reason for accrual |
| Provision made separately for bad debts which are not significant in an individual amount | 14,400 | 14,400 | 100 | Receivables that are difficult to recover and are likely to become bad debts |
| Total | 14,400 | 14,400 | 100 | / |

Bad debt provision made individually:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

6. Accounts receivable (Continued)

(2). Disclosure by methods of bad debt provision (Continued)

Bad debt provision made by portfolio:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name | Closing balance | | |
|----------------------|---------------------|------------------------|---------------------------|
| | Accounts receivable | Provision for bad debt | Proportion of accrual (%) |
| Within one year | 467,710 | 11,696 | 2.50 |
| One to two years | 125,185 | 27,148 | 21.69 |
| Two to three years | 25,392 | 7,653 | 30.14 |
| Three to five years | 21,556 | 17,923 | 83.15 |
| More than five years | 17,553 | 17,553 | 100.00 |
| Total | 657,396 | 81,973 | 12.47 |

Recognition criteria and description of bad debt provision made by portfolio:

☐ Applicable ☒ N/A

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

6. Accounts receivable (Continued)

(3). Information on provisions for bad debt

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|--------------------------------------|-----------------|----------------------------------------|-----------------------|-------------------------|--------------|-----------------|
| | | Accrual | Recovered or reversed | Charge-off or write-off | Other change | |
| Bad debt provision made individually | 14,978 | 96 | 674 | | | 14,400 |
| Bad debt provision made by portfolio | 66,749 | 15,463 | 1,232 | 239 | 1,232 | 81,973 |
| Total | 81,727 | 15,559 | 1,906 | 239 | 1,232 | 96,373 |

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

☐ Applicable ☒ N/A

(4). Accounts receivable actually written-off for the current period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Write-off amount |
|------------------------------------------|------------------|
| Accounts receivable actually Written-off | 239 |

Write-off of important accounts receivable

☐ Applicable ☒ N/A

Write-off of accounts receivable:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

6. Accounts receivable (Continued)

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

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of entity | Closing balance | Closing amount of bad debt provision | Proportion in the total closing balance of accounts receivable (%) |
|----------------|-----------------|--------------------------------------|--------------------------------------------------------------------|
| Top 1 | 29,584 | 7,402 | 4.40 |
| Top 2 | 20,399 | 12 | 3.04 |
| Top 3 | 17,122 | 35 | 2.55 |
| Top 4 | 11,158 | 203 | 1.66 |
| Top 5 | 11,104 | 218 | 1.65 |
| Total | 89,367 | 7,870 | 13.30 |

(6). Derecognized accounts receivable as a result of transfer of financial assets

☐ Applicable ☒ N/A

(7). Amount of assets and liabilities formed by transfer of accounts receivable with continuous involvement

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

7. Receivables financing

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------------------------------------------------|-----------------|-----------------|
| Notes receivable measured at fair value through other comprehensive income | 83,884 | 91,663 |
| Total | 83,884 | 91,663 |

Increase/decrease in receivables financing and change in fair value for the current period:

☐ Applicable ☒ N/A

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ N/A

Other information:

☒ Applicable ☐ N/A

Notes receivable which are not matured as at the balance sheet date but have been endorsed or discounted:

| Item | Amount derecognized at the end of the period | Amount not derecognized at the end of the period |
|-----------------------|----------------------------------------------|--------------------------------------------------|
| Bank acceptance bills | 103,092 | |
| Total | 103,092 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

8. Advances to suppliers

(1). Advances to suppliers by aging

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Aging | Closing balance | | Opening balance | |
|-----------------------|-----------------|----------------|-----------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within one year | 388,828 | 96.76 | 483,619 | 96.96 |
| One to two years | 3,926 | 0.98 | 10,457 | 2.10 |
| Two to three years | 6,075 | 1.51 | 2,031 | 0.41 |
| More than three years | 3,014 | 0.75 | 2,651 | 0.53 |
| Total | 401,843 | 100.00 | 498,758 | 100.00 |

Reasons for the overdue settlement of advances to suppliers with significant amount and due more than one year:

| Name of entity | Amount | Reason for outstanding settlement |
|----------------|--------|-----------------------------------------|
| Top 1 | 459 | It hasn't reached the settlement period |
| Top 2 | 410 | It hasn't reached the settlement period |
| Top 3 | 403 | It hasn't reached the settlement period |
| Top 4 | 365 | It hasn't reached the settlement period |
| Top 5 | 317 | It hasn't reached the settlement period |
| Total | 1,954 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

8. Advances to suppliers (Continued)

(2). Advances to suppliers with top five closing balances collected as per the suppliers

☒ Applicable ☐ N/A

| Name of entity | Closing balance | Proportion in total closing balance of advances to suppliers (%) |
|----------------|-----------------|------------------------------------------------------------------|
| Top 1 | 82,569 | 20.55 |
| Top 2 | 31,793 | 7.91 |
| Top 3 | 23,495 | 5.85 |
| Top 4 | 16,462 | 4.10 |
| Top 5 | 12,575 | 3.13 |
| Total | 166,894 | 41.54 |

Other information

☐ Applicable ☒ N/A

9. Loans and advances to customers

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------------------------|-----------------|-----------------|
| Corporate loans | 4,000 | 4,500 |
| Total loans and advances to customers | 4,000 | 4,500 |
| Less: provision for loan loss | 80 | 90 |
| Book value of loans and advances to customers | 3,920 | 4,410 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables

Presentation of items

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Dividends receivable | 27,375 | 25,912 |
| Other receivables | 167,628 | 300,858 |
| Total | 195,003 | 326,770 |

Other information:

☒ Applicable ☐ N/A

Other accounts receivable decreased by 40.32% at the end of the current period compared to the end of the previous period, mainly due to the shortened collection period of commodity derivative financial instrument contracts during the reporting period, resulting in a decrease in the settled outstanding balance of corresponding contracts.

Interests receivable

(1). Classification of interests receivable

☐ Applicable ☒ N/A

(2). Significant overdue interest

☐ Applicable ☒ N/A

(3). Provision for bad debts

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Dividends receivable

(1). Dividends receivable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Project (or investee) | Closing balance | Opening balance |
|--------------------------------------------------|-----------------|-----------------|
| Sinopec ENN (Tianjin) Energy Co., Ltd. | 541 | 541 |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | 4,874 | 2,383 |
| Shantou Huarun ENN Gas Co., Ltd. | 240 | 240 |
| Luquan Fuxin Gas Co., Ltd. | 2,007 | 2,007 |
| Ningbo ENN Gas Co., Ltd. | 1,960 | 1,960 |
| Huzhou Nanxun Xin'ao Gas Co., Ltd. | 821 | 2,282 |
| Huzhou Nanxun Xin'ao Gas Development Co., Ltd. | 1,539 | 1,308 |
| Changsha Xinneng Automobile Gas Co., Ltd. | 50 | 50 |
| Huzhou Gas Co., Ltd. | 7,107 | 7,107 |
| Guangzhou Ganghua Gas Co., Ltd. | | 1,000 |
| Sinopec Marketing Co., Ltd. | 7,238 | 5,164 |
| Xinxiang ENN Lihua Energy Development Co., Ltd. | 878 | 878 |
| Shandong Luxin Natural Gas Co., Ltd. | 120 | 120 |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | | 872 |
| Total | 27,375 | 25,912 |

(2). Significant dividends receivable due beyond one year

☐ Applicable ☒ N/A

(3). Provision for bad debts

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables

(1). Disclosure by aging

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Aging | Closing book value |
|-----------------------------------------------------|--------------------|
| Within one year | |
| Including: Sub-item due within one year | |
| Subtotal of accounts receivable due within one year | 91,996 |
| One to two years | 21,599 |
| Two to three years | 20,955 |
| Three to five years | 22,801 |
| More than five years | 19,709 |
| Total | 177,060 |

(2). Classification by the nature of payments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Nature of payment | Closing book value | Opening book value |
|-----------------------------------------|--------------------|--------------------|
| Settled but unpaid derivative contracts | 49,152 | 178,774 |
| Performance bond or deposit | 59,971 | 64,083 |
| Current account | 43,100 | 39,141 |
| Asset disposal proceeds | 10,180 | 11,507 |
| Employee borrowings and reserves | 4,533 | 2,812 |
| Others | 10,124 | 11,787 |
| Total | 177,060 | 308,104 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(3). Provision for bad debts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Provision for bad debts | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|-------|
| | Expected credit loss in the next 12 months | Expected credit loss in the whole duration (no credit impairment) | Expected credit loss in the whole duration (with credit impairment) | |
| Balance on January 1, 2023 | 1,784 | | 5,462 | 7,246 |
| In the current period, the balance on January 1, 2023 | | | | |
| — Transfer to the second stage | | | | |
| — Transfer to the third stage | | | | |
| — Reversal to the second stage | | | | |
| — Reversal to the first stage | | | | |
| Provision in current period | 480 | | 1,864 | 2,344 |
| Reversal in current period | | | | |
| Charge-off in current period | | | | |
| Write-off in current period | 158 | | | 158 |
| Other changes | | | | |
| Balance on June 30, 2023 | 2,106 | | 7,326 | 9,432 |

Significant changes in the book value of other receivables with changes in impairment provisions:

☐ Applicable ☒ N/A

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 ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(4). Provision for bad debts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Opening balance | Amount of change in the current period | | | Closing balance |
|------------------------------------------|-----------------|----------------------------------------|-----------------------|----------------------------------------|-----------------|
| | | Accrual | Recovered or reversed | Charge-off or write-off Other change | |
| Bad debt provision for other receivables | 7,246 | 2,344 | | 158 | 9,432 |
| Total | 7,246 | 2,344 | | 158 | 9,432 |

Bad debt provisions with significant reserved or recovered amount:

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Write-off amount |
|----------------------------------------|------------------|
| Other receivables actually written-off | 158 |

Write-off of other receivables which are significant:

☐ Applicable ☒ N/A

Write-off of other receivables:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

10. Other receivables (Continued)

Other receivables (Continued)

(6). Other receivables with top five closing balances collected by the debtor

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of entity | Nature of payment | Closing balance | Aging | Proportion in total closing balance of other receivables (%) | Closing balance of bad debt provision |
|----------------|--------------------------------------------------|-----------------|---------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| Top 1 | Settled but uncollected derivative contracts | 13,269 | Within one year | 7.49 | |
| Top 2 | Settled but uncollected derivative contracts | 10,633 | Within one year | 6.01 | |
| Top 3 | Transaction funds, performance bonds or deposits | 8,021 | Within 1 year, 1-2 years, 2-3 years, over 5 years | 4.53 | 15 |
| Top 4 | Transaction funds, performance bonds or deposits | 8,019 | Within 1 year, 1-2 years | 4.53 | 190 |
| Top 5 | Settled but uncollected derivative contracts | 7,890 | Within one year | 4.46 | |
| Total | / | 47,832 | / | 27.02 | 205 |

(7). Receivables related to government subsidies

☐ Applicable ☒ N/A

(8). Other receivables derecognized due to transfer of financial assets

☐ Applicable ☒ N/A

(9). Amount of assets and liabilities formed by transfer of other receivables with continuous involvement

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

11. Inventories

(1). Classification of inventories

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|------------------------------------|-----------------|---------------------------------------------------------------------------------------------------|------------|-----------------|---------------------------------------------------------------------------------------------------|------------|
| | Book balance | Provision for decline in value of inventories/ impairment provision for contract performance cost | Book value | Book balance | Provision for decline in value of inventories/ impairment provision for contract performance cost | Book value |
| Raw material | 129,467 | | 129,467 | 141,486 | | 141,486 |
| Products in process | 6,130 | | 6,130 | 4,359 | | 4,359 |
| Finished goods | 122,979 | | 122,979 | 93,684 | | 93,684 |
| Goods shipped | 2,156 | | 2,156 | 1,798 | | 1,798 |
| Materials for consigned processing | 1,026 | | 1,026 | 315 | | 315 |
| Other | 16 | | 16 | 18 | | 18 |
| Total | 261,774 | | 261,774 | 241,660 | | 241,660 |

(2). Provision for decline in value of inventories and impairment provision for contract performance cost

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

11. Inventories (Continued)

(3). *Description of inventory closing balance including capitalized amount of borrowing costs*

☐ Applicable ☒ N/A

(4). *Description of amortization amount of contract performance cost in the current period*

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

12. Contract assets

(1). *Information on contract assets*

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|-----------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Contract assets | 350,598 | 4,190 | 346,408 | 319,422 | 16,424 | 302,998 |
| Total | 350,598 | 4,190 | 346,408 | 319,422 | 16,424 | 302,998 |

(2). *Amount and reason for significant changes in the book value during the Reporting Period*

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

12. Contract assets (Continued)

(3). Impairment provision for contract assets during the current period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Provision in current period | Reversal in current period | Charge-off/write-off in current period | Reason |
|------------------------------------------|-----------------------------|----------------------------|----------------------------------------|--------|
| Impairment provision for contract assets | 425 | 12,659 | | |
| Total | 425 | 12,659 | | / |

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

13. Held-for-sale assets

☐ Applicable ☒ N/A

14. Non-current assets due within one year

☒ Applicable ☐ N/A

(1). Information on non-current assets due within one year

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------------------------------|-----------------|-----------------|
| Debt investment due within one year | 545 | |
| Loans and advances due within one year | | 38 |
| Long-term receivables due within one year | 1,351 | 8,379 |
| Total | 1,896 | 8,417 |

Other instructions

Non-current assets maturing within one year at the end of the current period decreased by 77.47% compared with the end of the previous period, mainly due to the recovery of financial lease payments due by the Company's subsidiaries during the reporting period.

Significant debt investment and other debt investments at the end of the period:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

14. Non-current assets due within one year (Continued)

(2). Impairment provision for non-current assets due within one year in the current period:

Unit: RMB'0000 Currency: RMB

| Provision for bad debts | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|-------|
| | Expected credit loss in the next 12 months | Expected credit loss in the whole duration (no credit impairment) | Expected credit loss in the whole duration (with credit impairment) | |
| Balance on January 1, 2023 | 2,371 | | | 2,371 |
| In the current period, the balance on January 1, 2023 | | | | |
| — Transfer to the second stage | | | | |
| — Transfer to the third stage | -2,286 | | 2,286 | |
| — Reversal to the second stage | | | | |
| — Reversal to the first stage | | | | |
| Provision in current period | 11 | | | 11 |
| Reversal in current period | 74 | | | 74 |
| Charge-off in current period | | | | |
| Write-off in current period | | | | |
| Other changes | 3 | | | 3 |
| Balance on June 30, 2023 | 25 | | 2,286 | 2,311 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

15. Other current assets

√ Applicable □ N/A

(1). Information on other current assets

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------------------|-----------------|-----------------|
| Value Added Tax to be deducted, certified or prepaid | 197,383 | 185,328 |
| Prepaid corporate income tax | 46,320 | 35,659 |
| Prepaid business tax | 3,763 | 4,009 |
| Prepaid social security and provident fund | 446 | 352 |
| Entrusted loan | 1,071 | 684 |
| Factoring receivable | 15,664 | 5,433 |
| Financing lease receivable | 990 | 644 |
| Other | 589 | 274 |
| Total | 266,226 | 232,383 |

(2). Impairment provision for other current assets

Unit: RMB'0000 Currency: RMB

| | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|-------|
| | Expected credit loss in the next 12 months | Expected credit loss in the whole duration (no credit impairment) | Expected credit loss in the whole duration (with credit impairment) | |
| Provision for bad debts | | | | |
| Balance on January 1, 2023 | 942 | | | 942 |
| In the current period, the balance on January 1, 2023 | | | | |
| — Transfer to the second stage | | | | |
| — Transfer to the third stage | | | | |
| — Reversal to the second stage | | | | |
| — Reversal to the first stage | | | | |
| Provision in current period | 236 | | | 236 |
| Reversal in current period | 21 | | | 21 |
| Charge-off in current period | | | | |
| Write-off in current period | | | | |
| Other changes | | | | |
| Balance on June 30, 2023 | 1,157 | | | 1,157 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

16. Loans and advances

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Corporate loans | 1,500 | |
| Total loans and advances | 1,500 | |
| Less: provision for loan loss | 30 | |
| Book value of loans and advances | 1,470 | |

Other instructions

Loans and advances increased by RMB15 million at the end of the current period compared with the end of the previous period, mainly due to the increase in loans issued by the Company's finance company during the reporting period.

17. Debt investments

(1). Information on debt investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|-------------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Factoring accounts receivable | 286 | 6 | 280 | | | |
| Total | 286 | 6 | 280 | | | |

(2). Significant debt investments at the end of the period

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

17. Debt investments (Continued)

(3). Impairment provision

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Provision for bad debts | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|-------|
| | Expected credit loss in the next 12 months | Expected credit loss in the whole duration (no credit impairment) | Expected credit loss in the whole duration (with credit impairment) | |
| Balance on January 1, 2023 | | | | |
| In the current period, the balance on January 1, 2023 | | | | |
| — Transfer to the second stage | | | | |
| — Transfer to the third stage | | | | |
| — Reversal to the second stage | | | | |
| — Reversal to the first stage | | | | |
| Provision in current period | 6 | | | 6 |
| Reversal in current period | | | | |
| Charge-off in current period | | | | |
| Write-off in current period | | | | |
| Other changes | | | | |
| Balance on June 30, 2023 | 6 | | | 6 |

Description of significant changes in the book value of debt investments subject to changes in loss provisions in the current period:

☐ Applicable ☒ N/A

Amount of provision and the basis adopted to evaluate whether the credit risk of financial instruments has increased significantly:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

18. Other debt investments

(1). Information on other debt investments

☐ Applicable ☒ N/A

(2). Other debt investments which are significant at the end of the period

☐ Applicable ☒ N/A

(3). Impairment provision

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

19. Long-term receivables

(1). Information on long-term receivables

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | | Discount rate interval |
|----------------------------------------|-----------------|-------------------------|------------|-----------------|-------------------------|------------|------------------------|
| | Book balance | Provision for bad debts | Book value | Book balance | Provision for bad debts | Book value | |
| Financing lease receivable | | | | 443 | 4 | 439 | 7.2%-9.2% |
| Including: Unrealized financing income | | | | 23 | | 23 | |
| Total | | | | 443 | 4 | 439 | / |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

19. Long-term receivables (Continued)

(2). Provision for bad debts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Provision for bad debts | Stage 1 | Stage 2 | Stage 3 | Total |
|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|-------|
| | Expected credit loss in the next 12 months | Expected credit loss in the whole duration (no credit impairment) | Expected credit loss in the whole duration (with credit impairment) | |
| Balance on January 1, 2023 | 4 | | | 4 |
| In the current period, the balance on January 1, 2023 | | | | |
| — Transfer to the second stage | | | | |
| — Transfer to the third stage | | | | |
| — Reversal to the second stage | | | | |
| — Reversal to the first stage | | | | |
| Provision in current period | | | | |
| Reversal in current period | 2 | | | 2 |
| Charge-off in current period | | | | |
| Write-off in current period | | | | |
| Other changes | -2 | | | -2 |
| Balance on June 30, 2023 | | | | |

Description of significant changes in the book value of long-term receivables subject to changes in loss provisions in the current period:

☐ Applicable ☒ N/A

Amount of provision and the basis adopted to evaluate whether the credit risk of financial instruments has increased significantly

☐ Applicable ☒ N/A

(3). Long-term receivables derecognized due to transfer of financial assets

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

19. Long-term receivables (Continued)

(4). Amount of assets and liabilities formed by transfer of long-term receivables with continuous involvement

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

20. Long-term equity investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Unit Invested | Opening balance | Additional investment | Reduced investment | Current increase or decrease changes | | | | | | Closing balance | Closing balance of impairment provision |
|-------------------------------------------------------------|-----------------|-----------------------|--------------------|----------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------------------------|--------------------------|--------|-----------------|-----------------------------------------|
| | | | | 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 | Provision for impairment | Others | | |
| I. Joint Venture | | | | | | | | | | | |
| Dongguan Xinde Gas Engineering Project Management Co., Ltd. | 257 | | | | | | | | | 257 | 1,307 |
| Chongqing Changdian Fuxin Gas Co., Ltd. | 763 | | | 70 | | | | | | 833 | |
| Yancheng ENN Compressed Natural Gas Co., Ltd. | 2,242 | | | -46 | | | | | | 2,196 | |
| Luquan Fuxin Gas Co., Ltd. | 15,348 | | | 1,248 | | | | | | 16,596 | |
| Ningbo ENN Gas Co., Ltd. | 6,494 | | | -1,786 | | | | | | 4,708 | |
| Yantai ENN Gas Development Co., Ltd. | 57,093 | | | 2,400 | | | | | | 59,493 | |
| Kaifeng ENN Yinhai Automobile Gas Co., Ltd. | 158 | | | -3 | | | | | | 155 | |
| Yunnan Yuntou Xin'ao Gas Co., Ltd. | 13,757 | | | 448 | | | | | | 14,205 | |
| Haining Xinxin Natural Gas Co., Ltd. | 2,604 | | 2,409 | -195 | | | | | | | |
| Tangshan ENN Yongshun Clean Energy Co., Ltd. | 3,189 | | | -345 | | | | | | 2,844 | |
| Hebei PetroChina Kunlun Natural Gas Co., Ltd. | 29,114 | | | 2,819 | | | 1,576 | | | 30,357 | |
| Henan Jingbao ENN New Energy Co., Ltd. | 6,076 | | | 358 | | | | | | 6,434 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

20. Long-term equity investments (Continued)

| Unit Invested | Current increase or decrease changes | | | | | | | | | Closing balance | Closing balance of impairment 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 | Provision for impairment | Others | | |
| Hangzhou Xiaoshan Huanneng Industrial Co., Ltd. | 464 | | | -44 | | | | | | 420 | |
| Quzhou ENN Sinopec Automobile Gas Co., Ltd. | 963 | | | 98 | | | 51 | | | 1,010 | |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | 18,111 | | | 31 | | | | | | 18,142 | |
| Jiaxing Sinopec ENN Gas Co., Ltd. | 445 | | | -10 | | | | | | 435 | |
| Baoding ENN Gas Co., Ltd. | 8,611 | | | -8,611 | | | | | | | |
| Langfang ENN Longyu Clean Energy Co., Ltd. | 136 | | | -136 | | | | | | | |
| Jinhua Sinopec ENN Automobile Natural Gas Co., Ltd. | 489 | | | -8 | | | | | | 481 | |
| Liaocheng Shihua Natural Gas Co., Ltd. | 11,981 | | | 1,733 | | | 1,078 | | | 12,636 | |
| Guangxi Xijiang ENN Clean Energy Co., Ltd. | 361 | | | -361 | | | | | | | |
| Anhui Wanneng ENN Natural Gas Co., Ltd. | 6,091 | | | 704 | | | | | | 6,795 | |
| Xuzhou Guotou ENN Energy Co., Ltd. | 2,174 | | | -82 | | | | | | 2,092 | |
| Qingdao International Airport New Energy Development Co., Ltd. | 6,680 | | | 133 | | | | | | 6,813 | |
| Jiangxi Poyang Lake LNG Co., Ltd. | 3,589 | | | 19 | | | | | | 3,608 | |
| Dongguan Haofeng ENN Energy Co., Ltd. | 2,686 | | | -166 | | | | | | 2,520 | |
| Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd. | 4,191 | | | 55 | | | | | | 4,246 | |
| Chenzhou Sanxiang ENN Clean Energy Co., Ltd. | 1,190 | | | -203 | | | | | | 987 | |
| Wulian Run'ao Energy Development Co., Ltd. | 1,393 | | | -1 | | | | | | 1,392 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

20. Long-term equity investments (Continued)

| Unit Invested | Current increase or decrease changes | | | | | | | | | Closing balance | Closing balance of impairment 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 | Provision for impairment | Others | | |
| Xuancheng Hezhong Natural Gas Pipeline Network Co., Ltd. | 3,245 | | | 474 | | | 400 | | | 3,319 | |
| Dongguan Zhongdian ENN Heating Co., Ltd. | 4,248 | | | 316 | | | | | | 4,564 | |
| Zhuzhou Tai'ao Energy Co., Ltd. | 294 | | | 6 | | | | | | 300 | |
| Dongguan Changping Haofeng ENN Energy Development Co., Ltd. | 45 | | | | | | | | | 45 | |
| Lianyungang Chengxin Gas Co., Ltd. | 4,026 | 1,671 | | 236 | | | | | | 5,933 | |
| Bengbu ENN PetroChina Sales Co., Ltd. | 631 | | | 59 | | | 87 | | | 603 | |
| Sinopec Yuexi Pipeline Network Co., Ltd. | 8,505 | 2,257 | | -1,805 | | | | | | 8,957 | |
| Huai'an Zhongyou Tianhuai Gas Co., Ltd. | 686 | | | 55 | | | | | | 741 | |
| Henan Zhongyuan Natural Gas Development Co., Ltd. | 48,184 | | | 2,174 | | | | | | 50,358 | |
| Shanxi Heng Gallery energy Co., LTD | | 255 | | 716 | | | | | | 971 | |
| Shenzhen ENN Shipping Co., Ltd. | 6,932 | | | 677 | | | | | | 7,609 | |
| Beijing Xinzhi Shuxin Digital Technology Co., Ltd. | 10 | | | -10 | | | | | | | |
| Changsha Xinao Great Wall Energy Co., LTD | | 500 | | 8 | | | | | | 508 | |
| Xinxiang ENN Lihua Energy Development Co., Ltd. | 358 | | | -358 | | | | | | | |
| Haining Guangyao Thermoelectric Co., LTD | | 5,000 | | -251 | | | | | | 4,749 | |
| Subtotal | 283,814 | 9,683 | 2,409 | 416 | | | 3,192 | | | 288,312 | 1,307 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

