



ENN 新奧

新奧能源控股有限公司
ENN Energy Holdings Limited

(Stock code 股份代號: 2688)

負責 Responsibility
可靠 Reliability
韌性 Resilience

INTERIM REPORT 2024
二零二四年中期業績報告

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CORPORATE INFORMATION

Board of Directors**Executive Directors**

Wang Yusuo (Chairman)
 Zhang Yuying (Chief Executive Officer)
 Liu Jianfeng (President)
 Wang Dongzhi (Chief Financial Officer)
 Zhang Jin
 Jiang Chenghong

Non-executive Director

Wang Zizheng

Independent Non-executive Directors

Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *CPA*
 Wong Lai, Sarah *FCCA*

Company Secretary

Leung Mui Yin

Authorised Representatives

Wang Dongzhi
 Zhang Jin

Members of the Audit Committee

Wong Lai, Sarah* *FCCA*
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *CPA*

Members of the Remuneration Committee

Ma Zhixiang*
 Yuen Po Kwong
 Law Yee Kwan, Quinn *CPA*
 Wong Lai, Sarah *FCCA*

Members of the Nomination Committee

Wang Yusuo*
 Zhang Jin
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *CPA*
 Wong Lai, Sarah *FCCA*

Members of the Risk Management Committee

Zhang Yuying*
 Liu Jianfeng
 Wang Dongzhi
 Jiang Chenghong
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *CPA*
 Wong Lai, Sarah *FCCA*

Registered Office

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 Grand Cayman
 KY1-1104
 Cayman Islands

Principal Place of Business in Hong Kong

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 Hong Kong

Head Office in The PRC

Building A, ENN Industrial Park
 Xinyuan DongDao
 Economic and Technological
 Development Zone
 Langfang City
 Hebei Province
 The PRC

Principal Share Registrar and Transfer Office in the Cayman Islands

Suntera (Cayman) Limited
 Suite 3204, Unit 2A
 Block 3, Building D
 PO Box 1586
 Gardenia Court, Camana Bay
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Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong
 Investor Services Limited
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 Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

Stock Exchange Listing

The Stock Exchange of Hong Kong
 Limited

Stock Code

2688

Auditor

Deloitte Touche Tohmatsu
 Registered Public Interest Entity
 Auditor
 35th Floor, One Pacific Place
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Legal Adviser

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Principal Bankers

Bank of China
 Bank of Communications
 China Development Bank
 Corporation
 Citibank
 DBS Bank Limited
 The Hongkong and Shanghai
 Banking Corporation

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* Chairman of the relevant Board committees

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Business Review

In the first half of 2024, China's economy remained stable overall, demonstrating steady progress in transformation and upgrading. The state continued to deepen reforms and vigorously promote high-quality development. New drivers such as advanced manufacturing, green and low-carbon initiatives, and evolving consumption patterns were accelerating, ushering in fresh opportunities for enterprise growth.

The Group proactively seized opportunities and tackled challenges, effectively driving business upgrades in responses to new scenarios and emerging demands. In the first half of the year, the Group's retail gas sales volume reached 12,710 million cubic meters, with a year-on-year increase of 4.5%; the sales volume of integrated energy increased by 26.0% year-on-year to 19,740 million kilowatt-hours; and the gross profit of value added business increased by 23.0%. The Group persistently optimised its earnings structure, observing an 8.6% rise to 87.3% in the proportion of gross profit derived from the sustainable businesses such as natural gas sales business, integrated energy business, and value added business, with core profit from domestic businesses growing by 9.5%. At the same time, we optimised the structure of onshore and offshore debts by reducing the proportion of offshore debts. Interest-bearing debts were reduced to RMB19,825 million, and the consolidated financing cost was 3.4%, facilitating the sustainable development of the business.