20. Long-term equity investments (Continued)

| Unit Invested | Current increase or decrease changes | | | | | | | | | Closing balance | Closing balance of impairment 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 | Provision for impairment | Others | | |
| II. Associates | | | | | | | | | | | |
| CNOOC Gas and Electricity North Sea Gas Co., Ltd. | 2,058 | | | -12 | | | | | | 2,046 | 1,563 |
| Beijing Zhongnong Big Biotechnology Incorporated Company | 631 | | | -21 | | | | | | 610 | |
| Chongqing Longran Energy Technology Co., Ltd. | 4,143 | | | -373 | | | | | | 3,770 | |
| Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | 7,315 | | | 413 | | | | | | 7,728 | |
| Changsha Xinneng Automobile Gas Co., Ltd. | 616 | | | -152 | | | | | | 464 | |
| Zhanjiang Xinyi Real Estate Development Co., Ltd. | 2,500 | | | -508 | | | | | | 1,992 | |
| Zhanjiang Zhongyou ENN Natural Gas Co., Ltd. | 2,056 | | | -78 | | | | | | 1,978 | |
| Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd. | 1,462 | | | -745 | | | | | | 717 | |
| Shijiazhuang Kunlun ENN Gas Co., Ltd. | 50,014 | | | 2,546 | | | | | | 52,560 | |
| Taizhou City Natural Gas Co., Ltd. | 2,987 | | | -30 | | | | | | 2,957 | |
| Guangzhou Ganghua Gas Co., Ltd. | 3,025 | | | 424 | | | | | | 3,449 | |
| Taizhou Yinxingshu Gas Co., Ltd. | 495 | | | 41 | | | 93 | | | 443 | |
| CNOOC Xinrun Liaoning Gas Co., Ltd. | 1,058 | | | 194 | | | | | | 1,252 | |
| Changzhou Meilu ENN Energy Co., Ltd. | 500 | | | -2 | | | | | | 498 | |
| Suzhou Wanneng Natural Gas Co., Ltd. | 3,287 | | | -30 | | | | | | 3,257 | |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | 9,205 | | | 859 | | | 2,490 | | | 7,574 | |
| Wuzhou PetroChina Kunlun ENN Gas Co., Ltd. | 4,764 | | | 185 | | | | | | 4,949 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

20. Long-term equity investments (Continued)

| Unit Invested | Opening balance | Additional investment | Reduced investment | Current increase or decrease changes | | | | | | Closing balance | Closing balance of impairment provision |
|------------------------------------------------------------------|-----------------|-----------------------|--------------------|----------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------------------------|--------------------------|--------|-----------------|-----------------------------------------|
| | | | | 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 | Provision for impairment | Others | | |
| Shantou Huarun ENN Gas Co., Ltd. | 18,380 | | | 1,520 | | | | | | 19,900 | |
| Enniu Chengfu (Langfang) Public Service Technology Co., Ltd. | 43 | | | -43 | | | | | | | |
| Ningbo ENN Gas Development Co., Ltd. | 3,750 | | | 541 | | | | | | 4,291 | |
| Guangxi Yilongyuan Electricity Distribution Co., Ltd. | 1,116 | | | -48 | | | | | | 1,068 | |
| Shanghai Zhuoxiao Energy Technology Co., Ltd. | 497 | | | -26 | | | | | | 471 | |
| Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd. | 4,659 | | | 48 | | | | | | 4,707 | |
| Zhoushan Lanyan Gas Co., Ltd. | 53,931 | | | 370 | | | | | | 54,301 | |
| Hunan Yiwei Power Distribution Co., Ltd. | 3,160 | | | 73 | | | | | | 3,233 | |
| Zhejiang Xinyongzhou Logistics Co., Ltd. | 372 | | | -124 | | | | | | 248 | |
| Guangxi Daren Energy Co., Ltd. | 3,765 | | | -221 | | | | | | 3,544 | |
| Luoyang Natural Gas Storage and Transportation Co., Ltd. | 3,189 | | | -376 | | | | | | 2,813 | |
| Huzhou Gas Co., Ltd. | 34,809 | | | 1,159 | | | 1,816 | | | 34,152 | |
| Huzhou Nanxun Xin'ao Gas Co., Ltd. | 20,496 | | | 1,086 | | | 821 | | | 20,761 | |
| Huzhou Nanxun Xin'ao Gas Development Co., Ltd. | 5,839 | | | 932 | | | 1,538 | | | 5,233 | |
| Shandong Airport Intelligent Energy Development Co., Ltd. | 531 | | | -36 | | | | | | 495 | |
| Bengbu Ruiyuan Power Distribution Co., Ltd. | 540 | | | | | | | | | 540 | |
| Lianyungang Zhongxin Gas Co., Ltd. | 15,335 | | | -484 | | | | | | 14,851 | |
| Kaifeng Xingsong City Trade Co., Ltd. | 71 | | | -14 | | | | | | 57 | |
| Ningbo ENN Xinrui Energy Development Co., Ltd. | 1,909 | | | 409 | | | | | | 2,318 | |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

20. Long-term equity investments (Continued)

| Unit Invested | Opening balance | Additional investment | Reduced investment | Current increase or decrease changes | | | | | | Closing balance | Closing balance of impairment provision |
|---------------------------------------------------------------------|-----------------|-----------------------|--------------------|----------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------------------------|--------------------------|--------|-----------------|-----------------------------------------|
| | | | | 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 | Provision for impairment | Others | | |
| Bozhou Xinglv New Energy Co., Ltd. | 99 | | | 2 | | | | | | 101 | |
| Shandong Luxin Natural Gas Co., Ltd. | 1,925 | | | 202 | | | | | | 2,127 | |
| Jinhua Gaoya Natural Gas Co., Ltd. | 1,097 | 630 | | 3 | | | | | | 1,730 | |
| Changzhou Zhongwu Power Distribution Co., Ltd. | 367 | | | 6 | | | | | | 373 | |
| Changshu China Petroleum Kunlun Natural Gas Development Co., Ltd. | 350 | | | 5 | | | | | | 355 | |
| Danjiangkou ENN Energy Development Co., Ltd. | 55 | | | -12 | | | | | | 43 | |
| Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd. | 5,387 | | | 2 | | | | | | 5,389 | |
| Minshang (Guangdong) Investment Partnership (Limited Partnership) | 4,830 | | | -19 | | | | | | 4,811 | |
| Beijing Shanjing Huisheng Pipeline Technology Development Co., Ltd. | 585 | | | -15 | | | | | | 570 | |
| Changzhou Gas Storage Co., Ltd. | 872 | 375 | | -11 | | | | | | 1,236 | |
| Chizhou Qianjiang Gas Co., Ltd. | 2,537 | | | 30 | | | 63 | | | 2,504 | |
| Xinsheng Natural Gas Sales Co., Ltd. | 794 | | | -21 | | | | | | 773 | |
| Yancheng National Investment Natural Gas Pipeline Network Co., Ltd. | 21,530 | | | | | | | | | 21,530 | |
| Haian Huihai Natural Gas Pipeline Network Co., Ltd. | 700 | | | | | | | | | 700 | |
| Qinzhou PetroChina Kunlun Gas Co., Ltd. | 2,379 | | | 404 | | | | | | 2,783 | |
| Shijiazhuang ENN City Gas Development Co., Ltd. | 6,280 | | | 137 | | | | | | 6,417 | |
| Suqian heating pipe network Co., LTD | | 2,441 | | -8 | | | | | | 2,433 | |
| Subtotal | 318,295 | 3,446 | | 8,182 | | | 6,821 | | | 323,102 | 1,563 |
| Total | 602,109 | 13,129 | 2,409 | 8,598 | | | 10,013 | | | 611,414 | 2,870 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

21. Other equity instrument investments

(1). Information on other equity instrument investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------------------------|-----------------|-----------------|
| Jiaxing Gas Group Co., Ltd. | 8,798 | 8,740 |
| Chongqing Petroleum and Gas Exchange Co., Ltd. | 5,480 | 5,480 |
| Shanghai Petroleum and Gas Exchange Co., Ltd. | 4,411 | 4,411 |
| Longchang Ruigao Energy Development Co., Ltd. | 1,490 | 1,490 |
| Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd. | 1,071 | 1,071 |
| Sanmenxia Swan Power Co., Ltd. | 977 | 977 |
| Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd. | 1,610 | 1,610 |
| Nanjing Jiangbei New District Power Distribution Co., Ltd. | 468 | 468 |
| Heilongjiang Electric Power Trading Center Co., Ltd. | 356 | 356 |
| Jibei Electric Power Trading Center Co., Ltd. | 290 | 290 |
| Guangxi Power Exchange Center Co., Ltd. | 264 | 264 |
| Zhejiang Hesen Energy Co., Ltd. | 139 | 139 |
| Xiangtan Desheng Energy Distribution Co., Ltd. | 152 | 152 |
| Dongguan Fengneng LNG Co., Ltd. | 25 | 25 |
| Dongguan Fengneng LNG Terminal Co., Ltd. | 25 | 25 |
| Total | 25,556 | 25,498 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

21. Other equity instrument investments (Continued)

(2). Information on non-trading equity instrument investments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Dividend revenue recognized in the current period | Accumulated profits | Accumulated losses | Amount of other comprehensive income transferred to retained earnings | Reason for designation to be measured at fair value through other comprehensive income | Reason for transfer of other comprehensive income to retained earnings |
|------------------------------------------------------------|---------------------------------------------------------|------------------------|-----------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Jiaxing Gas Group Co., Ltd. | 143 | 4,685 | | | Strategic investment | |
| Chongqing Petroleum and Gas Exchange Co., Ltd. | | 231 | | | Strategic investment | |
| Shanghai Petroleum and Gas Exchange Co., Ltd. | | 211 | | | Strategic investment | |
| Longchang Ruigao Energy Development Co., Ltd. | | 90 | | | Strategic investment | |
| Shanghai Zhongyou Baihe Petroleum Gas Co., Ltd. | | 621 | | | Strategic investment | |
| Sanmenxia Swan Power Co., Ltd. | | | -523 | | Strategic investment | |
| Shenzhen Dapeng Liquefied Natural Gas Sales Co., Ltd. | | 1,485 | | | Strategic investment | |
| Nanjing Jiangbei New District Power Distribution Co., Ltd. | | 18 | | | Strategic investment | |
| Heilongjiang Electric Power Trading Center Co., Ltd. | | | | | Strategic investment | |
| Jibei Electric Power Trading Center Co., Ltd. | | | -1 | | Strategic investment | |
| Guangxi Power Exchange Center Co., Ltd. | | 4 | | | Strategic investment | |
| Zhejiang Hesen Energy Co., Ltd. | | | -101 | | Strategic investment | |
| Xiangtan Desheng Energy Distribution Co., Ltd. | | | -8 | | Strategic investment | |
| Dongguan Fengneng LNG Co., Ltd. | | | | | Strategic investment | |
| Dongguan Fengneng LNG Terminal Co., Ltd. | | | | | Strategic investment | |
| Total | 143 | 7,345 | -633 | | Strategic investment | |

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

22. Other non-current financial assets

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
| Derivative financial assets included in Other non-current financial assets | | |
| Non-hedging derivatives | | |
| Including: Commodity derivative contracts | 1,821 | |
| Foreign exchange derivative contracts | | |
| Hedging derivatives | | |
| Including: Commodity derivative contracts | 82 | |
| Foreign exchange derivative contracts | 2,684 | |
| Financial assets measured at fair value through current profit or loss | 434,579 | 432,722 |
| Total | 439,166 | 432,722 |

Other information:

The details of financial assets measured at fair value through current profit or loss are listed as follows:

Unit: RMB'0000 Currency: RMB

| Name of investee | Closing balance | Opening balance |
|-----------------------------------------------------|-----------------|-----------------|
| Sinopec Marketing Co., Ltd. | 417,000 | 417,000 |
| Shanghai Dazhong Public Utilities (Group) Co., Ltd. | 15,254 | 13,394 |
| Guokai Siyuan (Beijing) Investment Fund Co., Ltd. | 2,293 | 2,293 |
| Chenzhou Jingui Silver Industry Co., Ltd. | 32 | 35 |
| Total | 434,579 | 432,722 |

Other instructions:

The Company holds 1.13% equity stake in the non-listed company Sinopec Marketing Co., Ltd. The Company holds 4.38% shares in the listed company Shanghai Dazhong Public Utilities (Group) Co., Ltd. The Company holds 0.01% shares in the listed company Chenzhou Jingui Silver Industry Co., Ltd.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

23. Investment real estate

Measurement model of investment real estate

(1). Investment real estate using fair value measurement model

Unit: RMB'0000 Currency: RMB

| Item | Houses and buildings | Land use rights | Construction in progress | Total |
|----------------------------------------------------------------|----------------------|-----------------|--------------------------|--------|
| I. Opening balance | 27,632 | | | 27,632 |
| II. Changes in the current period | | | | |
| Add: Outsourcing | | | | |
| Transfer from inventories/fixed assets/construction in process | | | | |
| Increase in business combinations | | | | |
| Less: Disposal | | | | |
| Other transfer out | | | | |
| Changes in fair value | | | | |
| III. Closing balance | 27,632 | | | 27,632 |

(2). Investment real estate of which title certificates have not been obtained:

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

24. Fixed assets

Presentation of items

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|--------------|-----------------|-----------------|
| Fixed assets | 6,755,551 | 6,612,822 |
| Total | 6,755,551 | 6,612,822 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

24. Fixed assets (Continued)

Fixed assets

(1). Information on fixed assets

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Houses and buildings | Machinery & equipment | Office & electronic communication equipment | Means of transportation | Gas pipeline | Total |
|-----------------------------------------------|----------------------|-----------------------|---------------------------------------------|-------------------------|--------------|-----------|
| I. Original book value | | | | | | |
| 1. Opening balance | 1,432,028 | 1,519,140 | 238,939 | 63,469 | 5,260,949 | 8,514,525 |
| 2. Current increase | 23,291 | 103,082 | 17,867 | 2,257 | 179,533 | 326,030 |
| (1) Purchase | 1,024 | 42,263 | 9,381 | 2,223 | 48,868 | 103,759 |
| (2) Transferred from construction in progress | 21,317 | 60,792 | 8,484 | 34 | 130,665 | 221,292 |
| (3) Increase in business combinations | 950 | 27 | 2 | | | 979 |
| 3. Current decrease | 2,037 | 6,775 | 2,851 | 5,631 | 3,662 | 20,956 |
| (1) Disposal or scrap | 2,037 | 6,775 | 2,851 | 5,631 | 3,662 | 20,956 |
| 4. Closing balance | 1,453,282 | 1,615,447 | 253,955 | 60,095 | 5,436,820 | 8,819,599 |
| II. Accumulated depreciation | | | | | | |
| 1. Opening balance | 235,607 | 509,083 | 159,854 | 35,663 | 947,520 | 1,887,727 |
| 2. Current increase | 19,607 | 56,700 | 13,087 | 3,322 | 80,084 | 172,800 |
| (1) Provision | 19,607 | 56,700 | 13,087 | 3,322 | 80,084 | 172,800 |
| 3. Current decrease | 526 | 4,503 | 2,731 | 4,391 | 1,239 | 13,390 |
| (1) Disposal or scrap | 526 | 4,503 | 2,731 | 4,391 | 1,239 | 13,390 |
| 4. Closing balance | 254,688 | 561,280 | 170,210 | 34,594 | 1,026,365 | 2,047,137 |
| III. Impairment provision | | | | | | |
| 1. Opening balance | 999 | 6,349 | | | 6,628 | 13,976 |
| 2. Current increase | 856 | 1,992 | 53 | | 373 | 3,274 |
| (1) Provision | 856 | 1,992 | 53 | | 373 | 3,274 |
| 3. Current decrease | | 339 | | | | 339 |
| (1) Disposal or scrap | | 339 | | | | 339 |
| 4. Closing balance | 1,855 | 8,002 | 53 | | 7,001 | 16,911 |
| IV. Book value | | | | | | |
| 1. Closing book value | 1,196,739 | 1,046,165 | 83,692 | 25,501 | 4,403,454 | 6,755,551 |
| 2. Opening book value | 1,195,422 | 1,003,708 | 79,085 | 27,806 | 4,306,801 | 6,612,822 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

24. Fixed assets (Continued)

Fixed assets (Continued)

(2). Temporarily idle fixed assets

☐ Applicable ☒ N/A

(3). Fixed assets rent through financing lease

☐ Applicable ☒ N/A

(4). Fixed assets leased out through operating leases

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing book value |
|-----------------------|--------------------|
| Machinery & equipment | 554 |
| Automobile | 39 |
| Office equipment | 16 |
| Total | 609 |

(5). Fixed-assets of which title certificate has not been obtained

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Book value | Reason for uncompleted property rights certificate |
|------------------------------|------------|-----------------------------------------------------------------------------------|
| Production & office premises | 159,013 | The Company is communicating with the local government departments on this matter |
| Total | 159,013 | |

Other information:

☐ Applicable ☒ N/A

Disposal of fixed assets

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

25. Construction in progress

Presentation of items

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|--------------------------|-----------------|-----------------|
| Construction in progress | 529,346 | 453,165 |
| Project materials | 24,399 | 25,447 |
| Total | 553,745 | 478,612 |

Construction in progress

(1). Information on construction in progress

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|-------------------------------------------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Distributed energy project | 97,881 | | 97,881 | 78,686 | 66 | 78,620 |
| Gas engineering | 355,450 | | 355,450 | 345,423 | | 345,423 |
| Fully enclosed coal yard project | 255 | | 255 | 244 | | 244 |
| Public works (park integration) | 1 | | 1 | 9 | | 9 |
| Zhoushan project phase III | 38,795 | | 38,795 | 2,253 | | 2,253 |
| Environmental protection technology reform for water system | | | | 10,392 | | 10,392 |
| Other projects | 38,274 | 1,310 | 36,964 | 17,534 | 1,310 | 16,224 |
| Total | 530,656 | 1,310 | 529,346 | 454,541 | 1,376 | 453,165 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

25. Construction in progress (Continued)

Presentation of items (Continued)

(2). Current changes in major construction in progress

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Name of project | Budget | Opening balance | Current increase | Amount transferred to fixed assets in the current period | Other current decreases | Closing balance | Accumulated investment as a percentage of budget (%) | Project progress | Accumulated capitalized amount of interest | Including: Capitalized amount of interest in current period | Capitalization rate of interest in current period (%) | Sources of funding |
|-----------------------------------------------------------------------------------------------------------------------|---------|-----------------|------------------|----------------------------------------------------------|-------------------------|-----------------|------------------------------------------------------|------------------|--------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|-------------------------|
| Langfang LNG Gas Storage Station Project | 24,000 | | 19 | | | 19 | 97.44 | 99.20% | | | | Self-financing |
| Longping High-tech Project | 17,695 | 2,901 | | 161 | | 2,740 | 89.21 | 99.82% | | | | Self-financing |
| High-pressure Natural Gas Pipeline Project from Taishang Pressure Control Station to Huiamen Station | 21,267 | 17,446 | 2,103 | | | 19,549 | 91.92 | 85.00% | | | | Self-financing |
| Integrated Energy Micro-network - No. 1 Integrated Energy Main Station Project in Daqing Linyuan Chemical Park | 108,928 | 5,853 | 182 | | | 6,035 | 85.16 | 98.88% | 2,817 | | | Self-financing and loan |
| Phase III LNG Storage Tank and Supporting Facilities for Zhejiang Zhoushan LNG Receiving Terminal and Filling Station | 292,096 | 2,253 | 26,779 | | | 29,032 | 9.94 | 22.81% | | | | Self-financing |
| ENN Science Park R&D Workshop | 42,000 | 5,267 | 998 | | | 6,265 | 14.92 | 22.00% | | | | Self-financing |
| Natural Gas Supply Pipeline Works for Ningzhou Gas and Electricity Project | 108,569 | 59,434 | 12,793 | | | 72,227 | 66.53 | 80.77% | 613 | 363 | 4.50 | Self-financing and loan |
| Dongguan High-pressure Natural Gas Pipeline Network Project along North Ring Road and Zhonghong Branch | 33,600 | 9,444 | 3,940 | | | 13,384 | 40.23 | 51.25% | | | | Self-financing |
| Total | 648,155 | 102,598 | 46,814 | 161 | | 149,251 | / | / | 3,430 | 363 | / | / |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

25. Construction in progress (Continued)

Presentation of items (Continued)

(3). Provision for the impairment of construction in progress in the current period

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

Project materials

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|---------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Special-purpose materials | 23,928 | | 23,928 | 24,962 | | 24,962 |
| Special-purpose equipment | 471 | | 471 | 485 | | 485 |
| Total | 24,399 | | 24,399 | 25,447 | | 25,447 |

26. Productive biological assets

(1). *Productive biological assets using cost measurement model*

☐ Applicable ☒ N/A

(2). *Productive biological assets using fair value measurement model*

☐ Applicable ☒ N/A

Other information

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

27. Oil and gas assets

☐ Applicable ☒ N/A

28. Right-of-use assets

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Land | Houses and buildings | Equipment | Means of transportation | Other | Total |
|------------------------------|--------|----------------------|-----------|-------------------------|-------|--------|
| I. Original book value | | | | | | |
| 1. Opening balance | 21,023 | 44,977 | 648 | 589 | 755 | 67,992 |
| 2. Current increase | 692 | 8,061 | 89 | | 105 | 8,947 |
| 3. Current decrease | 2,391 | 63 | 19 | | | 2,473 |
| 4. Closing balance | 19,324 | 52,975 | 718 | 589 | 860 | 74,466 |
| II. Accumulated depreciation | | | | | | |
| 1. Opening balance | 6,031 | 18,472 | 388 | 564 | 95 | 25,550 |
| 2. Current increase | 1,405 | 4,689 | 36 | 23 | 98 | 6,251 |
| (1) Provision | 1,405 | 4,689 | 36 | 23 | 98 | 6,251 |
| 3. Current decrease | 130 | 13 | 10 | | | 153 |
| (1) Disposal | 130 | 13 | 10 | | | 153 |
| 4. Closing balance | 7,306 | 23,148 | 414 | 587 | 193 | 31,648 |
| III. Impairment provision | | | | | | |
| 1. Opening balance | | | | | | |
| 2. Current increase | | | | | | |
| (1) Provision | | | | | | |
| 3. Current decrease | | | | | | |
| (1) Disposal | | | | | | |
| 4. Closing balance | | | | | | |
| IV. Book value | | | | | | |
| 1. Closing book value | 12,018 | 29,827 | 304 | 2 | 667 | 42,818 |
| 2. Opening book value | 14,992 | 26,505 | 260 | 25 | 660 | 42,442 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

29. Intangible assets

(1). Information on intangible assets

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Land use right | Patent right | Mining right | Software | Capacity index | Right of management | Others | Total |
|----------------------------------------------|----------------|--------------|--------------|----------|----------------|---------------------|--------|-----------|
| I. Original book value | | | | | | | | |
| 1. Opening balance | 324,241 | 26,687 | 305,803 | 158,126 | 9,670 | 583,767 | 23,556 | 1,431,850 |
| 2. Current increase | 23,585 | 29 | | 3,785 | 33 | 107 | 164 | 27,703 |
| (1) Purchase | 22,614 | 28 | | 800 | 33 | 107 | 164 | 23,746 |
| (2) Increase in business combinations | 971 | 1 | | | | | | 972 |
| (3) Transferred from development expenditure | | | | 2,985 | | | | 2,985 |
| 3. Current decrease | 201 | | | 1,141 | | | 64 | 1,406 |
| (1) Disposal | 201 | | | 1,141 | | | 64 | 1,406 |
| (2) Other decrease | | | | | | | | |
| 4. Closing balance | 347,625 | 26,716 | 305,803 | 160,770 | 9,703 | 583,874 | 23,656 | 1,458,147 |
| II. Accumulated amortization | | | | | | | | |
| 1. Opening balance | 56,823 | 12,760 | 13,537 | 62,244 | 623 | 162,031 | 12,652 | 320,670 |
| 2. Current increase | 4,449 | 1,235 | 1,141 | 10,950 | 87 | 15,257 | 863 | 33,982 |
| (1) Provision | 4,328 | 1,234 | 1,141 | 10,950 | 87 | 15,257 | 863 | 33,860 |
| (2) Increase in business combinations | 121 | 1 | | | | | | 122 |
| 3. Current decrease | 4 | | | 929 | | | | 933 |
| (1) Disposal | 4 | | | 929 | | | | 933 |
| 4. Closing balance | 61,268 | 13,995 | 14,678 | 72,265 | 710 | 177,288 | 13,515 | 353,719 |
| III. Impairment provision | | | | | | | | |
| 1. Opening balance | | | | 1,623 | | 3,309 | | 4,932 |
| 2. Current increase | | | | | | 3,184 | | 3,184 |
| (1) Provision | | | | | | 3,184 | | 3,184 |
| 3. Current decrease | | | | | | | | |
| (1) Disposal | | | | | | | | |
| 4. Closing balance | | | | 1,623 | | 6,493 | | 8,116 |
| IV. Book value | | | | | | | | |
| 1. Closing book value | 286,357 | 12,721 | 291,125 | 86,882 | 8,993 | 400,093 | 10,141 | 1,096,312 |
| 2. Opening book value | 267,418 | 13,927 | 292,266 | 94,259 | 9,047 | 418,427 | 10,904 | 1,106,248 |

At the end of the period, intangible assets formed through internal R&D accounted for 0.39% of the balance of intangible assets of the Company.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

29. Intangible assets (Continued)

(2). Land use right of which title certificate has not been obtained

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Book value | Reason for failure to obtain the title certificate |
|----------------|------------|----------------------------------------------------|
| Land use right | 11,768 | In progress |
| Total | 11,768 | / |

Other information:

☐ Applicable ☒ N/A

30. Development expenditure

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | | Current decrease | | Closing balance |
|-----------------------------------------------|-----------------|----------------------------------|--------|---------------------------------|------------------------------------|-----------------|
| | | Internal development expenditure | Other | Recognized as intangible assets | Included in current profit or loss | |
| Digital-intelligent safety project | 77 | | 3,715 | 2,456 | | 1,336 |
| Digital-intelligent management project | 8,391 | 282 | 13,132 | | | 21,805 |
| Great Gas ecological platform project | 5,528 | 680 | 141 | | | 6,349 |
| Digital-intelligent integrated energy project | 379 | | 7 | | | 386 |
| Intelligent customer service platform project | 991 | | | | | 991 |
| Other projects | 3,141 | 681 | 577 | 529 | | 3,870 |
| Total | 18,507 | 1,643 | 17,572 | 2,985 | | 34,737 |

Other information:

The year-on-year increase in development expenditure by 87.7% was mainly attributable to the increased investment in the projects such as technical R&D and digitalization.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

31. Goodwill

(1). Original book value of goodwill

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of investee or events forming goodwill | Opening balance | Current increase | Current decrease | Closing balance |
|----------------------------------------------------------------------|-----------------|------------------------------------|------------------|-----------------|
| | | Resulted from business combination | 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 Xin'ao Energy Development 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 Natural Gas Co., Ltd. | 10,024 | | | 10,024 |
| Jiangsu Datong PNG Co., Ltd. | 1,183 | | | 1,183 |
| Dongguan ENN Gas Co., Ltd. | 2,462 | | | 2,462 |
| Dehua Guang'an Natural Gas Co., Ltd. | 1,266 | | | 1,266 |
| Zhejiang Pujiang Gaofeng PNG Co., Ltd. | 2,748 | | | 2,748 |
| Inner Mongolia Huayi Energy Co., Ltd. | 2,066 | | | 2,066 |
| Shanghai International Engineering Construction Consulting Co., Ltd. | 283 | | | 283 |
| Jiangsu Energy Holdings Co., Ltd. | 5,184 | | | 5,184 |
| Harbin Xinao Gas Co., Ltd. | 1,914 | | | 1,914 |
| Shanghai Zhongfen Pyroelectricity Co., Ltd. | 2,958 | | | 2,958 |
| Shuangmin Gas (Jiangsu) Co., Ltd. | 974 | | | 974 |
| Others | 3,294 | | | 3,294 |
| Total | 57,385 | | | 57,385 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

31. Goodwill (Continued)

(2). Provision for impairment of goodwill

☐ Applicable ☒ N/A

(3). Information relating to the asset group or asset group portfolio in which the goodwill lies

☐ Applicable ☒ N/A

(4). Description of the testing process of goodwill impairment, key parameters (e.g. growth rate during the forecast period, growth rate during stable period, profit margin, discount rate and forecast period used to expect the present value of future cash flow, if applicable) and the recognition method of impairment loss of goodwill

☐ Applicable ☒ N/A

(5). Effect of goodwill impairment test

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

32. Long-term prepaid expenses

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Amortization amount at the current period | Other decreases for the current period | Closing balance |
|--------------------------------------------------------------------|-----------------|------------------|-------------------------------------------|----------------------------------------|-----------------|
| Decoration | 8,835 | 1,144 | 2,413 | 2 | 7,564 |
| Road construction | 2,989 | | 180 | | 2,809 |
| Compensation for demolition and ecological environment restoration | 32,502 | 4,911 | 855 | | 36,558 |
| Maintenance and renovation expenses | 15,715 | 1,990 | 2,027 | 726 | 14,952 |
| Costs for periodic tests and inspection | 4,659 | 2,796 | 1,098 | | 6,357 |
| Power supply route project | 964 | | 18 | | 946 |
| Others | 11,743 | 189 | 1,404 | 263 | 10,265 |
| Total | 77,407 | 11,030 | 7,995 | 991 | 79,451 |

33. Deferred income tax assets/deferred income tax liabilities

(1). Deferred income tax asset without offset

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | Opening balance | |
|-----------------------------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | Taxable temporary difference | Deferred income tax assets | Taxable temporary difference | Deferred income tax assets |
| Provision for assets impairment | 102,935 | 24,173 | 97,889 | 21,646 |
| Unrealized profits from internal transactions | 459,350 | 97,940 | 447,992 | 95,588 |
| Deductible losses | 1,485 | 371 | | |
| Deferred income | 413,894 | 102,585 | 432,070 | 106,152 |
| Long-term account current | 6,746 | 1,075 | 6,746 | 1,075 |
| Trial run revenue of construction in progress | 6,618 | 993 | 6,618 | 993 |
| Lease liabilities | 41,655 | 10,345 | 41,541 | 10,300 |
| Total | 1,032,683 | 237,482 | 1,032,856 | 235,754 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

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

(2). Deferred income tax liability without offset

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | Opening balance | |
|-------------------------------------------------------------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | Taxable temporary difference | Deferred income tax liabilities | Taxable temporary difference | Deferred income tax liabilities |
| Value-added assessment on assets from business combination not under common control | 313,170 | 78,292 | 323,823 | 80,955 |
| Effect on one-time pretax deduction of fixed assets | 826,620 | 203,578 | 771,872 | 189,733 |
| Right of Use Assets | 42,362 | 10,523 | 42,442 | 10,527 |
| Capitalized interest | 119,779 | 29,945 | 115,148 | 28,788 |
| Tax on dividends | 384,401 | 19,220 | 403,532 | 20,177 |
| Changes in fair value of financial assets | 9,564 | 2,113 | 205,092 | 35,013 |
| Others | 17,096 | 3,504 | 17,396 | 3,549 |
| Total | 1,712,992 | 347,175 | 1,879,305 | 368,742 |

Deferred income tax assets or liabilities presented by net value after offset

☐ Applicable ☒ N/A

(3). Details of unrecognized deferred income tax assets

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Deductible losses | 1,133,066 | 872,787 |
| Provision for assets impairment | 39,863 | 34,095 |
| Total | 1,172,929 | 906,882 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

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

(4). *Unrecognized deductible losses on deferred income tax assets will mature in the following years*

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Year | Closing balance | Opening balance | Remark |
|-------|-----------------|-----------------|--------|
| 2023 | 53,406 | 54,155 | |
| 2024 | 69,463 | 73,393 | |
| 2025 | 74,018 | 84,959 | |
| 2026 | 156,791 | 166,148 | |
| 2027 | 456,074 | 494,132 | |
| 2028 | 323,314 | | |
| Total | 1,133,066 | 872,787 | / |

Other information:

☐ Applicable ☒ N/A

34. Other non-current assets

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|------------------------------------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Investment in prepaid equity and equity acquisition | 129 | | 129 | 998 | | 998 |
| Margins paid on fixed assets and land use rights | 1,007 | | 1,007 | 7,336 | | 7,336 |
| Prepayment for equipment works | 14,183 | | 14,183 | 11,721 | | 11,721 |
| Value Added Tax to be deducted, certified or prepaid | 13,708 | | 13,708 | 13,868 | | 13,868 |
| Others | 3,050 | | 3,050 | 226 | | 226 |
| Total | 32,077 | | 32,077 | 34,149 | | 34,149 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

35. Short-term borrowings

(1). Classification of short-term borrowings

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------|-----------------|-----------------|
| Pledged loan | 152,137 | 109,910 |
| Mortgage loan | 1,000 | |
| Guaranteed loan | 264,370 | 230,977 |
| Loan on credit | 529,354 | 415,136 |
| Total | 946,861 | 756,023 |

Description of the classification of short-term borrowings:

1. Pledged loan: The loan of RMB386 million was obtained by the subsidiaries, Dongguan Xin'ao Gas Co., Ltd., Huaihua Xin'ao Gas Co., Ltd. and Weifang ENN Natural Gas Pipeline Network Co., Ltd., with gas charging rights pledged; RMB1,135.37 million arose from the notes discounted.
2. Mortgage loan: The loan of 10 million was obtained by Zouping Xinao Gas Co., Ltd., a subsidiary of the company, by mortgaging its land use rights and property ownership.
3. Guaranteed loan: The loan of RMB550.49 million was guaranteed by ENN (Hainan) Energy Trading Co., Ltd.; the loan of RMB897.21 million was guaranteed by Changsha ENN Gas Co., Ltd.; the loan of RMB198 million was guaranteed by Changsha Xin'ao Gas Development Co., Ltd.; The loan of RMB455 million was guaranteed by Changzhou Xinao Gas Engineering Co., LTD; the loan of RMB30 million was guaranteed by Changzhou Xin'ao Gas Development Co., Ltd.; the loan of RMB220 million was guaranteed by Xin'ao (China) Gas Investment Co., Ltd.; the loan of RMB100 million was guaranteed by Xinxiang Xi'nao Gas Engineering Co., Ltd.; the loan of RMB143 million was guaranteed by Dongguan ENN Gas Co., Ltd.; the loan of RMB20 million was guaranteed by Bengbu ENN Gas Co., Ltd.; the loan of RMB10 million was guaranteed by Feidong County MSMEs Guarantee Co., Ltd.; the loan of RMB10 million was guaranteed by Hefei Xingtai Technology Financing Guarantee Co., Ltd.; and the loan of RMB10 million was guaranteed by Wen'an Xinao Mingshun Gas Co., Ltd.

(2). Overdue and outstanding short-term borrowings

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

36. Transaction financial liabilities

☐ Applicable ☒ N/A

37. Derivative financial liabilities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------------------------------|-----------------|-----------------|
| Non-hedging derivatives | 101,342 | 84,883 |
| Including: Commodity derivative contracts | 101,342 | 84,883 |
| Foreign exchange derivative contracts | | |
| Hedging derivative instruments | 21,754 | 17,033 |
| Including: Commodity derivative contracts | 21,754 | 17,033 |
| Foreign exchange derivative contracts | | |
| Total | 123,096 | 101,916 |

38. Notes payable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Type | Closing balance | Opening balance |
|-----------------------------|-----------------|-----------------|
| Commercial acceptance bills | 140 | |
| Bank acceptance bills | 69,175 | 85,737 |
| Total | 69,315 | 85,737 |

The total amount of notes payable due and outstanding at the end of the current period is 0.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

39. Accounts payable

(1). Presentation of accounts payable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Accounts payable | 1,039,104 | 1,048,430 |
| Total | 1,039,104 | 1,048,430 |

(2). Significant accounts payable aging over one year

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Reason for failure of repayment or carry-over |
|-------|-----------------|-----------------------------------------------|
| Top 1 | 4,225 | Payment terms unsatisfied |
| Top 2 | 2,652 | Payment terms unsatisfied |
| Top 3 | 2,268 | Payment terms unsatisfied |
| Top 4 | 2,225 | Payment terms unsatisfied |
| Top 5 | 2,153 | Payment terms unsatisfied |
| Total | 13,523 | / |

Other information:

☐ Applicable ☒ N/A

40. Advances from customers

(1). Presentation of advances from customers

☐ Applicable ☒ N/A

(2). Significant advances from customers aging over one year

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

41. Contract liabilities

(1). Information on contract liabilities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------------------------------|-----------------|-----------------|
| Deferred income | 30,454 | 31,688 |
| Sale of natural gas | 1,210,222 | 1,339,071 |
| Payment received on settled but uncompleted project | 318,260 | 371,294 |
| Total | 1,558,936 | 1,742,053 |

(2). Amount of and reason for the significant changes in book value during the Reporting Period

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

42. Financial assets sold for repurchase

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Notes | 20,000 | 36,800 |
| Accrued interest | -131 | -281 |
| Total | 19,869 | 36,519 |

Other information:

The year-on-year decrease in Financial assets sold for repurchase by 45.59% was mainly attributable to the repurchase from the central bank by the Company's finance company when the rediscount notes became mature during the Reporting Period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

43. Deposits from customers and interbank

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Demand deposit | 20,000 | 19,337 |
| – Corporate | 20,000 | 19,337 |
| – Individual | | |
| Fixed deposit | 3,206 | 3,184 |
| – Corporate | 3,206 | 3,184 |
| – Individual | | |
| Other deposits | 418 | 1,163 |
| Subtotal | 23,624 | 23,684 |
| Accrued interest | | |
| Total | 23,624 | 23,684 |

44. Payroll payable

(1). Presentation of payroll payable

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|----------------------------------------------------------|-----------------|------------------|------------------|-----------------|
| I. Short-term salary | 122,905 | 299,363 | 333,215 | 89,053 |
| II. Post-employment benefits – defined contribution plan | 1,860 | 32,171 | 31,275 | 2,756 |
| III. Dismission benefits | | 848 | 848 | |
| IV. Other benefits due within one year | 5 | | 5 | |
| Total | 124,770 | 332,382 | 365,343 | 91,809 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

44. Payroll payable (Continued)

(2). Presentation of short-term salary

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|---------------------------------------------|-----------------|------------------|------------------|-----------------|
| I. Wages, bonuses, allowances and subsidies | 110,129 | 231,688 | 274,710 | 67,107 |
| II. Employee welfare | 3 | 19,932 | 13,939 | 5,996 |
| III. Social insurance | 795 | 14,776 | 14,756 | 815 |
| Including: Medical insurance | 624 | 13,460 | 13,430 | 654 |
| Industrial injury insurance | 96 | 1,058 | 1,054 | 100 |
| Maternity insurance | 75 | 258 | 272 | 61 |
| IV. Housing provident fund | 3,443 | 25,658 | 25,575 | 3,526 |
| V. Union fund and staff education fund | 8,535 | 7,303 | 4,229 | 11,609 |
| VI. Short-term paid absence | | | | |
| VII. Short-term profit-sharing scheme | | | | |
| VIII. Others | | 6 | 6 | |
| Total | 122,905 | 299,363 | 333,215 | 89,053 |

(3). Presentation of defined contribution plan

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|------------------------------------|-----------------|------------------|------------------|-----------------|
| 1. Basic endowment insurance | 1,580 | 30,932 | 30,037 | 2,475 |
| 2. Unemployment insurance | 273 | 1,236 | 1,236 | 273 |
| 3. Enterprise annuity contribution | 7 | 3 | 2 | 8 |
| Total | 1,860 | 32,171 | 31,275 | 2,756 |

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

45. Taxes payable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------------|-----------------|-----------------|
| Value added tax (VAT) | 34,636 | 37,538 |
| Business tax | 655 | 690 |
| Corporate income tax | 208,064 | 229,425 |
| Individual income tax | 1,508 | 1,695 |
| Urban maintenance and construction tax | 332 | 786 |
| Education surcharge | 167 | 302 |
| Property tax | 38 | 106 |
| Resource tax | 155 | 6,881 |
| Stamp duty | 101 | 252 |
| Environmental protection tax | 3 | 13 |
| Water resources tax | 52 | 184 |
| Farming land occupation tax | | 2,237 |
| Consumption tax | | 7,780 |
| Others | 388 | 760 |
| Total | 246,099 | 288,649 |

46. Other payables

Presentation of items

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Dividends payable | 350,071 | 26,304 |
| Other payables | 179,356 | 278,153 |
| Total | 529,427 | 304,457 |

Interests payable

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

46. Other payables (Continued)

Dividends payable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------------|-----------------|-----------------|
| Ordinary stock dividends | 349,373 | 26,304 |
| Dividends payable – restricted stock dividends | 698 | |
| Total | 350,071 | 26,304 |

Other payables

(1). Presentation of other payables by nature of payment

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------------|-----------------|-----------------|
| Current accounts | 83,912 | 86,432 |
| Margin and deposit | 33,212 | 31,322 |
| Equity transfer payment | 15,598 | 18,001 |
| Payment collected and deducted for other party | 3,856 | 9,047 |
| Restricted share repurchase obligation | 8,532 | 9,343 |
| Settled but outstanding derivative contracts | 3,099 | 107,047 |
| Payables for bond repurchase | 13,714 | |
| Others | 17,433 | 16,961 |
| Total | 179,356 | 278,153 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

46. Other payables (Continued)

Other payables (Continued)

(2). Other payables which are significant aging over one year

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Reason for failure of repayment or carry-over |
|-------|-----------------|-----------------------------------------------|
| Top 1 | 18,749 | Payment terms unsatisfied |
| Top 2 | 15,844 | Payment terms unsatisfied |
| Top 3 | 5,270 | Payment terms unsatisfied |
| Top 4 | 4,867 | Payment terms unsatisfied |
| Top 5 | 3,751 | Payment terms unsatisfied |
| Total | 48,481 | / |

Other information:

☐ Applicable ☒ N/A

47. Held-for-sale liabilities

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

48. Non-current liabilities due within one year

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------|-----------------|-----------------|
| Long-term borrowings due within one year | 267,906 | 170,744 |
| Long-term payables due within one year | 13,393 | 13,416 |
| Lease liabilities due within one year | 10,987 | 10,773 |
| Total | 292,285 | 194,933 |

Other information:

The year-on-year increase in non-current liabilities due within one year by 49.94% was mainly attributable to increase in the amount of non current liabilities reclassified from long-term loans to maturity within one year.

49. Other current liabilities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Output tax to be carried forward | 138,890 | 154,938 |
| Others | 4,249 | 4,697 |
| Total | 143,139 | 159,635 |

Increase/decrease in short-term bonds payable:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

50. Long-term borrowings

(1). Classification of long-term borrowings

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------------------|-----------------|-----------------|
| Pledged loan | 20,851 | 5,734 |
| Mortgage loan | 969 | |
| Guaranteed loan | 688,531 | 730,510 |
| Loan on credit | 276,791 | 311,409 |
| Mortgage and pledged loans | 3,200 | 3,400 |
| Mortgage and guaranteed loans | 115,295 | 155,763 |
| Pledged and guaranteed loans | 4,040 | 4,402 |
| Total | 1,109,677 | 1,211,218 |

Information on classification of long-term borrowings:

1. Guaranteed loan: The loan of RMB3,586.23 million was guaranteed by ENN Natural Gas Co., Ltd.; the loan of RMB74.34 million was guaranteed by ENN Gas Development Co., Ltd. (60%) and Zhejiang Rongsheng Holding Group Co., Ltd. (40%); the loan of RMB1,450.20 million was guaranteed by Xin'ao (China) Gas Investment Co., Ltd.; the loan of RMB43 million was guaranteed by Changsha Xin'ao Gas Development Co., Ltd.; the loan of RMB671.45 million was guaranteed by Xindi Energy Engineering Technology Co., Ltd. The loan of RMB1,060.09 million was guaranteed by ENN Holding Investment Co., Ltd., Xin'ao Juneng Technology (Langfang) Co., Ltd., and Wang Yusuo and his wife.
2. Mortgage and guaranteed loans: The loan of RMB5.80 million was obtained by the subsidiary Shanghai Zhongfen Pyroelectricity Co., Ltd. with the residential property (located at Room 1702, No. 23, Lane 879, Zhong'an Road, Xinchang Town, Pudong New Area, Shanghai) mortgaged, and was guaranteed by Xin'ao (China) Gas Investment Co., Ltd.; the loan of RMB1,147.15 million was obtained by the subsidiary ENN (Zhoushan) LNG Co., Ltd. with its land, sea area use right and fixed assets mortgaged, and was guaranteed by ENN Investment Holdings Co., Ltd., ENN Group Co., Ltd. and Mr. Wang Yusuo and his wife.
3. Pledged and guaranteed loans: The loan of RMB40.40 million was guaranteed by Changsha ENN Changran Energy Development Co., Ltd. (55%) and Hunan Xiangjiang New Area Investment Group Co., Ltd. (45%), and a portion of accounts receivable was pledged.
4. Pledged loan: The loan of RMB208.51 million was obtained by the subsidiaries, Dongguan Xin'ao Gas Co., Ltd. and Dingzhou Fuyuan Natural Gas Co., Ltd., with gas charging rights pledged.
5. Mortgage and pledged loans: The loan of RMB32 million was obtained by the subsidiary Zouping ENN Gas Co., Ltd. with its gas charging right pledged and with pipeline assets of Binzhou ENN Gas Engineering Co., Ltd. mortgaged.
6. Mortgage loan: The loan of RMB9.69 million was obtained by Binzhou Xinao Gas Engineering Co., Ltd., a subsidiary of the company, by mortgaging its pipeline assets and mortgaging the land and equipment of Zouping Xinao Gas Co., Ltd.

Other information including the information on interest rate range:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

51. Bonds payable

(1). Bonds payable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------|-----------------|-----------------|
| Bonds issued overseas | 1,439,478 | 1,437,773 |
| Medium-term note | 50,180 | |
| Total | 1,489,659 | 1,437,773 |

(2). Increase or decrease in bonds payable: (excluding other financial instruments such as preferred share and perpetual bonds classified as financial liabilities)

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of bond | Face value | Date of issue | Term of bond | Amount of issue | Opening balance | Issue in current period | Interest at par | Amortization of premium and discount | Amount repaid in current period | Closing balance |
|-------------------------|------------|---------------|--------------|-----------------|-----------------|-------------------------|-----------------|--------------------------------------|---------------------------------|-----------------|
| 23 ENN Natural Gas GN01 | RMB 100 | 2023/4/25 | 3 years | RMB500 million | | 50,000 | 293 | -113 | | 50,180 |
| VEYONG 3.375% 2026 | USD 100 | 2021/5/12 | 5 years | USD800 million | 535,172 | | 9,234 | 19,245 | 51,996 | 502,479 |
| 2030 Senior Notes | USD 100 | 2020/9/17 | 10 years | USD750 million | 520,431 | | 6,941 | 19,703 | | 540,242 |
| 2027 Senior Notes | USD 100 | 2022/5/17 | 5 years | USD550 million | 382,170 | | 8,813 | 14,557 | | 396,758 |
| | | | | USD2.1 billion | | | | | | |
| Total | / | / | / | RMB500 million | 1,437,773 | 50,000 | 25,281 | 53,392 | 51,996 | 1,489,659 |

Information on bonds payable:

1. 23 ENN Natural Gas GN01

On April 25, 2023, the Company issued green medium-term notes with a total face value of RMB500 million and a coupon rate of 3.30% at par value, with a net proceeds of RMB498.8 million after deducting the issuance cost. The term is three years, the interest payment date is April 26 of each year, and the principal is due on April 26, 2026.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

51. Bonds payable (Continued)

(2). Increase or decrease in bonds payable: (excluding other financial instruments such as preferred share and perpetual bonds classified as financial liabilities) (Continued)

2. VEYONG 3.375% 2026

On May 12, 2021, ENN Clean Energy International Investment Limited, a wholly-owned subsidiary of the Company, issued USD800 million of senior notes at an interest rate of 3.375% ("VEYONG 3.375% 2026"); the interest payment dates fell on May 12 and November 12 of each year commencing on November 12, 2021; the interest accrual dates fell on April 27 and October 28, until the notes mature in 2026. The bonds will be unconditionally guaranteed by ENN Natural Gas Co., Ltd. According to terms and conditions of these senior notes, 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 equivalent to 100% of the principal amount of the notes to be redeemed, plus a insurance premium for accrued and unpaid interest (if any) applicable to, but not including, the date of redemption. During the reporting period, the company repurchased the principal amount of USD73.775 million in the open market.