The key financial data and operational data of the Group for the period together with the comparative figures for the corresponding period in last year are as follows:

	Six months ended 30 June		Increased/ (Decreased) by
	2024 (unaudited)	2023 (unaudited)	
Key financial data			
Revenue (RMB million)	54,587	54,111	0.9%
Gross profit (RMB million)	6,465	7,157	(9.7%)
Profit attributable to owners of the Company (RMB million)	2,573	3,333	(22.8%)
Core profit from domestic businesses ^Δ (RMB million)	3,080	2,813	9.5%
Basic earnings per share (RMB)	2.29	2.95	(22.4%)
Interim dividend per share (HK\$)	0.65	0.64	1.6%
Key operational data[#]			
Number of city-gas projects in China	260	254	6
Connectable urban population coverage (thousand)	139,960	133,196	5.1%
New natural gas customers developed during the period:			
– residential households (thousand)	775	998	(22.3%)
– C/I customers (sites)	9,544	8,233	15.9%
– installed designed daily capacity for C/I customers (thousand m ³)	7,262	8,359	(13.1%)
Accumulated number of customers:			
– residential households (thousand)	30,537	28,919	5.6%
– C/I customers (sites)	252,712	232,695	8.6%
– installed designed daily capacity for C/I customers (thousand m ³)	208,123	191,685	8.6%

FINANCIAL AND OPERATIONAL
HIGHLIGHTS

	Six months ended 30 June		Increased/ (Decreased) by
	2024 (unaudited)	2023 (unaudited)	
Piped gas penetration rate	65.5%	65.1%	0.4ppt
Retail gas sales volume (million m ³)	12,710	12,162	4.5%
Wholesale of gas volume (million m ³)	3,700	3,665	1.0%
Accumulated number of integrated energy projects in operation	332	252	80
Integrated energy projects under construction	72	62	10
Sales volume of integrated energy (million kWh)	19,740	15,664	26.0%

^Δ Profit attributable to owners of the Company but stripping out related after-tax profits from overseas LNG sales*, other gains and losses (excluding net settlement amount realised from commodity derivative financial instruments and gain on repurchase of senior notes), relevant deferred tax on net unrealised (loss) gain from commodity derivative financial instruments and share-based payment expenses.

* The related after-tax profits from overseas LNG sales (including the net settlement amount realised from commodity derivative financial instruments) amounted to RMB183 million (2023: RMB1,101 million).

The Group's operational data disclosed in the announcement included the data of its subsidiaries, joint ventures and associates.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Highlights

Furthering the application of digital intelligence, consolidating the essential safety, and reinforcing the bedrock of safety

In recent years, the state has given unprecedented attention to the safety of the gas industry, promulgated and implemented a series of measures to strengthen gas safety supervision. In the first half of 2024, the Safety Committee of the State Council organised 22 joint investigation teams, which carried out regular inspections of the gas industry and special inspections to address the root causes of accident.

The Group adheres to the principle of “furthering business development, building up business ecosystem, accelerating intelligent iteration, and enhancing governance in special aspects”, and has established a long-term, effective mechanism for safe operation. It has further clarified 25 action standards and supervision requirements such as third parties’ cross-patrol and monitoring of construction works. It also fully promoted the control of hidden dangers of rubber hoses, non-extinguishing protective stoves and indoor venting water heaters to reduce safety hazards. Meanwhile, the Group stepped up the development of its capability for gas safety with the help of intelligent technology. It deployed intelligent IoT devices in key scenarios such as indoor setting, pipe network, and construction works, in order to detect risks rapidly. It also accurately identified and indicated risks through its intelligent technology capability so as to ensure that key relevant personnel obtain detailed information about risks and the progress in handling them in a timely manner, thereby enabling intelligent closed-loop tracking of risk issues. The Group has ensured that safety issues are “visible, prioritised, and well managed”, and has reinforced the bedrock of safety with intelligent technology.

Natural gas business: growing profit through sales volume, strengthening the fundamentals of natural gas business

In 2024, the global supply and demand of natural gas continued a loose direction. Russian piped gas supply through the eastern boundary between China and Russia increased according to the production plan. The liquefied natural gas (“LNG”) imports maintained a growth momentum. China’s production, supply, storage and sales system continued to be improved, and the “Measures for the Administration of Natural Gas Utilisation” was revised again after 12 years to guide the shift from policy to demand as the driving force of the natural gas market, thus laying the foundation for the healthy development of the natural gas industry. Meanwhile, we have also seen the accelerating coordination between international and domestic natural gas resources, the increased risk of market volatility, and customers’ more obvious demand for low-cost and stable supply.

The Group upholds a customer demand-oriented approach, aiming to grow profit by increasing sales volume and is committed to expanding the scale of customers’ gas consumption. Concerning the development of new customers, through measure such as innovative models and technology applications to expand volume, the Group installed gas appliances with total daily designed capacity of 7.26 million cubic meters for commercial and industrial (“C/I”) customers in the first half of 2024. For example, the utilisation of gas technologies in the textile industry and gas cutting sector achieved a contracted daily capacity of over 200,000 cubic meters. To enhance its services to existing customers, the Group reduced the energy cost for them by implementing a flexible pricing strategy and deploying its diverse resources. For instance, it cooperated with the three major oil companies, benchmarked against alternative energy prices, and further tapped the potential of existing customers such as a petrochemical corporation and a glass enterprise, thereby increasing existing customers’ gas consumption. In terms of cost pass-through, in the first half of 2024, the Group capitalised on the state’s policy of rationalising gas prices for households by proactively adjusting the prices of gas for household consumption and newly added scalable projects such as Quanzhou, Liaocheng and Yancheng to its cost pass-through program. As of the end of July 2024, the cumulative completion rate for gas price adjustment was approximately 59% of residential gas volume.

MANAGEMENT DISCUSSION AND ANALYSIS

On the resource side, the Group succeeded in coordinating international and domestic resources and thus reducing the cost of resource by reaching long-term agreements with international oil companies and the three major oil companies. The gas supply from regular contracts with the three major oil companies in 2024 increased by approximately 1,000 million cubic meters compared to that of the previous year, along with the additional contracted gas supply volume from China National Petroleum Corporation, effectively supplementing resources in Zhejiang, Fujian and Guangdong, etc. The Group also strengthened cooperation with provincial gas companies and local resource suppliers under the current loose supply-demand market conditions to lower the cost of transferring resources. In terms of facilities, 7 new offtake points were obtained in the first half of this year, bringing the total number of the Group's obtained offtake points to 185. The Group also obtained three quotas as a 3A gas transmission agent in the national pipe network. It continued to promote the interconnection of pipe networks, improve its capability to ensure the supply of resources and better deploy such resources across the country. Meanwhile, the Group hedged against risks associated with physical settlement to avoid price volatility risk of international resources, so as to increase the predictability of its natural gas business's profitability. As of 30 June 2024, to minimise the adverse impact brought by the foreign exchange rate risks and commodity price risks involved in the planned trade in the second half of 2024 and 2025, the Group has entered into multiple derivative contracts with a number of financial institutions to stabilise the procurement costs.

In the first half of 2024, the Group completed the installation of gas supply facilities for 775,000 households, and had already signed contracts for the installation of gas supply facilities for more than 700,000 households to be completed by the end of the year. In the second half of the year, the Group will capitalise on the state's policies of guaranteeing the delivery of completed flats, new urbanisation and renovation of old community, by proactively expanding its customer base, exploring the potential of existing household customers, and building up its project pipeline for more business opportunities.

For the six months ended 30 June 2024, the Group achieved a 4.5% year-on-year increase in retail gas sales volume. Revenue and gross profit of its retail gas business increased by 3.0% and 7.4% year-on-year, to RMB30,085 million and RMB3,138 million, respectively. Impacted by the reduction in the international gas sales opportunities, revenue and gross profit of wholesales of gas reduced significantly by 7.5% and 94.8% year-on-year to RMB12,347 million and RMB34 million, respectively. Revenue and gross profit of its construction and installation business decreased by 35.1% and 46.0% year-on-year to RMB1,857 million and RMB824 million respectively.