3. 2030 Senior Notes

On September 17, 2020, the subsidiary ENN Energy Holdings Limited issued senior notes with a total face value of USD750 million and an interest rate of 2.625% ("2030 Senior Notes") and the net amount after deducting the issue cost was USD739 million. The senior notes will expire on September 17, 2030. Subject to the terms and conditions of these notes, the issuer may, by not less than 30 days but not more than 60 days' notice to the holders of the notes, 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. 2027 Senior Notes

On May 17, 2022, the subsidiary ENN Energy Holdings Limited issued senior notes with a face value of USD550 million and an interest rate of 4.625% ("2030 Senior Notes") and the net amount after deducting the issue cost was USD545 million. The senior notes will expire on May 17, 2027. Subject to the terms and conditions of these notes, the issuer may, by not less than 30 days but not more than 60 days' notice to the holders of the notes, redeem all (but not part) of the unsecured 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.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

51. Bonds payable (Continued)

(3). Conditions and time of conversion of convertible corporate bonds

☐ Applicable ☒ N/A

(4). Other financial instruments that are classified into financial liabilities

Basic information on other outstanding financial instruments such as preferred share and perpetual bond at the end of the period

☐ Applicable ☒ N/A

Statement of changes in other outstanding financial instruments such as preferred share and perpetual bond at the end of the period

☐ Applicable ☒ N/A

Basis for classification of other financial instruments into financial liabilities:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

52. Lease liabilities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Lease liabilities | 30,668 | 30,977 |
| Total | 30,668 | 30,977 |

53. Long-term payables

Presentation of items

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|--------------------|-----------------|-----------------|
| Long-term payables | 147,192 | 157,114 |
| Total | 147,192 | 157,114 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

53. Long-term payables (Continued)

Long-term payables

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------------------------------------------|-----------------|-----------------|
| Installment payable for M&A consulting fee | 330 | 385 |
| Installment payable for acquisition of intangible assets | 146,862 | 156,729 |
| Total | 147,192 | 157,114 |

Special payables

☐ Applicable ☒ N/A

54. Long-term Payroll payable

☐ Applicable ☒ N/A

55. Anticipation liabilities

☐ Applicable ☒ N/A

56. Deferred income

Information on deferred income

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance | Reason |
|----------------------|-----------------|------------------|------------------|-----------------|-------------------------------------------------------|
| Government subsidies | 111,884 | 3,436 | 5,894 | 109,426 | Asset-related and income-related government subsidies |
| Total | 111,884 | 3,436 | 5,894 | 109,426 | / |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

56. Deferred income (Continued)

Projects involving government subsidies:

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Liability item | Opening balance | 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 | Other changes | Closing balance | Asset-related/ income related |
|-----------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|---------------|-----------------|-------------------------------|
| Refund on land | 2,211 | | | 27 | | 2,184 | Asset-related |
| Government subsidy on induced draft fan and integral electric bag hybrid dust removing device | 219 | | | 15 | | 204 | Asset-related |
| Special subsidy on power demand side | 21 | | | 5 | | 16 | Asset-related |
| Water pollution prevention and treatment fund | 91 | | | 18 | | 73 | Asset-related |
| Industrial internet innovation and development demonstration project | 12 | | | 2 | | 10 | Asset-related |
| Subsidies on replacing coal with gas | 23,327 | | | 427 | | 22,900 | Asset-related |
| Subsidies on pipeline network demolition and construction | 6,505 | | | 132 | | 6,373 | Asset-related |
| Subsidies on emergency gas storage facilities | 9,632 | | | 62 | | 9,570 | Asset-related |
| Subsidies on pipeline modification | 20,797 | 2,321 | | 598 | | 22,520 | Asset-related |
| Subsidies on land | 2,681 | | | 42 | | 2,639 | Asset-related |
| Subsidies on distributed energy project of natural gas | 3,487 | | | 91 | | 3,396 | Asset-related |
| Energy station projects | 688 | | | 70 | | 618 | Asset-related |
| Xinchaoyang integrated microenergy network demonstration project | 941 | | | 21 | | 920 | Asset-related |
| Subsidies on new passenger station project | 601 | | | 60 | | 541 | Asset-related |
| Subsidies on phasing out coal-fired heating boilers | 3,192 | | | 69 | | 3,123 | Asset-related |
| Renovation of old urban residential communities | 8,707 | | | 1,991 | | 6,716 | Asset-related |
| Subsidies on guaranteed supply | 1,397 | | | 0 | -1,397 | | Income-related |
| Subsidy for change from bottle to pipe | 1,740 | 214 | | 20 | | 1,934 | Asset-related |
| SOFC co-generation project | 670 | | | | | 670 | Asset-related |
| Natural gas receiving terminal project | 2,369 | | | 60 | | 2,309 | Asset-related |
| Others | 22,596 | 901 | | 787 | | 22,710 | Asset-related |
| Total | 111,884 | 3,436 | | 4,497 | -1,397 | 109,426 | |

Other information:

□ Applicable √ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

57. Other non-current liabilities

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| Derivative financial liabilities included in other non-current liabilities: | 22,673 | 4,841 |
| Commodity derivative contracts | 7,827 | |
| Including: Foreign exchange derivative contracts | 417 | 4,841 |
| Commodity derivative contracts | 14,429 | |
| Contract liabilities included in other non-current liabilities | 274,015 | 284,694 |
| Total | 296,688 | 289,535 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

58. Share capital

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | Opening balance | Current increase or decrease (+, -) | | | | Subtotal | Closing balance |
|------------------------|-----------------|-------------------------------------|----------------|--------------------------------------------|-------|----------|-----------------|
| | | Issue of new shares | Share donation | Reserved fund converted into share capital | Other | | |
| Total number of shares | 309,866 | | | | -26 | -26 | 309,840 |

59. Other equity instruments

(1). *Basic information on other outstanding financial instruments such as preferred share and perpetual bond at the end of the period*

☐ Applicable ☒ N/A

(2). *Statement of changes in outstanding financial instruments such as preferred share and perpetual bond at the end of the period*

☐ Applicable ☒ N/A

Increase or decrease in other equity instruments, reason for such changes and relevant accounting treatment basis:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

60. Capital reserve

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|-----------------------------------------|-----------------|------------------|------------------|-----------------|
| Capital premium (share capital premium) | 2,522 | | 154 | 2,368 |
| Other capital reserves | 16,874 | 3,796 | | 20,670 |
| Total | 19,396 | 3,796 | 154 | 23,038 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

60. Capital reserve (Continued)

Other information including current increase or decrease and reason for such change:

1. The decrease in capital premium (capital stock premium) during this reporting period is due to the company's repurchase and cancellation of 265000 shares of the 2021 restricted stock incentive plan, which were first granted and reserved for grant, offsetting the corresponding capital reserve.
2. The main increase in other capital reserves in the current period is:
 - (1) The company allocates and confirms the cost of restricted stock;
 - (2) The increase in capital reserves recognized due to changes in equity of subsidiaries of the company;
 - (3) The subsidiary of the company, ENN Holdings Company, allocated and recognized the expenses for stock option as well as the stock option exercised.

61. Treasury shares

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|-----------------|-----------------|------------------|------------------|-----------------|
| Treasury shares | 19,182 | | 878 | 18,304 |
| Total | 19,182 | | 878 | 18,304 |

Other information including current increase or decrease and reason for such change:

The decrease in inventory equity period is mainly due to:

1. During this reporting period, the company has made provision for the first grant and reserved partial share dividends of the 2021 restricted stock incentive plan.
2. During this reporting period, the company repurchased and cancelled 265000 shares of the 2021 restricted stock incentive plan, which were granted for the first time and reserved for partial grants.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

62. Other comprehensive income

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in current period | | | | | | | Closing balance |
|-------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------------------|----------------------------------------------------------|-----------------|
| | Opening balance | Incurred amount before current income tax | Less: Comprehensive income transferred to profit or loss which previously recognized as other comprehensive income | Less: Recorded in other comprehensive income in previous periods and transferred into retained earnings in current period | Less: Income tax expenses | Amount attributable to parent company, net of tax | Amount attributable to minority shareholders, net of tax | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| I. Other comprehensive income that cannot be reclassified into profit or loss | 1,440 | 58 | | | 9 | 16 | 33 | 1,456 |
| Changes in fair value of other equity instrument | 1,440 | 58 | | | 9 | 16 | 33 | 1,456 |
| II. Other comprehensive income can reclassified into profits or loss | 44,395 | 58,275 | 53,483 | | -3,091 | 7,754 | 129 | 52,149 |
| Cash flow hedging reserve | 3,793 | 24,124 | 53,483 | | -3,091 | -16,804 | -9,464 | -13,011 |
| Conversion difference of foreign currency financial statements | 39,777 | 34,151 | | | | 24,558 | 9,593 | 64,335 |
| Others | 825 | | | | | | | 825 |
| Total other comprehensive income | 45,835 | 58,333 | 53,483 | | -3,082 | 7,770 | 162 | 53,605 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

63. Special reserve

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|---------------------------|-----------------|------------------|------------------|-----------------|
| Work safety costs | 5,222 | 12,165 | 10,809 | 6,578 |
| Coal mine maintenance fee | | 1,771 | 1,771 | |
| Total | 5,222 | 13,936 | 12,580 | 6,578 |

64. Surplus reserve

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current increase | Current decrease | Closing balance |
|---------------------------|-----------------|------------------|------------------|-----------------|
| Statutory surplus reserve | 33,111 | | | 33,111 |
| Total | 33,111 | | | 33,111 |

65. General risk provision

Unit: RMB'0000 Currency: RMB

| Item | Opening balance | Current provision | Current decrease | Closing balance |
|------------------------|-----------------|-------------------|------------------|-----------------|
| General risk provision | 18,839 | | | 18,839 |
| Total | 18,839 | | | 18,839 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

66. Undistributed profit

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Current period | Previous period |
|-----------------------------------------------------------------------------------------------------------|----------------|-----------------|
| Undistributed profit at the end of last period before adjustment | 1,344,725 | 854,115 |
| Total undistributed profits at the beginning of the adjustment period (+ for increase, - for decrease) | -227 | 6,725 |
| Undistributed profit at the beginning of the period after adjustment | 1,344,498 | 860,840 |
| Add: Net profit attributable to owners of parent company during the current period | 220,353 | 584,391 |
| Less: Appropriation of statutory surplus reserve | | 10,696 |
| Provision for general risk | | 1,375 |
| Payable dividends on ordinary shares | 157,722 | 87,324 |
| Others | | 1,111 |
| Undistributed profit at the end of the period | 1,407,129 | 1,344,725 |

Details of the adjustment to the undistributed profit at the beginning of the period:

The beginning undistributed profit of RMB -2.27 million was affected due to the changes in accounting policies.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

67. Operating income and operating cost

(1). Information on operating income and operating cost

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | | Amount incurred in the previous period | |
|------------------|---------------------------------------|-----------|----------------------------------------|-----------|
| | Income | Cost | Income | Cost |
| Primary business | 6,642,104 | 5,696,134 | 7,175,035 | 6,278,051 |
| Other business | 74,859 | 47,900 | 138,077 | 13,591 |
| Total | 6,716,963 | 5,744,034 | 7,313,112 | 6,291,641 |

(2). Revenue generated from contracts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Classification of contracts | ENN Natural Gas Co., Ltd. | Total |
|----------------------------------------|---------------------------|-----------|
| Type of goods | | |
| Retail of natural gas | 3,314,574 | 3,314,574 |
| Wholesale of natural gas | 1,315,353 | 1,315,353 |
| Direct sale of natural gas | 321,102 | 321,102 |
| Construction and installation | 418,825 | 418,825 |
| Sale and services of integrated energy | 741,612 | 741,612 |
| Energy production | 282,444 | 282,444 |
| Value-added business | 187,944 | 187,944 |
| Infrastructure operation | 60,250 | 60,250 |
| Total | 6,642,104 | 6,642,104 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

67. Operating income and operating cost (Continued)

(3). Information on performance obligations

☐ Applicable ☒ N/A

(4). Information on apportionment to the remaining performance obligations

☒ Applicable ☐ N/A

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 RMB9,945.29 million.

Other information:

The revenue from trial operation and sale during the Reporting Period was RMB40 thousand and the cost was RMB10 thousand.

68. Interest revenue and interest expense

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| Interest revenue | 4,337 | 6,635 |
| Including: Loan interest revenue | 99 | 201 |
| Discount interest revenue | | 30 |
| Revenue from interests on transactions among financial institutions | 1,574 | 921 |
| Lease interest revenue | 383 | 1,229 |
| Factoring interest revenue | 2,281 | 4,254 |
| Interest expense | 736 | 1,062 |

69. Fee and commission revenue and fee and commission expense

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------|---------------------------------------|----------------------------------------|
| Fee and commission revenue | | |
| Including: Entrusted loan | | 4 |
| Others | | 3 |
| Total | | 7 |
| Fee and commission expense | 144 | 46 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

70. Taxes and surcharges

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------------------|---------------------------------------|----------------------------------------|
| Consumption tax | 1,164 | – |
| Urban maintenance and construction tax | 4,761 | 5,513 |
| Education surcharge | 3,637 | 3,994 |
| Resources tax | 7,346 | 12,567 |
| Property tax | 2,848 | 2,540 |
| Land use tax | 2,672 | 2,549 |
| Stamp duty | 6,359 | 4,904 |
| Charges collected by the local government | 654 | 1,196 |
| Environmental protection tax | 42 | 18 |
| Water resources tax | 141 | 279 |
| Farming land occupation tax | | 1,745 |
| Others | 873 | 707 |
| Total | 30,497 | 36,012 |

71. Selling expenses

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------------------|---------------------------------------|----------------------------------------|
| Employee compensation | 46,114 | 41,386 |
| Travel expense | 925 | 677 |
| Advertising, publicity and promotion fees | 742 | 784 |
| Entertainment expense | 323 | 243 |
| Tenancy expense | 887 | 646 |
| Maintenance fee | 8,952 | 11,649 |
| Depreciation expense | 10,569 | 8,847 |
| Commission fee for products commissioned to sell | 279 | 276 |
| Communication expense | 229 | 145 |
| Others | 4,751 | 4,102 |
| Total | 73,771 | 68,755 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

72. Administrative expenses

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------|---------------------------------------|----------------------------------------|
| Employee compensation | 127,207 | 115,202 |
| Repair cost | 4,676 | 5,248 |
| Depreciation and amortization | 34,308 | 27,618 |
| Office & travel expenses | 8,667 | 6,858 |
| Entertainment expense | 12,375 | 12,511 |
| Vehicle cost | 2,812 | 2,514 |
| Fees for intermediaries | 5,106 | 8,220 |
| Water and electricity expenses | 1,344 | 1,149 |
| Property insurance premium | 949 | 852 |
| Tenancy expense | 761 | 764 |
| Amortization of share option | 2,857 | 4,200 |
| Others | 8,328 | 10,119 |
| Total | 209,390 | 195,255 |

73. Research and development expense

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------|---------------------------------------|----------------------------------------|
| Employee compensation | 18,133 | 19,759 |
| Depreciation expense | 5,942 | 5,077 |
| Materials | 10,441 | 9,890 |
| Experiment and test fee | 111 | 70 |
| Water and electricity expenses | 1,282 | 1,323 |
| Consultation expense | 169 | 69 |
| Others | 1,397 | 710 |
| Total | 37,475 | 36,898 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

74. Financing expense

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------|---------------------------------------|----------------------------------------|
| Interest expense | 66,740 | 65,914 |
| Add: Interest revenue | -7,909 | -5,999 |
| Exchange loss (or gain) | 56,899 | 86,029 |
| Bank charges | 3,644 | 4,428 |
| Others | 155 | 624 |
| Total | 119,529 | 150,996 |

Other information:

The year-on-year increase in interest revenue by 31.84% was mainly attributable to the increase in interest income generated by the increase in US dollar deposit interest rates of the subsidiaries during the reporting period.

75. Other income

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------------------------------------|---------------------------------------|----------------------------------------|
| Government subsidies directly included in profit or loss | 25,923 | 11,259 |
| Value Added Tax refund | 2,348 | 2,207 |
| Amortization of deferred income | 4,497 | 2,126 |
| Others | 1,554 | 615 |
| Total | 34,322 | 16,207 |

Other information:

Other income increased by 111.77% compared to the same period last year, mainly due to an increase in government subsidies received by subsidiaries of the company during the reporting period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

76. Investment income

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| Income from long-term equity investment calculated by equity method | 8,598 | 14,390 |
| Investment income from disposal of long-term equity investments | 130 | -37 |
| Investment income of transaction financial assets during the holding period | | |
| Dividend revenue from other equity instrument investments during the holding period | 143 | 109 |
| Interest revenue from debt investment during the holding period | | |
| Interest revenue from other debt investment during the holding period | | |
| Investment income from disposal of transaction financial assets | 1,971 | 1,125 |
| Investment income from disposal of other equity instrument investments | | |
| Investment income from disposal of debt investment | | |
| Investment income from disposal of other debt investment | | |
| Income from debt restructuring | | |
| Settlement gains and losses arising from derivative financial instruments | 179,241 | 49,816 |
| Gain or loss from re-measurement of previously held equity | 968 | |
| Gains or losses from debt restructuring | 3,310 | |
| Investment income from other non-current financial assets during the holding period | 7,238 | 6,650 |
| Total | 201,599 | 72,053 |

Other information:

The investment income in this period increased by 179.79% compared to the same period last year, mainly due to the increase in income from derivatives realized by the subsidiary of the company during the reporting period.

77. Exchange gain

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------|---------------------------------------|----------------------------------------|
| Exchange gain | -24 | -18 |

78. Net exposure hedging income

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

79. Income from changes in fair values

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Source of gains on changes in fair value | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| Gains on changes in fair value of financial assets measured at fair value | 1,953 | -1,606 |
| Income from changes in fair value generated by derivative financial instruments | -89,861 | -4,358 |
| Investment real estate measured at fair value | | 184 |
| Gains on changes in fair value arising from cash-settled share-based payment in liabilities | -185 | -1,289 |
| Unrealized gains on ineffective portion of cash flow hedge | -2,519 | -3,417 |
| Total | -90,612 | -10,486 |

Other information:

The income from changes in fair value decreased by RMB801 million compared to the same period last year, mainly due to the floating income generated by derivative financial instruments that did not mature in the previous year being settled at maturity in the current period, offsetting the income from changes in fair value.

80. Credit impairment loss

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------------------------|---------------------------------------|----------------------------------------|
| Bad debt loss on notes receivable | 12 | -11 |
| Bad debt loss on accounts receivable | -13,653 | -8,263 |
| Bad debt loss on other receivables | -2,344 | -1,039 |
| Impairment loss on debt investments | -6 | 5 |
| Bad debt loss on long-term receivables | 2 | -35 |
| Bad debt loss on other current assets | -215 | 26 |
| Bad debt loss on non-current assets due within one year | 63 | 110 |
| Bad debt loss on loans and advances | -20 | 22 |
| Total | -16,161 | -9,185 |

Other information:

The credit impairment loss increased by RMB70 million compared to the same period last year, mainly due to an increase in the balance of long-term accounts receivable of the company's subsidiary during the reporting period, and a corresponding increase in the provision for bad debts.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

81. Assets impairment loss

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| I. Bad debt loss | | |
| II. Loss of decline in value of inventories and impairment loss on contract performance cost | | -203 |
| III. Impairment loss on contract assets | 12,234 | 832 |
| IV. Provision for impairment of held-to-maturity investments | | |
| V. Impairment loss on long-term equity investments | | |
| VI. Impairment loss on investment real estate | | |
| VII. Impairment loss on fixed-assets | -3,274 | -1,862 |
| VIII. Impairment loss on project materials | | |
| IX. Impairment loss on construction in progress | | |
| X. Impairment loss on productive biological assets | | |
| XI. Impairment loss on oil and gas assets | | |
| XII. Impairment loss on intangible assets | -3,184 | |
| XIII. Impairment loss on goodwill | | |
| XIV. others | | |
| Total | 5,776 | -1,233 |

Other information:

The loss on asset impairment decreased by RMB70 million compared to the same period last year, mainly due to the reversal of contract asset impairment in the subsidiary of the company during the reporting period.

82. Gains on disposal of assets

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------------------|---------------------------------------|----------------------------------------|
| Gain on the disposal of fixed assets | -127 | -3,129 |
| Gain on the disposal of intangible assets | 362 | 1,841 |
| Total | 235 | -1,288 |

Other information:

The gains on disposal of assets increased by RMB15 million year-on-year, mainly due to the decrease in net losses arising from disposal of fixed assets of the Company's subsidiaries during the Reporting Period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

83. Non-operating income

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period | Amount included in current nonrecurring gain or loss |
|-----------------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------------------|
| Total gains on disposal of non-current assets | | | |
| Including: Gain on disposal of fixed assets | | | |
| Gain on disposal of intangible assets | | | |
| Gains from debt restructuring | | | |
| Gain on non-monetary assets exchange | | | |
| Donations accepted | | | |
| Government subsidies | | | |
| Gains on inventory profit | 385 | 196 | 385 |
| Income from default | 374 | 409 | 374 |
| Unpayable accounts payable | 1,052 | 1,315 | 1,052 |
| Gain on disposal of waste and old materials | 557 | 553 | 557 |
| Compensation income | 3,746 | 1,035 | 3,746 |
| Takeover premium | | | |
| Others | 4,222 | 1,083 | 4,222 |
| Total | 10,336 | 4,591 | 10,336 |

Government subsidy included in current profit or loss

☐ Applicable ☒ N/A

Other information:

☒ Applicable ☐ N/A

Non-operating income increased by 125.14% year-on-year, mainly due to the increase in compensation received by subsidiaries of the Company during the Reporting Period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

84. Non-operating expense

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period | Amount included in current nonrecurring gain or loss |
|------------------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------------------|
| Total losses on disposal of non-current assets | 1,383 | 53 | 1,383 |
| Including: Loss on disposal of fixed assets | 1,176 | 53 | 1,176 |
| Loss on disposal of intangible assets | 207 | | 207 |
| External donations | 2,344 | 518 | 2,344 |
| Penalty expense | 355 | 481 | 355 |
| Loss on disposal of waste and old materials | 848 | 1,092 | 848 |
| Compensation expense | 876 | 541 | 876 |
| Others | 885 | 742 | 885 |
| Total | 6,691 | 3,427 | 6,691 |

Other information:

Non-operation expense increased by 95.24% year-on-year, mainly due to the increase in external donations and fixed asset scrapping losses of the company's subsidiaries during the reporting period.

85. Income tax expenses

(1). Schedule of income tax expenses

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-----------------------------|---------------------------------------|----------------------------------------|
| Current income tax expense | 164,106 | 156,447 |
| Deferred income tax expense | 516 | 12,876 |
| Total | 164,622 | 169,323 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

85. Income tax expenses (Continued)

(2). Adjustment process of accounting profit and income tax expense

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Gross profit | 644,504 |
| Income tax expense calculated at statutory/applicable tax rate | 161,126 |
| Effect from the application of different tax rates by subsidiaries | -40,744 |
| Effect from adjustment to the income tax of previous periods | -7,177 |
| Effect from non-taxable income | -4,100 |
| Effect from non-deductible costs, expenses and losses | 3,836 |
| Effect from use of deductible losses of deferred income tax assets not recognized in the previous period | -13,183 |
| Effect from deductible temporary differences or deductible losses of deferred income tax assets not recognized during the current period | 66,553 |
| Others | -1,689 |
| Income tax expense | 164,622 |

Other information:

☐ Applicable ☒ N/A

86. Other comprehensive income

☒ Applicable ☐ N/A

See the "Note VII-62 Other Comprehensive Income" for details.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

87. Items in cash flow statement

(1). Other cash received relating to operating activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------|---------------------------------------|----------------------------------------|
| Interest income from bank deposits | 7,832 | 5,999 |
| Government subsidy income | 31,113 | 18,589 |
| Performance bond and deposit received | 5,144 | 3,058 |
| Total | 44,089 | 27,646 |

Information on other cash received related to operating activities

Cash received related to other operating activities increased by 59.48% compared to the same period last year, mainly due to an increase in government subsidies received by subsidiaries of the company during the reporting period.

(2). Other cash paid relating to operating activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|------------------------------------------------|---------------------------------------|----------------------------------------|
| Administration expenses paid in cash | 45,018 | 58,907 |
| Selling expenses paid in cash | 17,087 | 20,082 |
| Research and development expenses paid in cash | 13,400 | 4,133 |
| Charges from financial institutions | 3,644 | 4,425 |
| Performance bond and deposit paid in cash | 6,711 | 7,226 |
| Total | 85,860 | 94,773 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

87. Items in cash flow statement (Continued)

(3). Other cash received relating to investing activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------------------|---------------------------------------|----------------------------------------|
| Cash received as borrowings from related parties | 5,309 | 7,300 |
| Third party entity repayments | 1,984 | 303 |
| Decrease in restricted bank deposits | 49,562 | 34,240 |
| Others | 579 | 363 |
| Total | 57,434 | 42,206 |

Information on other cash received related to investment activities

Cash received related to other investment activities increased by 36.08% compared to the same period last year, mainly due to a decrease in the company's restricted funds during the reporting period.

(4). Other cash paid relating to investing activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------------|---------------------------------------|----------------------------------------|
| Cash paid as borrowings to related parties | 33,749 | 26,946 |
| Advance payments to third-party entities | 286 | |
| Option proceeds | | 1,000 |
| Increase in restricted bank deposits | 30,191 | 24,129 |
| Others | 1 | |
| Total | 64,227 | 52,075 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

87. Items in cash flow statement (Continued)

(5). Other cash received relating to financing activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| Cash received from affiliates relating to financing | 15,805 | 13,314 |
| Received bill discounts, bills maturity acceptance, bank acceptance bill deposit | 71,728 | 49,615 |
| Financing lease received | | 1,483 |
| Others | 1,185 | |
| Total | 88,718 | 64,412 |

Information on other cash received relating to financing activities

Cash received related to other financing activities increased by 37.74% compared to the same period last year, mainly due to an increase in discounted bills received by subsidiaries of the company during the reporting period.

(6). Other cash paid relating to financing activities

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|-------------------------------------------------------|---------------------------------------|----------------------------------------|
| Cash paid to affiliates relating to financing | 18,710 | 12,655 |
| Share repurchase | 185 | 10,067 |
| Acquisition of shares under common control | | 6,177 |
| Principal, rent rate and charges from financial lease | 6,377 | 21,897 |
| Others | 3,021 | 2,963 |
| Total | 28,293 | 53,759 |

Information on other cash paid relating to financing activities

The cash payments related to other financing activities decreased by 47.37% compared to the same period last year, mainly due to a decrease in financing lease payments by subsidiaries of the company and a decrease in cash payments for share repurchases during the reporting period.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement

(1). Supplementary information on cash flow statement

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Supplementary information | Amount incurred in the current period | Amount incurred in the previous period |
|----------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| 1. Adjusting the net profit to cash flow from operating activities: | | |
| Net profit | 479,882 | 436,980 |
| Add: Assets impairment provision | -5,776 | 1,233 |
| Credit impairment loss | 16,161 | 9,185 |
| Depreciation of fixed assets, loss of oil-gas assets, depreciation of Productive biological assets | 172,800 | 156,886 |
| Amortization of right-of-use assets | 6,251 | 5,570 |
| Amortization of intangible assets | 33,860 | 30,140 |
| Amortization of long-term prepaid expenses | 7,995 | 6,381 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-") | -235 | 1,288 |
| Loss on scrapping of fixed assets (gain expressed with "-") | 1,675 | 584 |
| Loss on changes in fair value (gain expressed with "-") | 90,612 | 10,486 |
| Financing cost (gain expressed with "-") | 123,639 | 151,943 |
| Investment loss (gain expressed with "-") | -201,599 | -72,053 |
| Decrease in deferred income tax assets (increase expressed with "-") | -12,028 | -24,183 |
| Increase in deferred income tax liabilities (decrease expressed with "-") | -11,040 | 7,461 |
| Decrease in inventories (increase expressed with "-") | -20,114 | 7,807 |
| Decrease in operating receivables items (increase expressed with "-") | 257,664 | 243,015 |
| Increase in operating payables items (decrease expressed with "-") | -308,639 | -230,621 |
| Others | | |
| Net amount of cash flow from operating activities | 631,108 | 742,102 |
| 2. Major investing and financing activities that do not involve cash receipt and payment: | | |
| Conversion of debt to capital | | |
| Convertible corporate bonds maturing within one year | | |
| Fixed assets under financing lease | | |
| 3. Net change in cash and cash equivalents: | | |
| Closing balance of cash | 1,414,493 | 1,586,327 |
| Less: Opening balance of cash | 1,095,554 | 1,241,341 |
| Add: Closing balance of cash equivalents | | |
| Less: Opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 318,939 | 344,986 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement (Continued)

(2). Net cash paid to acquire subsidiaries in current period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | Amount |
|-------------------------------------------------------------------------------------------------------------|--------|
| Cash or cash equivalents paid in current period for business combination incurred in current period | |
| Less: Cash and cash equivalents held by subsidiaries on the date of purchase | |
| Add: Cash or cash equivalents paid in current period for business combinations incurred in previous periods | 2,946 |
| Shuangcheng Zhongqing Gas Co., Ltd | 2,946 |
| Net cash paid to acquire subsidiaries | 2,946 |

(3). Net cash received from disposal of subsidiaries in the current period

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | Amount |
|---------------------------------------------------------------------------------------------------------------------|--------|
| Cash or cash equivalents received in current period from disposal of subsidiaries incurred in current period | 50 |
| Lanzhou Xinao Zhicheng Gas Co., Ltd | 50 |
| Less: Cash and cash equivalents held by subsidiaries on the date of losing control | |
| Lanzhou Xinao Zhicheng Gas Co., Ltd | |
| Add: Cash or cash equivalents received in current period from disposal of subsidiaries incurred in previous periods | |
| Net cash received from disposal of subsidiaries | 50 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

88. Supplementary information on cash flow statement (Continued)

(4). Composition of cash and cash equivalents

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| I. Cash | 1,414,493 | 1,095,554 |
| Including: Cash on hand | 103 | 926 |
| Bank deposits readily available for payment | 1,067,187 | 787,400 |
| Other monetary capital readily available for payment | 11,648 | 22,111 |
| Deposits with central bank available for payment | | |
| Inter-bank deposits | 335,555 | 285,117 |
| Inter-bank offers | | |
| II. Cash equivalents | | |
| Including: Bond investment due within three months | | |
| III. Closing balance of cash and cash equivalents | 1,414,493 | 1,095,554 |
| Including: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group | | |

Other information:

☐ Applicable ☒ N/A

89. Notes on the statement of changes in owners' equity

Name and amount of "Others" item for which adjustment have been made to the balance at the end of previous year:

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

90. Assets with restricted ownership or use right

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing book value | Reasons for restriction |
|--------------------------|--------------------|---------------------------------------------------------------------------------|
| Monetary fund | 94,002 | Legal reserves deposited in the central bank, bank acceptance bill margin, etc. |
| Fixed assets | 22,229 | Loan mortgage |
| Intangible assets | 26,214 | Loan mortgage |
| Trading financial assets | 15,542 | Pledge of structural deposits |
| Total | 157,987 | / |

Other information:

1. The restricted monetary capital is mainly represented by reserves and margins of the Company in various financial institutions, primarily including statutory reserves amounting to RMB474 million and bank acceptance margins amounting to RMB59 million deposited in the central bank.
2. The gas charging right of some subsidiaries was pledged by the Company as security for obtaining credit facilities from banks.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

91. Monetary items in foreign currency

(1). Monetary items in foreign currency

☒ Applicable ☐ N/A

Unit: RMB'0000

| Item | Closing balance in foreign currency | Exchanged rate for conversion | Closing balance converted to RMB |
|-----------------------|-------------------------------------|-------------------------------|----------------------------------|
| Monetary capital | | | |
| Including: USD | 44,685 | 7.2258 | 322,887 |
| EUR | 32 | 7.8771 | 251 |
| HKD | 7,204 | 0.9220 | 6,643 |
| AUD | 19 | 4.7992 | 93 |
| CAD | 150 | 5.4721 | 822 |
| GBP | 2 | 9.1432 | 21 |
| SGD | 163 | 5.3442 | 870 |
| Accounts receivable | | | |
| Including: USD | 482 | 7.2258 | 3,484 |
| Other receivables | | | |
| Including: USD | 6,391 | 7.2258 | 46,182 |
| Accounts payable | | | |
| Including: USD | 9,469 | 7.2258 | 68,421 |
| Other payables | | | |
| Including: USD | 1,907 | 7.2258 | 13,783 |
| Short-term borrowings | | | |
| Including: USD | 2,500 | 7.2258 | 18,065 |
| Bonds payable | | | |
| Including: USD | 199,214 | 7.2258 | 1,439,478 |

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

91. Monetary items in foreign currency (Continued)

(2). Information on overseas business entity, including disclosure of overseas principal place of business, recording currency and basis for choice for an important overseas business entity, and reasons for any change in recording currency

☒ Applicable ☐ N/A

| Overseas business entity | Principal place of business | Recording currency |
|-------------------------------------------------|-----------------------------|--------------------|
| Xinneng (Hong Kong) Energy Investment Co., Ltd. | Hong Kong | RMB |
| Jiapi Holdings Co., Ltd. | Hong Kong | RMB |
| ENN Gas Investment Group Co., Ltd. | Hong Kong | RMB |
| ENN Energy China Investment Co., Ltd. | Hong Kong | RMB |
| ENN LNG Trading Company Limited | Hong Kong | USD |
| ENN Energy Holdings Limited | Hong Kong | RMB |

92. Hedging

☒ Applicable ☐ N/A

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 the crude oil price, natural gas price, and the Company uses commodity derivatives to hedge the Company's exposure to commodity price risks to avoid the risk of arising from the fluctuations of expected future cash flows when purchasing LNG resulted by the fluctuations in crude oil market price. The Company designated those transactions as cash-flow hedging.

As of the balance sheet date, the fair value of the assets of the position hedge foreign exchange derivative contracts and commodity derivatives contracts was RMB347.89 million, and the fair value of the liabilities for foreign exchange derivative contracts and commodity derivatives contracts was RMB366.00 million. The pre-tax loss of cash flow hedge reserve included in other comprehensive revenue in the current period was RMB230.81 million and expected to be progressively transferred to the income statement after the balance sheet date.

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

93. Government subsidies

(1). Basic information on government subsidies

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Type | Amount | Item presented | Amount included in current profit or loss |
|-----------------------------------------------------------------------------------------------|---------|----------------|-------------------------------------------|
| Refund on land | 2,184 | Other income | 27 |
| Government subsidy on induced draft fan and integral electric bag hybrid dust removing device | 204 | Other income | 15 |
| Special subsidy on power demand side | 16 | Other income | 5 |
| Water pollution prevention and treatment fund | 73 | Other income | 18 |
| Industrial internet innovation and development demonstration project | 10 | Other income | 2 |
| Subsidies on replacing coal with gas | 22,900 | Other income | 427 |
| Subsidies on pipeline network demolition and construction | 6,373 | Other income | 132 |
| Subsidies on emergency gas storage facilities | 9,570 | Other income | 62 |
| Subsidies on pipeline modification | 22,520 | Other income | 598 |
| Subsidies on land | 2,639 | Other income | 42 |
| Subsidies on distributed energy project of natural gas | 3,396 | Other income | 91 |
| Energy station projects | 618 | Other income | 70 |
| Xinchaoyang integrated microenergy network demonstration project | 920 | Other income | 21 |
| Subsidies on new passenger station project | 541 | Other income | 60 |
| Subsidies on phasing out coal-fired heating boilers | 3,123 | Other income | 69 |
| Renovation of old urban residential communities | 6,716 | Other income | 1,991 |
| Subsidies on guaranteed supply | 22,263 | Operating cost | 23,660 |
| Subsidy for change from bottle to pipe | 1,934 | Other income | 20 |
| SOFC co-generation project | 670 | Other income | |
| Natural gas receiving terminal project | 2,309 | Other income | 60 |
| Government interest subsidies | 201 | Financing cost | 201 |
| Value Added Tax refund | 2,348 | Other income | 2,348 |
| Government subsidies directly included in profit or loss | 25,923 | Other income | 25,923 |
| Refund of import Value Added Tax | 20,184 | Operating cost | 20,184 |
| Others | 22,710 | Other income | 787 |
| Total | 180,345 | | 76,813 |

(2). Return of government subsidies

☐ Applicable ☒ N/A

VII. Notes to the Items in the Consolidated Financial Statements (Continued)

94. Others

☐ Applicable ☒ N/A

VIII. Changes in Scope of Consolidation

1. Business combination not under common control

√ Applicable ☐ N/A

(1). Business combination not under common control incurred in the current period

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of acquiree | Time of equity acquisition | Equity acquisition cost | Share ratio acquired (%) | Way of acquisition | Date of acquisition | Criteria for determining the date of acquisition | 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 |
|------------------------------------------------------------|----------------------------|-------------------------|--------------------------|--------------------|---------------------|---------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------|
| Tianjin United Chemical Commodity Trading Center Co., Ltd. | November 28, 2022 | 2,625 | 80 | Acquisition | January 5, 2023 | Complete handover and actually constitute control | | |
| Haining Xinxin Natural Gas Co., Ltd | May 17, 2023 | 8,442 | 100 | Acquisition | May 17, 2023 | Complete registration of equity change | | -12 |

(2). Combination cost and goodwill

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Cost of combination | Tianjin United Chemical Commodity Trading Center Co., Ltd. | Haining Xinxin Natural Gas Co., Ltd |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------|
| — Cash | 1 | |
| — Fair value of non-cash assets | | 5,065 |
| — Fair value of debt issued or assumed | 2,624 | |
| — Fair value of equity securities issued | | |
| — Fair value of contingent consideration | | |
| — Fair value of shares on the date of acquisition that are held by the Company prior to the date of acquisition | | 3,377 |
| — Others | | |
| Total combination costs | 2,625 | 8,442 |
| Less: Share of fair value of identifiable net assets acquired | 2,625 | 8,442 |
| Goodwill/amount of combination cost lower than the share of fair value of identifiable net assets acquired | | |

VIII. Changes in Scope of Consolidation (Continued)

1. Business combination not under common control (Continued)

(3). Identifiable assets and liabilities of the acquiree at the date of acquisition

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | Tianjin United Chemical Commodity Trading Center Co., Ltd. | | Haining Xinxin Natural Gas Co., Ltd | |
|-----------------------------|---------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| | Fair value on date of acquisition | Book value on date of acquisition | Fair value on date of acquisition | Book value on date of acquisition |
| Assets: | 3,281 | 3,281 | 11,811 | 10,861 |
| Monetary fund | | | 583 | 583 |
| Prepayments | | | 137 | 137 |
| Other receivables | 3,281 | 3,281 | 6 | 6 |
| Inventories | | | 1 | 1 |
| Other current assets | | | 340 | 340 |
| Long-term equity investment | | | 5,000 | 5,000 |
| Fixed assets | | | 1,439 | 917 |
| Construction in progress | | | 3,460 | 3,460 |
| Intangible assets | | | 845 | 417 |
| Liabilities: | | | 3,369 | 3,369 |
| Accounts payable | | | 64 | 64 |
| Advance receipts | | | 191 | 191 |
| Other payables | | | 3,114 | 3,114 |
| Net assets | 3,281 | 3,281 | 8,442 | 7,492 |
| Less: Minority interest | 656 | 656 | | |
| Net assets acquired | 2,625 | 2,625 | 8,442 | 7,492 |

Methods for determining the fair value of identifiable assets and liabilities:

No

Contingent liabilities of the acquiree assumed in a business combination:

No

Other information:

No

VIII. Changes in Scope of Consolidation (Continued)

1. Business combination not under common control (Continued)

(4). Gains or losses arising from the re-measurement of the equity interest held before the date of acquisition 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 ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of acquiree | Book value on the date of acquisition of equity held prior to the date of acquisition | Fair value on the date of acquisition of equity held prior to the date of acquisition | Gains or losses arising from the re-measurement of the equity held prior to the date of acquisition according to the fair value | Method for determination of the fair value on the date of acquisition of equity held prior to the date of acquisition and main assumptions | Amount of investment income converted from other comprehensive income related to the equity held prior to the date of acquisition |
|-------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Haining Xinxin Natural Gas Co., Ltd | 2,409 | 3,377 | 968 | The fair value determined by this equity acquisition | |

(5). Description of the situation where it is impossible to reasonably determine the combination consideration or the fair value of the identifiable assets and liabilities of the acquiree on the date of acquisition or at the end of the combination period

☐ Applicable ☒ N/A

(6). Other information

☐ Applicable ☒ N/A

2. Business combination under common control

☐ Applicable ☒ N/A

3. Reverse acquisition

☐ Applicable ☒ N/A

VIII. Changes in Scope of Consolidation (Continued)

4. Disposal of subsidiaries

Whether the Company lost its control over a subsidiary through one disposal

☒ Applicable ☐ N/A

Unit: Yuan Currency: RMB

| Name of subsidiary | Proceeds from equity disposal | Disposed share ratio (%) | Way of disposal | Time of control loss | Criteria for determining the time of control loss | Difference between the proceeds from disposal and the share of net assets of the subsidiary entitled to the consolidated financial statements corresponding to the disposal investment | Ratio of remaining equity on the date of control loss (%) | Book value of remaining equity on the date of control loss | Fair value of the remaining equity on the date of control loss | Gains or losses from remeasuring the remaining equity with fair value | Method for determining the fair value of the remaining equity on the date of control loss and main assumptions | Amount of other comprehensive income related to the original subsidiary that is transferred to investment income |
|-----------------------------------------------|-------------------------------|--------------------------|--------------------|----------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Yancheng Tinghu New Town smart home Co., Ltd. | 133 | 100 | Transfer of shares | January 9, 2023 | Complete registration of equity change | 80 | | | | | | |
| Yongdeng Xin'ao Energy Development Co., Ltd. | 50 | 100 | Transfer of shares | April 11, 2023 | Complete registration of equity change | 50 | | | | | | |

VIII. Changes in Scope of Consolidation (Continued)

4. Disposal of subsidiaries (Continued)

Other information:

☒ Applicable ☐ N/A

1. ENN (China) Gas Investment Co., Ltd., a subsidiary of the Company, entered into the *Equity Transfer Agreement of Yancheng Tinghu New City Smart Home Co., Ltd.* with Yancheng Mingren Smart Home Co., Ltd, selling 100% of the equity of Yancheng Tinghu New City Smart Home Co., Ltd. at a transaction price of 1.33 million yuan. Yancheng Tinghu New Town Smart Home Co., Ltd. completed the industrial and commercial change registration on January 9, 2023, and the Company received the equity transfer price paid by the counterparty of 1.33 million yuan. The Company no longer holds the equity of Yancheng Tinghu New City Smart Home Co., Ltd., and no longer includes Yancheng Tinghu New City Smart Home Co., Ltd., within the scope of consolidation.
2. Tianjin ENN Gas Development Co., Ltd., a subsidiary of the Company, entered into the *Equity Transfer Agreement of Yongdeng ENN Energy Development Co., Ltd.* with Gansu Xinkong Energy Group Co., Ltd., selling 100% of the equity of Yongdeng ENN Energy Development Co., Ltd. at a transaction price of 0.5 million yuan. Yongdeng ENN Energy Development Co., Ltd. completed the industrial and commercial change registration on April 11, 2023, and the Company received the equity transfer price of 0.5 million yuan paid by the counterparty. The Company no longer holds equity in Yongdeng ENN Energy Development Co., Ltd. and no longer includes Yongdeng ENN Energy Development Co., Ltd. in the scope of consolidation.

5. Changes in the scope of consolidation for other reasons

Description of changes in scope of consolidation for other reasons (e. g., newly established subsidiaries and liquidation of subsidiaries) and relevant information:

☒ Applicable ☐ N/A

(1) New subsidiaries established within the year

| | |
|--------------------------------------------------------------------|--------------------------------------------------------|
| ENN New Energy (Hebei) Natural Gas Co., Ltd. | ENN New Energy (Jiangsu) Energy Trading Co., Ltd. |
| ENN New Energy (Shandong) Energy Trading Co., Ltd. | ENN New Energy (Langfang) Natural Gas Co., Ltd. |
| ENN New Energy (Fujian) Energy Trading Co., Ltd. | Xinan County Xinrui Photovoltaic Energy Co., Ltd. |
| Qinzhou ENN Clean Energy Co., Ltd. | Rudong ENN Pipeline Natural Gas Co., Ltd. |
| Ningxiang Xinrui New Energy Co., Ltd. | Tonglu ENN Rui Energy Development Co., Ltd. |
| Boai Xinrui Energy Development Co., Ltd. | Qingdao Xinrong Energy Development Co., Ltd. |
| Shangrao ENN Energy Development Co., Ltd. | Haining ENN Smart City Technology Co., Ltd. |
| Yunfu ENN Energy Development Co., Ltd. | Haiyan ENN Smart City Technology development Co., Ltd. |
| Jiangsu ENN Natural Gas Pipeline Network Co., Ltd. | Quanjiao ENN Smart City Technology Co., Ltd. |
| Ruyang Xinrui Energy Development Co., Ltd. | Suqian ENN City Energy Development Co., Ltd. |
| Longyou ENN Xinrui Energy Development Co., Ltd. | Lishui Xinrui Photovoltaic Energy Co., Ltd. |
| Luoding ENN Energy Development Co., Ltd. | Linying Xinrui Energy Development Co., Ltd. |
| Fuyang Fuao New Energy Development Co., Ltd. | Shenzhen ENN Energy Sales Co., Ltd. |
| Shenyang Shenbei New District Xinheng Energy Development Co., Ltd. | Wenling ENN Rui Energy Development Co., Ltd. |
| Ningling Xinrui Energy Development Co., Ltd. | |

VIII. Changes in Scope of Consolidation (Continued)

5. Changes in the scope of consolidation for other reasons (Continued)

(2) Subsidiaries canceled during the year

Taizhou ENN Energy Development Co., Ltd.

Jinchang ENN Energy Development Co., Ltd.

Lianyungang Xinaogang Clean Energy Co., Ltd.

Bozhou Chuangzhi New Energy Co., Ltd.

Shanghai Xinsheng Cultural Products Co., Ltd.

6. Others

☐ Applicable ☒ N/A

IX. Rights and Interests in Other Entities

1. Rights and interests in subsidiaries

(1). Composition of enterprise group

☒ Applicable ☐ N/A

| Name of subsidiary | Principal place of business | Place of registration | Nature of business | Shareholding ratio (%) | | Way of acquisition |
|-------------------------------------------|-----------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------|-------------------------------------------|
| | | | | Direct | Indirect | |
| ENN (Tianjin) Energy Investment Co., Ltd. | Tianjin | Tianjin | Energy investment; Asset management (except for financial assets); Clean energy management services; Research and development of natural gas and clean energy technologies, technical consulting and technical services; Sales of chemical products (except for dangerous chemicals); Coal businesses | 100 | | Investment for establishment |
| ENN (China) Gas Investment Co., Ltd. | Hebei | Beijing | Investment holding | | 32.64 | Business combination under common control |
| ENN Energy Trading Co., Ltd | Hebei | Langfang | Wholesale and retail of gas, gas pipeline facilities, gas equipment and appliances, etc. | | 32.64 | Business combination under common control |
| ENN Energy Holdings Limited | Hong Kong, China | British Cayman Islands | Investment holding | | 32.64 | Business combination under common control |

Description of the situation where the shareholding ration in the subsidiary is different from the proportion of voting rights:

No

Basis for holding half or less of the voting rights but still controlling the invested entity, and holding more than half of the voting rights but not controlling the invested entity:

No

IX. Rights and Interests in Other Entities (Continued)

1. Rights and interests in subsidiaries (Continued)

(1). Composition of enterprise group (Continued)

Basis for control of important structured entities that is included in the scope of the consolidation:

No

Basis for determining whether the Company is the agent or the principal:

No

Other information:

No

(2). Important non-wholly-owned subsidiaries

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of subsidiary | Shareholding 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. | 67.36 | 310,573 | 155,217 | 291,030 |
| ENN (China) Gas Investment Co., Ltd. | 67.36 | 19,350 | 133,688 | 813,361 |

Description of situation where the minority shareholders of subsidiaries enjoy voting rights different from their shareholding ratio:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

IX. Rights and Interests in Other Entities (Continued)

1. Rights and interests in subsidiaries (Continued)

(3). Major financial information of important non-wholly-owned subsidiaries

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of subsidiary | Closing balance | | | | | | Opening balance | | | | | |
|--------------------------------------|-----------------|--------------------|--------------|---------------------|-------------------------|-------------------|-----------------|--------------------|--------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| ENN Energy Holdings Limited | 300,589 | 1,665,908 | 1,966,497 | 597,446 | 937,000 | 1,534,446 | 12,549 | 1,562,053 | 1,574,602 | 587,560 | 902,601 | 1,490,161 |
| ENN (China) Gas Investment Co., Ltd. | 1,280,105 | 1,969,219 | 3,249,324 | 1,507,403 | 534,436 | 2,041,839 | 1,278,640 | 1,966,768 | 3,245,408 | 1,381,447 | 485,836 | 1,867,283 |

| Name of subsidiary | Amount incurred in current period | | | | Amount incurred in previous period | | | |
|--------------------------------------|-----------------------------------|------------|----------------------------|-------------------------------------|------------------------------------|------------|----------------------------|-------------------------------------|
| | Operating income | Net Profit | Total comprehensive income | Cash flow from operating activities | Operating income | Net Profit | Total comprehensive income | Cash flow from operating activities |
| ENN Energy Holdings Limited | | 461,064 | 455,520 | -675 | 386 | -50,258 | -50,258 | -788 |
| ENN (China) Gas Investment Co., Ltd. | 31,861 | 28,726 | 28,726 | 4,956 | 31,309 | 37,756 | 37,756 | -2,117 |

(4). Major restrictions on the use of enterprise group assets and on the repayment of enterprise group

☐ Applicable ☒ N/A

(5). Financial or other supports provided to structured entities included in the scope of consolidated financial statements:

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

(1). Description of the changes in the share of the owner's equity in the subsidiary

☒ Applicable ☐ N/A

| Order Number | Corporate Name | Original shareholding ratio (%) | | Original shareholding ratio (%) | | Reason for change |
|--------------|-----------------------------------------------|---------------------------------|----------|---------------------------------|----------|-----------------------------------------------------------|
| | | Direct | Indirect | Direct | Indirect | |
| 1 | ENN Energy Holdings Limited | | 32.64 | | 32.64 | Exercise of stock incentive objects |
| 2 | Guangdong Xinzhi Energy Service Co., Ltd. | | 21.22 | | 32.64 | Acquisition of minority shareholders' equity |
| 3 | Changzhou ENN Tongren Gas Equipment Co., Ltd. | | 15.67 | | 19.58 | Acquisition of minority shareholders' equity |
| 4 | Haining ENN Gas Co., Ltd. | | 26.11 | | 24.25 | Passive dilution of shares and disposal of partial equity |
| 5 | Good Buy Gas E-commerce Co., Ltd. | | 32.64 | | 51.00 | Internal equity transfer and disposal of partial equity |

(2). Effect from the transaction on minority interest and equity attributable to the parent company

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | ENN Energy Holdings Limited | Guangdong Xinzhi Energy Service Co., Ltd. | Changzhou ENN Tongren Gas Equipment Co., Ltd. | Haining ENN Gas Co., Ltd. | Good Buy Gas E-commerce Co., Ltd. |
|----------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------|-----------------------------------------------|---------------------------|-----------------------------------|
| Purchase cost/disposal consideration | | | | | |
| — Cash | | 498 | 40 | 733 | 49 |
| — Fair value of non-cash assets | | | | | |
| Total purchase cost/disposal consideration | | 498 | 40 | 733 | 49 |
| Less: Share of net assets of the subsidiary calculated according to acquired/disposed equity ratio | 628 | 477 | 43 | 2,746 | -779 |
| Difference | -628 | 21 | -3 | -2,013 | 828 |
| Including: Adjusted capital reserve | -628 | 21 | -3 | -2,013 | 828 |
| Adjusted surplus reserve | | | | | |
| Adjusted undistributed profit | | | | | |

Other information

☐ Applicable ☒ N/A

IX. Rights and Interests in Other Entities (Continued)

3. Rights and interests in joint ventures or associates

☒ Applicable ☐ N/A

(1). Significant joint venture or associate

☐ Applicable ☒ N/A

(2). Major financial information of significant joint venture

☐ Applicable ☒ N/A

(3). Major financial information of significant associates

☐ Applicable ☒ N/A

(4). Summarized financial information of insignificant joint ventures and associates

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | Closing balance/ amount incurred in current period | Opening balance/ amount incurred in previous period |
|----------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|
| Joint ventures: | | |
| Total book value of investments | 288,312 | 283,814 |
| Sum of the following items according to share proportion | | |
| — Net profit | 415 | 1,907 |
| — Other comprehensive income | | |
| — Total comprehensive income | 415 | 1,907 |
| Associates: | | |
| Total book value of investments | 323,102 | 318,295 |
| Sum of the following items according to share proportion | | |
| — Net profit | 8,183 | 12,483 |
| — Other comprehensive income | | |
| — Total comprehensive income | 8,183 | 12,483 |

(5). Description of restrictions for the joint ventures or associates to transfer financial resources to the Company

☐ Applicable ☒ N/A

IX. Rights and Interests in Other Entities (Continued)

3. Rights and interests in joint ventures or associates (Continued)

(6). Excess losses incurred in joint ventures or associates

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of joint venture or associate | Accumulated unrecognized losses accumulated in the early periods | Unrecognized losses for the current period (or net profit shared in the current period) | Accumulated unrecognized losses at the end of the current period |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd. | 395 | -29 | 366 |
| Luoyang Tongyu ENN CBM Transmission and Distribution Co., Ltd | 1,942 | | 1,942 |
| Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | 276 | 25 | 301 |
| Yancheng Guoneng ENN Energy Development Co., Ltd. | 602 | 330 | 932 |
| Xinxiang ENN Lihua Energy Development Co., Ltd. | | 334 | 334 |
| Total | 3,215 | 660 | 3,875 |

(7). Unrecognized commitments related to investment in joint ventures

☐ Applicable ☒ N/A

(8). Contingent liabilities related to the investment in joint ventures or associates

☐ Applicable ☒ N/A

4. Significant joint operations

☐ Applicable ☒ N/A

5. Equity in structured entities that is not included in the consolidated financial statements

Description of structured entities that is not included in the consolidated financial statements:

☐ Applicable ☒ N/A

6. Others

☐ Applicable ☒ N/A

X. Risk Associated with Financial Instruments

√ Applicable □ N/A

In addition to derivative products, the company's financial instruments mainly include bank loans, domestic and foreign 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 payables.

At the end of the Reporting Period, the book value of the Company's financial assets and financial liabilities is as follows:

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Financial assets | | |
| Financial assets measured at fair value through current profit or loss | 676,148 | 724,945 |
| Financial assets measured at fair value through other comprehensive income | 109,439 | 117,161 |
| Financial assets measured at amortized value | 2,329,610 | 2,225,833 |
| Financial liability | | |
| Financial liabilities measured at fair value through current profit or loss | 145,770 | 106,757 |
| Other financial liabilities | 5,656,028 | 5,245,115 |

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 party. The Company's credit risk mainly comes from monetary funds, 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 monetary funds of the Company includes cash on hand, bank deposits and other monetary funds. The Company's credit risk management policy requires that monetary funds be deposited primarily in international and Chinese banks with high credit ratings. As of June 30, 2023, 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.

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.

X. Risk Associated with Financial Instruments (Continued)

1. Credit Risk (Continued)

Please refer to the “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 write-downs of financial instruments. Please refer to the “Note VII – 5/6/9/10/12/15/16/17/19” for the disclosure of credit risk exposure of notes receivable, accounts receivable, loans and advances, other receivables, contract assets, debt investment and long-term receivables.

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. The Company’s management monitors the use of bank loans and ensures compliance with the loan agreement.

3. Market Risk

Market risk refers to the risk that the fair value or the future cash flow of a financial instrument fluctuates due to changes in market prices. Market risk mainly includes foreign exchange risk, interest rate risk and commodity price risk.

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The Company’s main business activities are settled in RMB. On June 30, 2023, 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 June 30, 2023, see the disclosure of the “Note VII-91 Foreign Currency Monetary Items”.

To reduce its foreign exchange exposure, the company has signed several foreign currency derivative products contracts with a number of financial institutions. The Company pays attention to the risk of exchange rate fluctuation in time, and will decide whether to adopt hedging measures to reduce exchange rate risk according to the trend of exchange rate fluctuation, and try to match foreign currency income with foreign currency expenditure so as to reduce foreign exchange risk.

(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 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 “take or pay” 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. Fair value of assets and liabilities measured at fair value at the end of the period

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Item | Fair value at the end of the period | | | Total |
|------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|--------------------------------|---------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| I. Continuous fair value measurement | | | | |
| (I) Financial assets held for trading | 15,287 | 226,027 | 434,835 | 676,149 |
| 1. Financial assets measured at fair value through current profit or loss | | 226,027 | 15,542 | 241,569 |
| (1) Debt instrument investment | | | 15,542 | 15,542 |
| (2) Equity instrument investment | | | | |
| (3) Derivative financial assets | | 226,027 | | 226,027 |
| 2. Financial assets that are designated to be measured at fair value through current profit and loss | 15,287 | | 419,293 | 434,580 |
| (1) Debt instrument investment | | | | |
| (2) Equity instrument investment | 15,287 | | 419,293 | 434,580 |
| Including: Shanghai Dazhong Public Utilities (Group) Co., Ltd. | 15,255 | | | 15,255 |
| Sinopec Sales Co., Ltd. | | | 417,000 | 417,000 |
| Chenzhou Jingui Silver Industry Co., Ltd. | 32 | | | 32 |
| Other non-listed equity investments – measured at fair value through profit and loss | | | 2,293 | 2,293 |
| (II) Other debt investments | | | | |
| (III) Other equity instrument investments | 8,798 | | 16,758 | 25,556 |
| Jiaxing Gas Group Co., Ltd. | 8,798 | | | 8,798 |
| Other non-listed equity investments measured at fair value through other comprehensive income | | | 16,758 | 16,758 |

XI. Disclosure of Fair Value (Continued)

1. Fair value of assets and liabilities measured at fair value at the end of the period (Continued)

| Item | Fair value at the end of the period | | | Total |
|---------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|--------------------------------|---------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| (IV) Accounts receivable financing | | | 83,884 | 83,884 |
| (V) Investment properties | | | 27,632 | 27,632 |
| 1. Land use right for rent | | | | |
| 2. Buildings for rent | | | 27,632 | 27,632 |
| 3. Land use right held for transfer after appreciation | | | | |
| (VI) Biological assets | | | | |
| 1. Consumable biological assets | | | | |
| 2. Productive biological assets | | | | |
| Total assets continuously measured at fair value | 24,085 | 226,027 | 563,109 | 813,221 |
| (VII) Financial liabilities held for trading | 158 | 145,611 | | 145,769 |
| 1. Financial liabilities measured at fair value through current profit and loss | 158 | 145,611 | | 145,769 |
| Including: Trading bonds issued | | | | |
| Derivative financial liabilities | 158 | 122,938 | | 123,096 |
| Others | | | | |
| Derivative financial liabilities that are included in other non-current liabilities | | 22,673 | | 22,673 |
| 2. Financial liabilities that are designated to be measured at fair value through profit and loss | | | | |
| Total liabilities continuously measured at fair value | 158 | 145,611 | | 145,769 |
| II. Non-continuous fair value measurement | | | | |
| (I) Held-for-sale assets | | | | |
| Total assets not continuously measured at fair value | | | | |
| Total liabilities not continuously measured at fair value | | | | |

XI. Disclosure of Fair Value (Continued)

2. Basis for determining the market value of continuous and non-continuous items measured at Level 1 fair value

√ Applicable ☐ N/A

| Item | Basis for 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 stock market quotes |
| Derivative financial liabilities-futures | Fair value is determined on the basis of stock market quotes |

3. Qualitative and quantitative information on the valuation techniques and important parameters for continuous and non-continuous items measured at Level 2 fair value

√ Applicable ☐ N/A

| Item | Valuation information |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other derivative financial assets | <p>(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.</p> <p>(2) Options are valued with the BlackScholes model: Fair value is estimated at exercise price, commodity price, maturity, volatility and risk-free interest rate.</p> |
| Other derivative financial liabilities | <p>(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.</p> <p>(2) Options are valued with the BlackScholes model: Fair value is estimated at exercise price, commodity price, maturity, volatility and risk-free interest rate.</p> |

4. Qualitative and quantitative information on the valuation techniques and important parameters for continuous and non-continuous items measured at Level 3 fair value

√ Applicable ☐ N/A

| Item | 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 or 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 price multiples of similar assets traded in the market |
| 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 properties | Fair value is determined by independent appraisers. The fair value is determined according to the income approach. The market rentals of all rentable units in the properties are assessed and discounted according to the market return expected by investors in respect of that type of property. |
| Debt instrument investment | 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 investment |

XI. Disclosure of Fair Value (Continued)

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 ☒ N/A

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 ☒ N/A

7. Changes in valuation techniques and the reasons for such changes during the current period

☐ Applicable ☒ N/A

8. Fair value of financial assets and financial liabilities not measured at fair value

☐ Applicable ☒ N/A

9. Others

☐ Applicable ☒ N/A

XII. Related Party and Related Party Transactions

1. Parent company of the Company

☒ Applicable ☐ N/A

Unit: USD'0000 Currency: USD

| Name of the Parent Company | Place of registration | Nature of business | Registered capital | Ratio of the parent company's shareholding in the Company (%) | Proportion of voting rights of the parent company to the Company (%) |
|--------------------------------------------|------------------------|------------------------|--------------------|---------------------------------------------------------------|----------------------------------------------------------------------|
| ENN GROUP INTERNATIONAL INVESTMENT LIMITED | British Virgin Islands | Controlling investment | 5 | 44.24 | 44.24 |

The ultimate controller of the Company is Wang Yusuo.

2. Subsidiaries of the Company

Please refer to the Notes IX. Rights and Interests in Other Entities for details of the subsidiaries of this enterprise

☐ Applicable ☒ N/A

3. Joint ventures and associates of the Company

Please refer to the Notes IX. Rights and Interests in Other Entities for details of important joint ventures or associates of the enterprise

☐ Applicable ☒ N/A

The information on other joint ventures or associates that have related party transactions with the Company during the current period or incurred related party transactions with the company and formed balances in the previous period is as follows

☒ Applicable ☐ N/A

| Name of joint venture or associate | Relationship with the Company |
|--------------------------------------------------|-------------------------------|
| Anhui Wanneng ENN Natural Gas Co., Ltd. | Joint venture |
| Bengbu ENN PetroChina Sales Co., Ltd. | Joint venture |
| Baoding ENN Gas Co., Ltd. | Joint venture |
| Chenzhou Sanxiang ENN Clean Energy Co., Ltd. | Joint venture |
| Chizhou Qianjiang Gas Co., Ltd. | Associate |
| Dingzhou Kunlun ENN Energy Development Co., Ltd. | Associate |
| Dongguan Haofeng ENN Energy Co., Ltd. | Joint venture |

XII. Related Party and Related Party Transactions (Continued)

3. Joint ventures and associates of the Company (Continued)

| Name of joint venture or associate | Relationship with the Company |
|-----------------------------------------------------------------|-------------------------------|
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | Associate |
| Guangxi Yilongyuan Electricity Distribution Co., Ltd. | Associate |
| Haining Xinxin Natural Gas Co., Ltd. | Joint venture |
| Hebei PetroChina Kunlun Natural Gas Co., Ltd. | Joint venture |
| Henan Jingbao ENN New Energy Co., Ltd. | Joint venture |
| Henan Zhongyuan Natural Gas Development Co., Ltd. | Joint venture |
| Huzhou Nanxun Xin'ao Gas Co., Ltd. | Associate |
| Huzhou Gas Co., Ltd. | Associate |
| Huai'an Zhongyou Tianhuai Gas Co., Ltd. | Joint venture |
| Jiangxi Poyang Lake LNG Co., Ltd. | Joint venture |
| Jinhua Gaoya Natural Gas Co., Ltd. | Joint venture |
| Langfang ENN Longyu Clean Energy Co., Ltd. | Joint venture |
| Lianyungang Chengxin Gas Co., Ltd. | Joint venture |
| Lianyungang Zhongxin Gas Co., Ltd. | Associate |
| Liaocheng Shihua Natural Gas Co., Ltd. | Joint venture |
| Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | Associate |
| Luoyang Hongxin Gas Co., Ltd. | Joint venture |
| Ningbo ENN Automobile Energy Co., Ltd. | Joint venture |
| Qinzhou PetroChina Kunlun Gas Co., Ltd. | Associate |
| Quzhou ENN Sinopec Automobile Gas Co., Ltd. | Joint venture |
| Shandong Luxin Natural Gas Co., Ltd. | Associate |
| Shanxi Hengjing Energy Co., Ltd. | Joint venture |
| Shantou Huarun ENN Gas Co., Ltd. | Associate |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | Joint venture |
| Shanghai Kunlun ENN New Energy Development Co., Ltd. | Joint venture |
| Shanghai Sunshine Jiuhuan Energy Development Co., Ltd. | Joint venture |
| Shanghai Zhuoxiao Energy Technology Co., Ltd. | Associate |
| Shenzhen ENN Shipping Co., Ltd. | Joint venture |
| Shijiazhuang Airport Natural Gas Co., Ltd. | Associate |
| Shijiazhuang Kunlun ENN Energy Development Co., Ltd. | Associate |
| Shijiazhuang Kunlun ENN Gas Co., Ltd. | Associate |

XII. Related Party and Related Party Transactions (Continued)

3. Joint ventures and associates of the Company (Continued)

| Name of joint venture or associate | Relationship with the Company |
|------------------------------------------------------------------------------|-------------------------------|
| Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd. | Associate |
| Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd. | Associate |
| Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd. | Associate |
| Shijiazhuang ENN City Gas Development Co., Ltd. | Associate |
| Shijiazhuang ENN Zhonghong Gas Co., Ltd. | Associate |
| Taizhou City Natural Gas Co., Ltd. | Associate |
| Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | Associate |
| Wenshan Yuntou ENN Gas Co., Ltd. | Joint venture |
| Xinsheng Natural Gas Sales Co., Ltd. | Associate |
| Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd. | Associate |
| Yantai ENN Gas Development Co., Ltd. | Joint venture |
| Yantai ENN Industry Co., Ltd. | Joint venture |
| Yancheng Guoneng ENN Energy Development Co., Ltd. | Associate |
| Yancheng Guotou Natural Gas Pipeline Network Co., Ltd. | Associate |
| Yancheng ENN Compressed Natural Gas Co., Ltd. | Joint venture |
| Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd. | Joint venture |
| Yunnan Yuntou Xin'ao Gas Co., Ltd. | Joint venture |
| Zhanjiang ENN Gas High Pressure Pipe Network Co., Ltd. | Joint venture |
| Zhanjiang Zhongyou ENN Natural Gas Co., Ltd. | Associate |
| Changsha Xinneng Automobile Gas Co., Ltd. | Associate |
| Changsha Xinao Great Wall Energy Co., Ltd. | Joint venture |
| Zhejiang Xinyongzhou Logistics Co., Ltd. | Associate |
| Chongqing Longran Energy Technology Co., Ltd. | Associate |
| Chongqing Changdian Fuxin Natural Gas Co., Ltd. | Associate |
| Zhoushan North Lanyan Island Gas Co., Ltd. | Associate |
| Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd. | Associate |
| Zhoushan Lanyan Gas Co., Ltd. | Associate |

Other information

√ Applicable ☐ N/A

Haining Xinxin Natural Gas Co., Ltd. was changed from a joint venture to a subsidiary of the Company on May 17, 2023.

XII. Related Party and Related Party Transactions (Continued)

4. Other related parties

√ Applicable □ N/A

| Name of other related parties | Relationship between other related parties and the Company |
|------------------------------------------------------------------|---------------------------------------------------------------|
| Shanghai 3040 Technology Co., Ltd | Other related party |
| Shanghai Petroleum and Natural Gas Trading Center Co., Ltd. | Other related party |
| Hebei Financial Leasing Co., Ltd. | Enterprise with equity participation by the actual controller |
| Beijing Yongxin Environmental Protection Co., Ltd. | Same actual controller |
| Bokang Intelligent Information Technology Co., Ltd. | Same actual controller |
| Kaixin Real Estate Development Management Co., Ltd. | Same actual controller |
| Langfang ENN Real Estate Development Co., Ltd. | Same actual controller |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Same actual controller |
| Langfang Yitongcheng Business Services Limited | Same actual controller |
| Shijiazhuang ENN Environmental Protection Technology Co., Ltd. | Same actual controller |
| Tianjin Xinzhi Sensing Technology Co., Ltd. | Same actual controller |
| ENN Gaoke Industry Co., Ltd. | Same actual controller |
| ENN Science and Technology Development Co., Ltd. | Same actual controller |
| ENN Investment Holdings Co., Ltd. | Same actual controller |
| ENN Shuneng Technology Co., Ltd. | Same actual controller |
| Xin'ao Cultural Industry Development Co., Ltd. | Same actual controller |
| Xin'ao Xinzhi Technology Co., Ltd | Same actual controller |
| Xin'ao Sunshine Yicai Technology Co., Ltd. | Same actual controller |
| Xindi (Langfang) Landscaping Engineering Co., Ltd. | Same actual controller |
| Xinyijia Insurance Surveyors & Loss Adjusters Co., Ltd. | Same actual controller |
| Ennova Seven-Cultivations Hotel Management Co., Ltd. | Same actual controller |
| Xinyi Zhiye (Beihai) Co., Ltd. | Same actual controller |
| Xinzhi Cognitive Data Services Co., Ltd. | Same actual controller |
| Xinzhi Cognitive Digital Technology Co., Ltd. | Same actual controller |
| Xinzhi Wolai Network Technology Co., Ltd. | Same actual controller |
| Xinzhi Cloud Data Services Co., Ltd. | Same actual controller |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions

(1). Related-party transactions involving purchase or sale of goods and provision or acceptance of services

Table of purchase of goods/acceptance of services

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Content of related-party transactions | Amount incurred in the current period | Amount limit of transaction approved (if applicable) | Excess of the transaction amount limit (if applicable) | Amount incurred in the previous period |
|--------------------------------------------------------------------|--------------------------------------------------|---------------------------------------|------------------------------------------------------|--------------------------------------------------------|----------------------------------------|
| Anhui Wanneng ENN Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | | N/A | N/A | 1,896 |
| Baoding ENN Gas Co., Ltd. | Purchase of equipment, materials and gas | 1,802 | N/A | N/A | 733 |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | Purchase of equipment, materials and gas | 4,665 | N/A | N/A | |
| Haining Xinxin Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 34,889 | N/A | N/A | 65,882 |
| Hebei PetroChina Kunlun Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 69,128 | N/A | N/A | 71,497 |
| Henan Jingbao ENN New Energy Co., Ltd. | Purchase of equipment, materials and gas | 5,386 | N/A | N/A | 7,028 |
| Jinhua Gaoya Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 205 | N/A | N/A | 7,631 |
| Lianyungang Zhongxin Gas Co., Ltd. | Purchase of equipment, materials and gas | 21,792 | N/A | N/A | 15,633 |
| Liaocheng Shihua Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 18,428 | N/A | N/A | 18,536 |
| Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | Purchase of equipment, materials and gas | 3,565 | N/A | N/A | 921 |
| Shandong Luxin Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 1,539 | N/A | N/A | 1,225 |
| Shanxi Hengjing Energy Co., Ltd. | Purchase of equipment, materials and gas | 24,988 | N/A | N/A | |
| Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. | Purchase of equipment, materials and gas | 18,636 | N/A | N/A | 19,449 |
| Taizhou City Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 9,773 | N/A | N/A | 10,878 |
| Zhanjiang Zhongyou ENN Natural Gas Co., Ltd. | Purchase of equipment, materials and gas | 1,017 | N/A | N/A | 1,582 |
| Changsha Xinao Great Wall Energy Co., Ltd. | Purchase of equipment, materials and gas | 3,782 | N/A | N/A | |
| Zhoushan Lanyan Gas Co., Ltd. | Purchase of equipment, materials and gas | 1,558 | N/A | N/A | |
| Shanghai 3040 Technology Co., Ltd. | Purchase of equipment, materials and gas | 5,268 | 17,000 | No | 2,646 |
| Shanghai Petroleum and Natural Gas Trading Center Co., Ltd. | Purchase of equipment, materials and gas | | | No | 6 |
| Subsidiary controlled by the Company's actual controller | Purchase of equipment, materials and gas | 3,699 | 23,700 | No | 434 |
| Subsidiary controlled by the Company's actual controller | Acceptance of project construction | 218 | 3,600 | No | 180 |
| Anhui Wanneng ENN Natural Gas Co., Ltd. | Acceptance of technology and integrated services | 2,933 | N/A | N/A | |
| Zhejiang Xinyongzhou Logistics Co., Ltd | Acceptance of technology and integrated services | 1,442 | N/A | N/A | 1,597 |
| Shenzhen ENN Shipping Co., Ltd. | Acceptance of technology and integrated services | 2,119 | N/A | N/A | |
| Shanghai Petroleum and Natural Gas Trading Center Co., Ltd. | Acceptance of technology and integrated services | 4 | 400 | No | 8 |
| Subsidiary controlled by the Company's actual controller | Acceptance of technology and integrated services | 21,905 | 98,725 | No | 28,502 |
| Others-Amount of transactions of which detail items are not listed | | 6,064 | N/A | N/A | 3,645 |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(1). Related-party transactions involving purchase or sale of goods and provision or acceptance of services (Continued)

Table of sale of goods/provision of services

√ Applicable □ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Content of related-party transactions | Amount incurred in the current period | Amount incurred in the previous period |
|-----------------------------------------------------------------|---------------------------------------------------------|---------------------------------------|----------------------------------------|
| Baoding ENN Gas Co., Ltd. | Design, construction and sale of materials and supplies | 737 | 4,210 |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | Design, construction and sale of materials and supplies | 2,345 | 171 |
| Huzhou Nanxun Xin'ao Gas Co., Ltd. | Design, construction and sale of materials and supplies | 1,535 | |
| Taizhou City Natural Gas Co., Ltd. | Design, construction and sale of materials and supplies | | 2,314 |
| Subsidiary controlled by the Company's actual controller | Design, construction and sale of materials and supplies | 664 | 1,348 |
| Subsidiary controlled by the Company's actual controller | Provision of technology and integrated services | 9,011 | 6,846 |
| Anhui Wanneng ENN Natural Gas Co., Ltd. | Sale of gas and other goods | 853 | 2,185 |
| Baoding ENN Gas Co., Ltd. | Sale of gas and other goods | 8,955 | 5,441 |
| Chenzhou Sanxiang ENN Clean Energy Co., Ltd. | Sale of gas and other goods | | 1,977 |
| Dingzhou Kunlun ENN Energy Development Co., Ltd. | Sale of gas and other goods | 1,027 | 348 |
| Dongguan Haofeng ENN Energy Co., Ltd. | Sale of gas and other goods | 4,317 | 3,339 |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | Sale of gas and other goods | 1,047 | 2,836 |
| Haining Xinxin Natural Gas Co., Ltd. | Sale of gas and other goods | 1,624 | 2,040 |
| Huzhou Nanxun Xin'ao Gas Co., Ltd. | Sale of gas and other goods | 23,478 | 1,539 |
| Huzhou Gas Co., Ltd. | Sale of gas and other goods | 57 | 46,959 |
| Huai'an Zhongyou Tianhuai Gas Co., Ltd. | Sale of gas and other goods | 8,399 | 6,232 |
| Jiangxi Poyang Lake LNG Co., Ltd. | Sale of gas and other goods | 3,134 | 417 |
| Lianyungang Chengxin Gas Co., Ltd. | Sale of gas and other goods | 2,092 | 257 |
| Lianyungang Zhongxin Gas Co., Ltd. | Sale of gas and other goods | 21,029 | 22,059 |
| Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | Sale of gas and other goods | 1,158 | 935 |
| Ningbo ENN Automobile Energy Co., Ltd. | Sale of gas and other goods | 348 | 1,324 |
| Shandong Luxin Natural Gas Co., Ltd. | Sale of gas and other goods | | 1,735 |
| Shanxi Hengjing Energy Co., Ltd. | Sale of gas and other goods | 23,102 | |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(1). Related-party transactions involving purchase or sale of goods and provision or acceptance of services (Continued)

| Related party | Content of related-party transactions | Amount incurred in the current period | Amount incurred in the previous period |
|--------------------------------------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|
| Shantou Huarun ENN Gas Co., Ltd. | Sale of gas and other goods | 3,668 | 7,465 |
| Shijiazhuang Kunlun ENN Gas Co., Ltd. | Sale of gas and other goods | 17,683 | 19,617 |
| Shijiazhuang Gaocheng District Zhongran Xiangke Gas Co., Ltd. | Sale of gas and other goods | 2,944 | 1,409 |
| Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd. | Sale of gas and other goods | 299 | 1,560 |
| Shijiazhuang ENN Zhonghong Gas Co., Ltd. | Sale of gas and other goods | 1,711 | 2,740 |
| Wenshan Yuntou ENN Gas Co., Ltd. | Sale of gas and other goods | 1,690 | 8,638 |
| Yantai ENN Gas Development Co., Ltd. | Sale of gas and other goods | 8,130 | 8,333 |
| Yantai ENN Industry Co., Ltd. | Sale of gas and other goods | 704 | 1,663 |
| Yunnan Yuntou Xin'ao Gas Co., Ltd. | Sale of gas and other goods | 2,057 | 2,563 |
| Zhanjiang Zhongyou ENN Natural Gas Co., Ltd. | Sale of gas and other goods | 598 | 2,080 |
| Changsha Xinneng Automobile Gas Co., Ltd. | Sale of gas and other goods | 305 | 1,885 |
| Chongqing Longran Energy Technology Co., Ltd. | Sale of gas and other goods | 938 | |
| Zhoushan North Lanyan Island Gas Co., Ltd. | Sale of gas and other goods | 13,685 | 5,795 |
| Zhoushan Lanyan Qiandao Industrial Gas Co., Ltd. | Sale of gas and other goods | 5,180 | 11,535 |
| Zhoushan Lanyan Gas Co., Ltd. | Sale of gas and other goods | 1,147 | 9,687 |
| Subsidiary controlled by the Company's actual controller | Sale of gas and other goods | 1,874 | 1,235 |
| Others – The amount of transactions of which detail items are not listed | | 6,778 | 13,113 |

Description of related-party transactions involving purchase or sale of goods and provision or acceptance of services

☐ Applicable ☒ N/A

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(2). Related trusteeship/contracting and entrusted management/outsourcing

Table of trusteeship/contracting of the Company:

☐ Applicable ☒ N/A

Information on related trusteeship/contracting

☐ Applicable ☒ N/A

Table of the Company's entrusted management/outsourcing:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of principal/outsourcer | Name of trustee/contractor | Type of entrusted/ contracted assets | Starting date of trusteeship/ contracting | End date of trusteeship/ contracting | Basis for determining trustee fee/ contracting fee | Trustee fee/ contracting fee recognized in the current period |
|------------------------------|------------------------------------------------------|-----------------------------------------|-------------------------------------------------|--------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------|
| Xinneng Energy Co., Ltd. | BeijingYongxin Environmental Protection Co., Ltd. | Other trusted assets | 2023/1/1 | 2023/12/31 | Trusteeship contract | 1,886 |

Information on related management/outsourcing

☐ Applicable ☒ N/A

(3). Information on related-party lease

The Company as a lessor:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of lessee | Type of asset for lease | Rental income recognized in current period | Rental income recognized in previous period |
|----------------------------------------------------------|-------------------------|--------------------------------------------------|---------------------------------------------------|
| Subsidiary controlled by the Company's actual controller | Houses/Equipment | 198 | 368 |
| Quzhou ENN Sinopec Automobile Gas Co., Ltd. | Houses | 33 | 33 |
| Wenshan Yuntou ENN Gas Co., Ltd. | Houses | | 9 |
| Changsha Xinao Great Wall Energy Co., Ltd. | Houses | 2 | |
| Chizhou Qianjiang Gas Co., Ltd. | Houses | 1 | |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(3). Information on related-party lease (Continued)

The Company as a lessee:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of lessor | Type of asset for lease | Rental expenses for short-term lease and lease of low-value assets in a simplified treatment (if applicable) | | Variable lease payments not included in the measurement of lease liabilities (if applicable) | | Rent paid | | Assumed interest expense for lease liabilities | | Increased right-of-use assets | |
|---------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| | | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period |
| Henan Zhongyuan Natural Gas Development Co., Ltd. | Houses | 19 | | | | | | | | | |
| Lianyungang Zhongxin Gas Co., Ltd. | Equipment | 92 | | | | | | | | | |
| Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | Houses | 1 | | | | | | | | | |
| Hebei Financial Leasing Co., Ltd. | Equipment | | | | | | 330 | | 32 | | |
| Subsidiaries actually controlled by the Company | Houses/Equipment | 261 | 253 | | 14 | 232 | 353 | 3 | 22 | | 398 |

Information on related-party lease

☐ Applicable ☒ N/A

(4). Information on related-party guarantee

The Company as a guarantor

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Guaranteed party | Contract amount | Amount of guarantee | Starting date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|--------------------------------------------------|-----------------|---------------------|----------------------------|------------------------------|------------------------------------------|
| Chongqing Fuling Energy Industry Group Co., Ltd. | 4,200 | 1,835 | 2021/3/8 | 2025/12/31 | No |
| Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. | 8,000 | 2,780 | 2019/10/15 | 2029/10/15 | No |
| Jinhua City Gaoya Natural Gas Co., Ltd. | 1,875 | | 2012/12/24 | 2023/6/29 | Yes |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(4). Information on related-party guarantee (Continued)

The Company as a guaranteed party

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Guarantor | Contract amount | Amount of guarantee | Starting date of guarantee | Expiration date of guarantee | Whether the guarantee has been fulfilled |
|---------------------------------------------------------------------------------------------------------------|-----------------|---------------------|----------------------------|------------------------------|------------------------------------------|
| Mr. Wang Yusuo and his wife | 40,000 | 11,314 | 2020/9/27 | 2023/9/27 | No |
| ENN Group Co., Ltd., ENN Investment Holdings Co., Ltd. and Mr. Wang Yusuo and his wife | 241,000 | 111,148 | 2015/9/29 | 2026/12/31 | No |
| ENN Group Co., Ltd., ENN Investment Holdings Co., Ltd. and Mr. Wang Yusuo and his wife | 117,000 | 50,200 | 2019/8/30 | 2031/12/31 | No |
| ENN Investment Holdings Co., Ltd., ENN Juneng Technology (Langfang) Co., Ltd. and Mr. Wang Yusuo and his wife | 181,000 | 112,400 | 2020/8/19 | 2035/12/31 | No |

Information on related-party guarantee

☐ Applicable ☒ N/A

(5). Related-party inter-bank borrowing and lending

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Amount | Starting date | Due date | Description |
|------------------------------------------------------------------|--------|---------------|------------|-------------|
| Borrowing | | | | |
| Yunnan Yuntou Xin'ao Gas Co., Ltd. | 2,504 | 2020/9/15 | 2023/9/14 | |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | 2,554 | 2022/6/30 | 2023/6/29 | |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | 736 | 2022/6/30 | 2023/6/29 | |
| Shanghai Kunlun ENN Clean Energy Co., Ltd. | 1,533 | 2022/6/30 | 2023/6/29 | |
| Guangxi Yilongyuan Electricity Distribution Co., Ltd. | 1,104 | 2022/1/21 | 2023/2/28 | |
| Yancheng Guotou Natural Gas Pipeline Network Co., Ltd. | 21,884 | 2021/10/15 | 2024/10/14 | |
| Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd. | 3,489 | 2022/7/8 | 2023/7/7 | |
| Lianyungang Chengxin Gas Co., Ltd. | 1,512 | 2023/4/17 | 2024/3/21 | |
| ENN Xinzhi Technology Co., Ltd. | 5,018 | 2023/5/26 | 2024/5/25 | |
| Lending | | | | |
| Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd. | 446 | 2022/3/24 | 2023/3/23 | |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(5). Related-party inter-bank borrowing and lending (Continued)

| Related party | Amount | Starting date | Due date | Description |
|------------------------------------------------------------------------------|--------|---------------|------------|-------------|
| Zhaoqing PetroChina Kunlun ENN Gas Co., Ltd. | 448 | 2023/3/24 | 2024/3/23 | |
| Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd. | 96 | 2022/11/29 | 2023/11/28 | |
| Liaoning Liaoyou ENN Shengyu Natural Gas Co., Ltd. | 209 | 2022/11/29 | 2023/4/20 | |
| Luoyang Hongxin Gas Co., Ltd. | 824 | 2022/12/18 | 2023/12/18 | |
| Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | 301 | 2020/1/17 | 2023/1/16 | |
| Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | 306 | 2023/1/17 | 2024/1/16 | |
| Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | 1,340 | 2022/7/1 | 2023/6/30 | |
| Yancheng Guoneng ENN Energy Development Co., Ltd. | 819 | 2021/3/10 | 2024/3/10 | |
| Yancheng Guoneng ENN Energy Development Co., Ltd. | 1,024 | 2020/7/23 | 2023/7/22 | |
| Shanghai Zhuoxiao Energy Technology Co., Ltd. | 1,025 | 2022/9/16 | 2023/9/15 | |
| Baoding ENN Gas Co., Ltd. | 7,800 | 2022/12/1 | 2023/11/30 | |
| Dongguan Haofeng ENN Energy Co., Ltd. | 1,238 | 2022/3/29 | 2023/3/28 | |
| Dongguan Haofeng ENN Energy Co., Ltd. | 991 | 2023/3/29 | 2025/3/28 | |
| Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. Wuji Branch | 1,500 | 2023/1/1 | 2023/12/31 | |
| Shijiazhuang Kunlun Xin'ao Gas Co., Ltd. Shenze Branch | 4,305 | 2023/1/1 | 2023/12/31 | |
| Qinzhou PetroChina Kunlun Gas Co., Ltd. | 1,906 | 2023/1/16 | 2028/1/15 | |
| Qinzhou PetroChina Kunlun Gas Co., Ltd. | 1,373 | 2023/1/16 | 2026/1/15 | |

(6). Assets transfer and debt restructuring with related parties

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Content of related-party transactions | Amount incurred in current period | Amount incurred in previous period |
|---------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------|
| ENN Xinzhi Technology Co., Ltd. | Sale of 49% equity in Good Buy Gas E-commerce Co., Ltd. held by ENN (China) Gas Investment Co., Ltd. | 49 | |
| ENN Gaoke Industry Co., Ltd. | Acquisition of 100% equity in Langfang ENN Gaobo Technology Co., Ltd. held by ENN Gaoke Industry Co., Ltd. | | 6,177 |
| Total | | 49 | 6,177 |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(7). Remuneration of key managers

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in current period | Amount incurred in previous period |
|------------------------------|--------------------------------------|---------------------------------------|
| Remuneration of key managers | 1,004 | 1,302 |

(8). Other related-party transactions

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Related party | Content of transaction | Amount | Start date | End date |
|------------------------------------------------------------------|-----------------------------------|--------|------------|------------|
| Kaixin Real Estate Development Management Co., Ltd. | Provision of commercial factoring | 39 | 2023/3/29 | 2023/4/3 |
| Langfang ENN Real Estate Development Co., Ltd. | Provision of commercial factoring | 132 | 2023/3/30 | 2023/6/14 |
| Langfang ENN Real Estate Development Co., Ltd. | Provision of commercial factoring | 23 | 2023/4/28 | 2023/6/30 |
| Langfang ENN Real Estate Development Co., Ltd. | Provision of commercial factoring | 26 | 2023/4/26 | 2023/6/1 |
| Langfang ENN Real Estate Development Co., Ltd. | Provision of commercial factoring | 41 | 2023/4/25 | 2023/7/10 |
| Langfang ENN Real Estate Development Co., Ltd. | Provision of commercial factoring | 89 | 2023/6/12 | 2023/11/29 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 104 | 2023/1/4 | 2023/3/16 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 8 | 2023/2/15 | 2023/4/16 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 18 | 2023/2/15 | 2023/4/16 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 19 | 2023/2/20 | 2023/5/18 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 91 | 2023/4/27 | 2023/7/17 |
| Langfang ENN Construction and Installation Engineering Co., Ltd. | Provision of commercial factoring | 48 | 2023/5/30 | 2023/6/29 |
| Langfang Yitongcheng Business Services Limited | Provision of commercial factoring | 35 | 2023/2/13 | 2023/2/16 |
| Shijiazhuang ENN Environmental Protection Technology Co., Ltd. | Provision of commercial factoring | 314 | 2023/1/17 | 2024/1/12 |
| Shijiazhuang ENN Environmental Protection Technology Co., Ltd. | Provision of commercial factoring | 56 | 2023/6/12 | 2023/6/28 |
| ENN Technology Development Co., Ltd. | Provision of commercial factoring | 41 | 2023/1/6 | 2023/6/12 |

XII. Related Party and Related Party Transactions (Continued)

5. Related-party transactions (Continued)

(8). Other related-party transactions (Continued)

| Related party | Content of transaction | Amount | Start date | End date |
|----------------------------------------------------|-----------------------------------|--------|------------|------------|
| ENN Technology Development Co., Ltd. | Provision of commercial factoring | 92 | 2023/6/29 | 2023/7/12 |
| ENN Shuneng Technology Co., Ltd. | Provision of commercial factoring | 15 | 2023/4/27 | 2023/5/5 |
| Xindi (Langfang) Landscaping Engineering Co., Ltd. | Provision of commercial factoring | 257 | 2023/3/20 | 2023/9/11 |
| Xinyi Zhiye (Beihai) Co., Ltd. | Provision of commercial factoring | 227 | 2023/6/21 | 2023/12/18 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 98 | 2023/1/30 | 2023/2/6 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 7 | 2023/4/4 | 2023/4/17 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 15 | 2023/4/4 | 2023/4/17 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 452 | 2023/4/4 | 2023/4/17 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 262 | 2023/4/27 | 2023/5/15 |
| Shanghai 3040 Technology Co., Ltd. | Provision of commercial factoring | 1020 | 2023/4/27 | 2023/5/15 |

6. Receivables and payables of related parties

(1). Items receivable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of item | Related party | Closing balance | | Opening balance | |
|--------------|------------------------------------------------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Receivables | Anhui Wanneng ENN Natural Gas Co., Ltd. | 1,183 | 11 | 443 | 4 |
| Receivables | Baoding ENN Gas Co.,Ltd. | 19,177 | 393 | 17,507 | 210 |
| Receivables | Bokang Intelligent Information Technology Co., Ltd. | 875 | 2 | 334 | |
| Receivables | Dingzhou Kunlun ENN Energy Development Co., Ltd. | 1,260 | 15 | 839 | 34 |
| Receivables | Dongguan Haofeng ENN Energy Co., Ltd | 1,786 | 195 | 2,064 | 201 |
| Receivables | Guangxi Beibu Gulf ENN Gas Development Co., Ltd | 1,303 | 10 | 2,721 | 15 |
| Receivables | Haining Xinxin Natural Gas Co., Ltd. | | | 6,969 | 12 |
| Receivables | Hebei PetroChina Kunlun Natural Gas Co., Ltd. | 2,441 | 22 | 17,765 | 143 |
| Receivables | Huai'an Zhongyou Tianhuai Gas Co., Ltd. | 1,158 | | 5 | |
| Receivables | Jinhua Gaoya Natural Gas Co.,Ltd. | 996 | 9 | 979 | |
| Receivables | Kaixin Real Estate Development Management Co., Ltd. | 415 | 45 | 1,306 | 40 |
| Receivables | Langfang ENN Real Estate Development Co., Ltd. | 889 | 48 | 726 | 19 |
| Receivables | Langfang ENN Construction and Installation Engineering Co., Ltd. | 1,143 | 10 | 614 | 5 |
| Receivables | Lianyungang Chengxin Gas Co.,Ltd. | 1,860 | 16 | 3,797 | 30 |
| Receivables | Lianyungang Zhongxin Gas Co., Ltd | 169 | 7 | 1,268 | 12 |

XII. Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(1). Items receivable (Continued)

| Name of item | Related party | Closing balance | | Opening balance | |
|---------------------------------------------------------------|------------------------------------------------------------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Receivables | Liaocheng Shihua Natural Gas Co., Ltd. | 2,638 | 4 | 2,340 | |
| Receivables | Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | 808 | 9 | 351 | 3 |
| Receivables | Luoyang Hongxin Gas Co., Ltd. | 808 | 800 | 808 | 800 |
| Receivables | Qinzhou PetroChina Kunlun Gas Co., Ltd. | 3,225 | 64 | | |
| Receivables | Shanxi Hengjing Energy Co., Ltd. | 5,298 | 42 | | |
| Receivables | Shanghai Kunlun ENN Energy Development Co., Ltd. | 440 | 15 | 840 | 29 |
| Receivables | Shanghai Petroleum and Natural Gas Trading Center Co., Ltd. | 905 | 12 | 1,232 | 21 |
| Receivables | Shanghai Zhuoxiao Energy Technology Co., Ltd. | 1,000 | 20 | 1,000 | 20 |
| Receivables | Shijiazhuang Airport Gas Co., Ltd. | 858 | 49 | 782 | 167 |
| Receivables | Shijiazhuang Kunlun ENN Gas Co., Ltd. | 17,431 | 423 | 29,663 | 2,971 |
| Receivables | Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd. | 546 | 15 | 2,682 | 187 |
| Receivables | Shijiazhuang ENN City Gas Development Co., Ltd. | 515 | 5 | | |
| Receivables | Shijiazhuang ENN Zhonghong Gas Co., Ltd. | 572 | 6 | 598 | 6 |
| Receivables | Tianjin Xinzhi Sensing Technology Co., Ltd. | 829 | 2 | 1,421 | 3 |
| Receivables | Weichang Manchu and Mongolian Autonomous County ENN Automobile Gas Co., Ltd. | 1,833 | 1,833 | 1,833 | 1,833 |
| Receivables | Wenshan Yuntou ENN Gas Co., Ltd. | 1,431 | 72 | 1,730 | 61 |
| Receivables | ENN Science and Technology Development Co., Ltd. | 1,314 | 5 | 8,010 | 85 |
| Receivables | Xin'ao Cultural Industry Development Co., Ltd. | 3,463 | 277 | 2,743 | 141 |
| Receivables | Xinsheng Natural Gas Sales Co., Ltd. | 1,258 | 3 | 800 | 2 |
| Receivables | Xinyijia Insurance Surveyors & Loss Adjusters Co., Ltd. | 768 | 7 | | |
| Receivables | Ennova Seven-Cultivations Hotel Management Co., Ltd. | 882 | 32 | 454 | 6 |
| Receivables | Xinzhi Cognitive Digital Technology Co., Ltd. | 2,430 | | 2,448 | |
| Receivables | Yantai ENN Gas Development Co., Ltd. | 1,788 | 19 | 1,576 | 18 |
| Receivables | Yancheng Guoneng ENN Energy Development Co., Ltd. | 1,809 | 54 | 1,802 | 50 |
| Receivables | Yunnan Natural Gas Xuanwei ENN Gas Co., Ltd. | 325 | 55 | 1,272 | 165 |
| Receivables | Zhanjiang ENN Gas Highpressure Pipeline Network Co., Ltd. | 789 | 17 | 789 | 17 |
| Receivables | Changsha Xinao Great Wall Energy Co., Ltd. | 955 | | | |
| Receivables | Chongqing Longran Energy Technology Co., Ltd. | 1,110 | 3 | 1,287 | 3 |
| Receivables | Chongqing Changdian Fuxin Natural Gas Co., Ltd. | 504 | | 5 | |
| Total of Other related parties that are not listed separately | | 8,949 | 410 | 8,345 | 440 |
| Total | | 100,136 | 5,036 | 132,148 | 7,753 |

XII. Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(2). Items payable

☐ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of item | Related party | Closing book balance | Opening book balance |
|--------------|------------------------------------------------------------------|----------------------|----------------------|
| Payables | Bengbu ENN PetroChina Sales Co., Ltd. | 638 | 842 |
| Payables | Baoding ENN Gas Co., Ltd. | 1,992 | 1,990 |
| Payables | Beijing Yongxin Environmental Protection Co., Ltd. | 2,582 | 2,715 |
| Payables | Bokang Intelligent Information Technology Co., Ltd. | 11,466 | 4,368 |
| Payables | Chenzhou Sanxiang ENN Clean Energy Co., Ltd. | 988 | 604 |
| Payables | Guangxi Beibu Gulf ENN Gas Development Co., Ltd. | 7,576 | 1,367 |
| Payables | Guangxi Yilongyuan Electricity Distribution Co., Ltd. | 1,323 | 1,442 |
| Payables | Huzhou Nanxun Xin'ao Gas Co., Ltd. | 4,018 | 107 |
| Payables | Huzhou Gas Co., Ltd. | 952 | 1,017 |
| Payables | Huai'an Zhongyou Tianhuai Gas Co., Ltd. | 1,934 | 643 |
| Payables | Langfang ENN Longyu Clean Energy Co., Ltd. | 1,119 | 1,170 |
| Payables | Lianyungang Chengxin Gas Co., Ltd. | 4,403 | 6,784 |
| Payables | Liaocheng Shihua Natural Gas Co., Ltd. | 17 | 1,096 |
| Payables | Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd. | 4,393 | 877 |
| Payables | Shantou Huarun ENN Gas Co., Ltd. | 3,521 | 3,336 |
| Payables | Shanghai Kunlun ENN Clean Energy Co., Ltd. | 3,310 | 4,828 |
| Payables | Shanghai 3040 Technology Co., Ltd. | 3,241 | 2,691 |
| Payables | Shanghai Sunshine Jiuhuan Energy Development Co., Ltd. | | 1,804 |
| Payables | Shenzhen ENN Shipping Co., Ltd. | 2,777 | 662 |
| Payables | Shijiazhuang Kunlun ENN Energy Development Co., Ltd. | 748 | 1,307 |
| Payables | Shijiazhuang Kunlun ENN Gas Co., Ltd. | 9,230 | 10,861 |
| Payables | Shijiazhuang Blue Sky ENN Natural Gas Pipeline Network Co., Ltd. | 3,486 | 3,486 |
| Payables | Shijiazhuang Luquan District Kunlun ENN Gas Co., Ltd. | 2,002 | 1,360 |
| Payables | Shijiazhuang ENN Zhonghong Gas Co., Ltd. | 793 | 1,283 |
| Payables | Taizhou City Natural Gas Co., Ltd. | 1,993 | 1,399 |
| Payables | Tianjin Xinzhi Sensing Technology Co., Ltd. | 3,578 | 2,463 |
| Payables | Wenshan Yuntou ENN Gas Co., Ltd. | 2,254 | 1,682 |

XII. Related Party and Related Party Transactions (Continued)

6. Receivables and payables of related parties (Continued)

(2). Items payable (Continued)

| Name of item | Related party | Closing book balance | Opening book balance |
|---------------------------------------------------------------|---------------------------------------------------------|----------------------|----------------------|
| Payables | ENN Gaoke Industry Co., Ltd. | 4,686 | 4,686 |
| Payables | ENN Investment Holdings Co., Ltd. | 5,575 | 5,575 |
| Payables | ENN Shuneng Technology Co., Ltd. | 6,671 | 6,522 |
| Payables | Xin'ao Xinzhi Technology Co., Ltd. | 6,171 | 1,161 |
| Payables | Xinao Sunshine Yicai Technology Co., Ltd. | 1,637 | 791 |
| Payables | Xinzhi Cognitive Digital Technology Co., Ltd. | 1,078 | 1,234 |
| Payables | Xinzhi Wolai Network Technology Co., Ltd. | 1,505 | 1,521 |
| Payables | Xinzhi Cloud Data Services Co., Ltd. | 5,647 | 4,410 |
| Payables | Xuyi Guolian ENN Natural Gas Pipeline Network Co., Ltd. | 6,209 | 6,944 |
| Payables | Yantai ENN Gas Development Co., Ltd. | 334 | 1,897 |
| Payables | Yancheng Guotou Natural Gas Pipeline Network Co., Ltd. | 18,749 | 21,500 |
| Payables | Yancheng ENN Compressed Natural Gas Co., Ltd. | 1,018 | 1,019 |
| Payables | Yunnan Yuntou ENN Gas Co., Ltd. | 3,023 | 3,071 |
| Payables | Zhoushan Lanyan Gas Co., Ltd. | 866 | 1,044 |
| Total of other related parties that are not listed separately | | 11,158 | 13,093 |
| Total | | 154,661 | 136,652 |

7. Related-party commitment

☐ Applicable ☒ N/A

8. Others

☐ Applicable ☒ N/A

XIII. Share-based Payment

1. General information on share-based payment

☒ Applicable ☐ N/A

Unit: Share Currency: RMB

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Total amount of equity instruments granted by the Company during the current period | |
| Total amount of equity instruments exercised by the Company during the current period | 295,600 |
| Total amount of the Company's equity instruments expired during the current period | 889,541 |
| Scope of exercise price of the stock option issued by the Company at the end of the period and the remaining period of contract | HKD40.34/till December 8, 2025 HKD76.36/till March 27, 2029 |
| Scope of exercise price of other equity instruments issued by the Company at the end of the period and the remaining period of contract | RMB6.84-7.03/till March 25, 2025 |

Other information

The details are as follows: 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 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 fulfillment of certain terms set forth in the relevant offer letter, which may involve performance evaluation. The exercise price of the granted shares was HKD40.34 per share. As of the end of this period, the cumulative number of 6722150 shares in the batch equity plan have been cancelled, 4594715 shares have been exercised, and 683135 shares have not been exercised yet.

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 was subject to the fulfillment of certain terms set forth in the relevant offer letter, which may involve performance evaluation. The exercise price of the granted shares was HKD76.36 per share. As of the end of this period, a total of 2424367 shares have been exercised, 4183167 shares have been invalidated, and 5720466 shares have not been exercised.

XIII. Share-based Payment (Continued)

1. General information on 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 (ten 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 the end of this period, 928,600 shares were awarded to designated board members and staff at the grant price of HKD76.36 depending on the corresponding performance and continued service prior to the date of availability. Accordingly, the waiting period for the grant of shares in the batch is from the grant to the feasible date. The redemption of the shares may take place as early as April 1, one year after the financial year in which the corresponding performance was achieved.

During the period of exercise beginning on a feasible date, if the grantee sells the redeemed award shares to exercise the right, the nominal proceeds of the fair value of the shares on the exercise date exceeding the grant price will be settled in cash. The expiration date of the Option is March 27, 2029. As of the end of this period, a total of 188,500 share options had been exercised under the cash-settled share incentive plan and 740,100 share options had not been exercised.

(3) *Plan 2021*

On March 26, 2021, ENN-NG granted 17.21 million restricted shares to 49 eligible incentive objects and granted 1.13 million restricted shares to 10 eligible incentive objects on September 22, 2021 according to the Plan 2021. 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 canceled by the company, and the restricted stocks are released from the restriction. If it is not achieved, the relevant rights and interests shall not be deferred to the next period.

XIII. Share-based Payment (Continued)

2. Equity-settled share-based payment

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Method for determining the fair value of the equity instruments on the grant date | For stock options: The fair value of share options priced by the binomial model on the basis of the best estimate conditions of assumed spot price, strike price, risk-free interest rate, expected volatility, expected dividend yield and early strike behavior. For restricted share: The fair value of the share on the date of grant is adopted. |
| Basis for determining 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. |
| Reason for the material difference between the current estimates and the previous estimates | No material difference |
| Accumulated amount of equity-settled share-based payments included in capital reserves | 16,639 |
| Total amount of expenses recognized from equity-settled share-based payments | 2,921 |

3. Cash-settled share-based payment

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Method for determining the fair value of liabilities determined on the basis of shares or other equity instruments assumed by the Company | Binomial option pricing model |
| Accumulated amount of liabilities arising from the payment of liabilities in cash-settled shares | 2,811 |
| Total amount of expenses recognized in cash-settled share payments in the current period | 185 |

4. Modification and termination of share-based payment

☐ Applicable ☒ N/A

5. Others

☐ Applicable ☒ N/A

XIV. Commitments and Contingencies

1. Important commitments

☒ Applicable ☐ N/A

Important external commitments, nature and amount on the balance sheet date

Capital commitment

Unit: RMB'0000 Currency: RMB

| Contracted but unrecognized in the financial statements | Closing balance | Opening balance |
|-------------------------------------------------------------------------------------------------|-----------------|-----------------|
| – Commitment on acquisition and construction of long-term assets | 60,731 | 81,965 |
| – Commitment on external investments | 66,404 | 96,023 |
| Including: Unrecognized commitments relating to investments in joint ventures and associates | 66,244 | 68,275 |
| Total | 127,135 | 177,988 |

2. Contingencies

(1). *Important contingencies on balance sheet date*

☐ Applicable ☒ N/A

(2). *Specify the important contingencies which are not required to be disclosed by the Company:*

☐ Applicable ☒ N/A

3. Others

☐ Applicable ☒ N/A

XV. Post Balance Sheet Events

1. Important non-adjustment matters

☐ Applicable ☒ N/A

2. Profit distribution

☐ Applicable ☒ N/A

3. Sales return

☐ Applicable ☒ N/A

4. Other post balance sheet events

☒ Applicable ☐ N/A

As of the end of the reporting period, the pipeline gas franchise rights of the subsidiary of the company in the urban planning area of Changsha City, Hunan Province will expire at the end of August 2023. The company has submitted an application for the extension of franchise rights in accordance with the regulations of relevant government departments in Changsha City, Hunan Province, and as of the date of this announcement, the extension has not been completed.

XVI. Other Important Events

1. Correction of previous accounting errors

(1). Retrospective restatement

☐ Applicable ☒ N/A

(2). Prospective application

☐ Applicable ☒ N/A

2. Debt restructuring

☐ Applicable ☒ N/A

3. Asset swap

(1). Non-monetary asset exchange

☐ Applicable ☒ N/A

(2). Other assets swap

☐ Applicable ☒ N/A

XVI. Other Important Events (Continued)

4. Annuity plan

☐ Applicable ☒ N/A

5. Discontinued operations

☐ Applicable ☒ N/A

6. Information on divisions

(1). Basis of determination and accounting policy for reporting division

☒ Applicable ☐ N/A

Based on the internal organizational structure, management requirements and internal reporting system, the Company has identified the following eight reporting divisions: natural gas retail, natural gas wholesale, natural gas direct sale, project construction and installation, integrated energy sales and services, value-added businesses, energy production and infrastructure operation. Each reporting division is a separate business segment providing different products and services. Each division needs to be managed separately because it requires different technologies and marketing strategies. At the same time, the price of products sold and transferred between divisions of the Company shall be determined according to the sales or transfer price to an independent third party, i.e., the prevailing market price. The management of the Company will regularly review the financial information of different divisions to determine the allocation of resources and evaluate performance.

(2). Financial information of reporting divisions

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Retail of natural gas | Wholesale of natural gas | Direct sale of natural gas | Construction and installation | Sale and services of integrated energy | Value-added business | Energy production | Infrastructure operation | Inter-division offset | Total |
|-----------------------------------------------------------------|-----------------------|--------------------------|----------------------------|-------------------------------|----------------------------------------|----------------------|-------------------|--------------------------|-----------------------|------------|
| Subtotal of primary operation income from external transactions | 3,314,574 | 1,315,353 | 321,102 | 418,825 | 741,612 | 187,944 | 282,444 | 60,250 | | 6,642,104 |
| Primary operation income from inter-division transactions | 2,374,106 | 1,456,088 | 506,210 | 163,486 | 4,472 | 381,454 | 51,632 | 43,217 | 4,980,665 | |
| Primary operation income of reporting division | 5,688,680 | 2,771,441 | 827,312 | 582,311 | 746,084 | 569,398 | 334,076 | 103,467 | 4,980,665 | 6,642,104 |
| Subtotal of primary operation cost from external transactions | 2,952,059 | 1,234,963 | 254,150 | 234,975 | 647,530 | 67,079 | 257,295 | 48,083 | | 5,696,134 |
| Primary operation cost from inter-division transactions | 2,426,512 | 1,438,753 | 516,090 | 149,900 | 6,531 | 375,545 | 51,787 | 17,451 | 4,982,569 | |
| Primary operation cost of reporting division | 5,378,570 | 2,673,716 | 770,241 | 384,875 | 654,062 | 442,624 | 309,082 | 65,533 | 4,982,569 | 5,696,134 |
| Gross profit of reporting division | 310,110 | 97,725 | 57,071 | 197,436 | 92,022 | 126,774 | 24,994 | 37,934 | -1,904 | 945,970 |
| Gross profit from external transactions | 362,515 | 80,390 | 66,952 | 183,850 | 94,082 | 120,865 | 25,149 | 12,167 | | 945,970 |
| Classified assets | 5,190,702 | 308,953 | 682,720 | 2,130,396 | 1,355,174 | 403,996 | 1,499,452 | 767,196 | 1,088,867 | 11,249,722 |
| Classified liabilities | 2,203,639 | 34,873 | 162,624 | 2,012,601 | 521,383 | 212,540 | 1,241,632 | 408,234 | 361,044 | 6,436,482 |

XVI. Other Important Events (Continued)

6. Information on divisions (Continued)

(3). Specify the reason if the Company has no reporting divisions, or it is unable to disclose the total assets and total liabilities of each reporting division

☐ Applicable ☒ N/A

(4). Other information

☐ Applicable ☒ N/A

7. Other important transactions and events that have impact on decision-making by investors

☒ Applicable ☐ N/A

According to the "2021 Restricted Stock Incentive Plan" announced by the company on January 21, 2021, the company's performance evaluation is based on the 2020 assessed profit. The net profit attributable to the parent company generated from operating activities is RMB2,203.53 million, net of foreign currency asset liability exchange gains and losses, changes in the fair value of hedging products, provision for asset impairment, and amortization of stock incentive costs, totaling 1000.68 million yuan, The estimated profit for the company for the half year of 2023 is RMB3,204.21 million.

8. Others

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1). Disclosure by aging

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Aging | Closing book value |
|-----------------------------------------------------|--------------------|
| Within one year | |
| Including: Sub-item due within one year | |
| Subtotal of accounts receivable due within one year | 47 |
| One to two years | |
| Two to three years | |
| Three to five years | |
| More than five years | 39 |
| Total | 86 |

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

1. Accounts receivable (Continued)

(2). Disclosure by methods of bad debt provision

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--------------------------------------|-----------------|----------------|------------------------|---------------------------|------------|-----------------|----------------|------------------------|---------------------------|------------|
| | Book balance | | Provision for bad debt | | | Book balance | | Provision for bad debt | | |
| | Amount | Proportion (%) | Amount | Proportion of accrual (%) | Book value | Amount | Proportion (%) | Amount | Proportion of accrual (%) | Book value |
| Bad debt provision made individually | | | | | | | | | | |
| Bad debt provision made by portfolio | 86 | 100 | 39 | 46 | 47 | 86 | 100 | 39 | 46 | 47 |
| Total | 86 | / | 39 | / | 47 | 86 | / | 39 | / | 47 |

Bad debt provision made individually:

☐ Applicable ☒ N/A

Bad debt provision made by portfolio:

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name | Closing balance | | |
|----------------------|---------------------|------------------------|---------------------------|
| | Accounts receivable | Provision for bad debt | Proportion of accrual (%) |
| Within one year | 47 | | |
| More than five years | 39 | 39 | 100 |
| Total | 86 | 39 | 46 |

Recognition criteria and description of bad debt provision made by portfolio:

☐ Applicable ☒ N/A

If bad debt provision is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

1. Accounts receivable (Continued)

(3). Information on provision for bad debts

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Category | Opening balance | Amount of change in the current period | | | | Closing balance |
|------------------------------------|-----------------|----------------------------------------|-----------------------|-------------------------|--------------|-----------------|
| | | Accrual | Recovered or reversed | Charge-off or write-off | Other change | |
| Provision for receivable bad debts | 39 | | | | | 39 |
| Total | 39 | | | | | 39 |

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

☐ Applicable ☒ N/A

(4). Accounts receivable actually written-off for the current period

☐ Applicable ☒ N/A

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

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of entity | Closing balance | Proportion in the total closing balance of accounts receivable (%) | Closing amount of bad debt provision |
|----------------|-----------------|--------------------------------------------------------------------|--------------------------------------|
| Top 1 | 47 | 54 | |
| Top 2 | 39 | 46 | 39 |
| Total | 86 | 100 | 39 |

(6). Derecognized accounts receivable as a result of transfer of financial assets

☐ Applicable ☒ N/A

(7). Amount of assets and liabilities formed by transfer of accounts receivable with continuous involvement

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

2. Other receivables

Presentation of items

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | Opening balance |
|----------------------|------------------|-----------------|
| Dividends receivable | 413,331 | 170,586 |
| Other receivables | 757,291 | 652,754 |
| Total | 1,170,622 | 823,340 |

Other information:

☐ Applicable ☒ N/A

Interests receivable

(1). Classification of interests receivable

☐ Applicable ☒ N/A

(2). Significant overdue interest

☐ Applicable ☒ N/A

(3). Provision for bad debts

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

Dividends receivable

(1). Dividends receivable

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Project (or investee) | Closing balance | Opening balance |
|-------------------------------------------|-----------------|-----------------|
| Xinneng Mining Industry Co., Ltd. | 237,320 | 91,500 |
| ENN (Tianjin) Energy Investment Co., Ltd. | 79,086 | 79,086 |
| Xinneng (Hong Kong) Energy Investment Ltd | 96,925 | |
| Total | 413,331 | 170,586 |

(2). Significant dividends receivable due beyond one year

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Project (or invested unit) | ending balance | Aging | Reason for non recovery | Whether impairment has occurred and its judgment basis |
|----------------------------|----------------|-----------|-------------------------|--------------------------------------------------------|
| Top 1 | 41,500 | 1-2 years | | no |
| Total | 41,500 | / | / | / |

(3). Provision for bad debts

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

Other receivables

(1). Disclosure by aging

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Aging | Closing book value |
|-----------------------------------------------------|--------------------|
| Within one year | |
| Including: Sub-item due within one year | |
| Subtotal of accounts receivable due within one year | 302,656 |
| One to two years | 452,995 |
| Two to three years | 1,640 |
| Three to five years | |
| More than five years | |
| Total | 757,291 |

(2). Classification by the nature of payments

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Nature of payment | Closing book value | Opening book value |
|-------------------|--------------------|--------------------|
| Current account | 757,134 | 652,601 |
| Others | 157 | 153 |
| Total | 757,291 | 652,754 |

(3). Provision for bad debts

☐ Applicable ☐ $\sqrt{\text{N/A}}$

(4). Accrual of bad debt provision

☐ Applicable ☒ $\sqrt{\text{N/A}}$

Bad debt provisions with significant reserved or recovered amount:

☐ Applicable ☒ $\sqrt{\text{N/A}}$

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(5). *Other receivables actually written-off during the current period*

☐ Applicable ☒ N/A

Write-off other receivables

☐ Applicable ☒ N/A

(6). *Other receivables with top five closing balances collected by the debtor*

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Name of entity | Nature of payment | Closing balance | Aging | Proportion in total closing balance of other receivables (%) | Closing balance of bad debt provision |
|----------------|--------------------------------|-----------------|----------------------------|--------------------------------------------------------------|---------------------------------------|
| Top 1 | Incoming and outgoing payments | 425,309 | Within one year, 1-2 years | 56 | |
| Top 2 | Incoming and outgoing payments | 127,511 | Within one year, 1-2 years | 17 | |
| Top 3 | Incoming and outgoing payments | 61,880 | Within one year | 8 | |
| Top 4 | Incoming and outgoing payments | 43,954 | Within one year | 6 | |
| Top 5 | Incoming and outgoing payments | 34,888 | Within one year | 5 | |
| Total | / | 693,542 | / | 92 | |

(7). *Receivables related to government subsidies*

☐ Applicable ☒ N/A

(8). *Other receivables derecognized due to transfer of financial assets*

☐ Applicable ☒ N/A

(9). *Amount of assets and liabilities formed by transfer of other receivables with continuous involvement*

☐ Applicable ☒ N/A

Other information:

☐ Applicable ☒ N/A

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

3. Long-term equity investment

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Closing balance | | | Opening balance | | |
|---------------------------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Investment in subsidiaries | 1,367,006 | | 1,367,006 | 1,367,006 | | 1,367,006 |
| Investment in associates and joint ventures | 4,230 | | 4,230 | 4,624 | | 4,624 |
| Total | 1,371,236 | | 1,371,236 | 1,371,630 | | 1,371,630 |

(1). Investment in subsidiaries

√ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Investee | Opening balance | Current increase | Current decrease | Closing balance | Current accrual of impairment provision | Closing balance of impairment provision |
|----------------------------------------------------------------------|-----------------|------------------|------------------|-----------------|-----------------------------------------|-----------------------------------------|
| Shanghai International Engineering Construction Consulting Co., Ltd. | 871 | | | 871 | | |
| Xinneng Mining Industry Co., Ltd. | 254,320 | | | 254,320 | | |
| Xinneng (Hong Kong) Energy Investment Co., Ltd. | 498,182 | | | 498,182 | | |
| ENN (Langfang Airport FTZ) Natural Gas Sales Co., Ltd. | 10,000 | | | 10,000 | | |
| ENN (Tianjin) Energy Investment Co., Ltd. | 603,123 | | | 603,123 | | |
| Chongqing Xin'ao Longxin Clean Energy Co., Ltd. | 510 | | | 510 | | |
| Total | 1,367,006 | | | 1,367,006 | | |

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

3. Long-term equity investment (Continued)

(2). Investment in associates and joint ventures

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Investee | Opening balance | Additional investment | Reduced investment | Current increase or decrease changes | | | | | | Closing balance | Closing balance of impairment provision |
|----------------------------------------------------------|-----------------|-----------------------|--------------------|----------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------------------------|---------------------------------|--------|-----------------|-----------------------------------------|
| | | | | 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 | Accrual of impairment provision | Others | | |
| I. Joint Venture | | | | | | | | | | | |
| II. Associates | | | | | | | | | | | |
| Beijing Zhongnong Big Biotechnology Incorporated Company | 525 | | | -44 | | | | | | 481 | |
| Chongqing Longran Energy Technology Co., Ltd. | 2,814 | | | 2,164 | | | | -835 | | 4,143 | |
| Subtotal | 3,339 | | | 2,120 | | | | -835 | | 4,624 | |
| Total | 3,339 | | | 2,120 | | | | -835 | | 4,624 | |

Other information

☐ Applicable ☒ N/A

4. Operating income and operating cost

(1). Information on operating income and operating cost

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | | Amount incurred in the previous period | |
|------------------|---------------------------------------|------|----------------------------------------|------|
| | Income | Cost | Income | Cost |
| Primary business | | | | |
| Other business | 1,859 | 9 | 17,198 | 11 |
| Total | 1,859 | 9 | 17,198 | 11 |

XVII. Notes to Major Items in the Financial Statements of the Parent Company (Continued)

4. Operating income and operating cost (Continued)

(2). Revenue generated from contracts

☐ Applicable ☒ N/A

(3). Information on performance obligations

☐ Applicable ☒ N/A

(4). Information on apportionment to the remaining performance obligations

☐ Applicable ☒ N/A

5. Investment income

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| Income from long-term equity investment calculated by cost method | 242,745 | |
| Income from long-term equity investment calculated by equity method | -394 | 1,063 |
| Total | 242,351 | 1,063 |

6. Others

☐ Applicable ☒ N/A

XVIII. Supplementary Information

1. Statement of current non-recurring gains or losses

☒ Applicable ☐ N/A

Unit: RMB'0000 Currency: RMB

| Item | Amount | Description |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|
| Gains or losses on disposal of non-current assets | 1,333 | |
| Government subsidies included in profit or loss for the current period, other than those on-going government subsidies which are closely related to the Company's normal operation, in line with national policies and subject to certain standard quota or quantitative amount | 32,997 | |
| Gains or losses on debt restructuring | 3,310 | |
| Gains or losses on changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and return on investment from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments except for effective hedging transactions that are related to the Company's normal operations | 90,785 | |
| Reversed impairment provisions for receivables and contract assets subject to separate impairment tests | 674 | |
| Profits and losses obtained from external entrusted loans | 443 | |
| Other non operating income and expenses other than the above | 3,643 | |
| Other profit or loss items that meet the definition of non-recurring profit or loss | | |
| Less: Effect of income tax | 18,693 | |
| Effect of minority stockholders' equity (after tax) | 32,243 | |
| Total | 82,249 | |

Reasons shall be specified for defining non-recurring profit and loss items in accordance with the *Interpretative Announcement on Information Disclosure by Companies that Offer Securities to the Public No. 1 — Non-recurring Gain and Loss* and defining non-recurring gain and loss items listed in the *Interpretative Announcement on Information Disclosure by Companies that Offer Securities to the Public No. 1 — Non-recurring Gain and Loss* as recurring gain and loss items.

☐ Applicable ☒ N/A

XVIII. Supplementary Information (Continued)

2. Return on equity and earnings per share

☒ Applicable ☐ N/A

| Profit in the reporting period | Weighted average return on equity (%) | Earnings per share | |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------|-------------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Net profit attributable to common shareholders of the Company | 11.76 | 0.71 | 0.71 |
| Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses | 7.37 | 0.45 | 0.45 |

3. Differences between accounting data under domestic and overseas accounting standards

☐ Applicable ☒ N/A

4. Others

☐ Applicable ☒ N/A

Chairman: Wang Yusuo

Date of submission to the Board for approval: August 24, 2023

Revision Information

☐ Applicable ☒ N/A