Integrated energy business: promoting sustainable development of integrated energy business through micro-grid business model

The integrated energy business always puts customer needs first, and practices the Group's concept of integrated energy by implementing the energy-carbon integrated solution. It provides customers with comprehensive energy-carbon services. As the reform of the power generation sector's system deepens, the electrification of end-use consumption accelerates. The Group proactively pursues business development in a way which is best represented by its integrated energy micro-grid model to obtain more rights to supply energy to end users through power distribution facilities of 10 kilovolts and below, and provides customers with services such as multi-faceted "source-generation-network-storage" low carbon solution and multi-category energy services such as gas, electricity, cooling, heating and compressed-air. It also accelerates the conversion and delivery of energy supply projects, thus consistently improving the quality and efficiency of its in-service projects and achieving rapid development in the integrated energy business.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of project development, the Group signed 707 integrated energy projects, including 412 integrated energy micro-grid projects, 4 low-carbon industrial parks, 90 low-carbon buildings and 201 low-carbon factories in the first half of the year. In terms of the delivery and operation of projects, there are currently 72 integrated energy projects under construction, and 36 integrated energy projects which have been completed and put into operation during the period, bringing the total number of integrated energy projects that have been put into operation to 332. The annual energy supply of the projects under construction and those put into operation reached 57.4 billion kilowatt-hours. Meanwhile, the Group continued to improve the operating income of the projects in operation. It formulated differentiated measures to manage the projects under a “red, yellow and green light” classification system, and have reduced costs and increased efficiency by promoting alternative, low-cost heat sources, negotiating for better procurement prices, converting the system to save energy, and conducting precise measurement. The Group also applied intelligent technology tools that could detect real-time data discrepancy and send early warnings in project operation, assisting the integrated energy projects in improving both quality and efficiency and ensuring safe operation.

For the six months ended 30 June 2024, the Group’s integrated energy business recorded a year-on-year increase of 26.0% in sales volume to 19,740 million kilowatt-hours, a year-on-year increase of 17.6% in revenue to RMB8,219 million and a year-on-year increase of 17.0% in gross profit to RMB1,068 million.

Value added Business: Enriching product models and unlocking the value of existing customers

In the first half of 2024, total retail sales of consumer goods increased by 3.7% year-on-year. Both the consumer staples and consumer discretionary sold well. New types of consumption continue to develop, and the proportion of online consumption continues to increase. New types of physical retail outlets also grew well, and services consumption continued to grow rapidly. Meanwhile, in the first half of 2024, a series of policies to stimulate consumption were launched, including the “Action Plan to Promote Large-scale Equipment Renewals and Trade-ins of Consumer Goods” and “Measures for Creating New Consumption Scenarios and Fostering New Growth Points in Consumption”, to further tap the potential of the consumer market.

The Group currently provides gas to more than 30.53 million households. In the first half of the year, despite a downward trend in the net addition of household customers, the Group capitalised on the opportunity of stimulating household consumption by improving its customer service experience and unlocking the value of the existing customers. Since the beginning of the year, the Group has continuously improved core products and services, improved the operation system of its own brand Gratile, and standardised the process of serving households. In addition, it also upgraded its products through intelligentisation for scenarios such as safety, kitchen and community. In the first half of the year, the value added business reached out to over 2.68 million existing customers, resulting in a 32.0% increase in average revenue per household to RMB325.

For the six months ended 30 June 2024, the revenue and gross profit of the Group’s value added business were RMB2,079 million and RMB1,401 million respectively, up by 22.4% and 23.0% year-on-year. We will continue to upgrade its products and services to meet the needs of household customers, and further strengthen the development of the existing customer base to unlock the value of household customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

During the period, the Group solidified the foundation of its natural gas business and accelerated the development of diversified products in alignment with the strategic positioning of “Leveraging intelligent innovation services, we aspire to become a service provider with natural gas business as its foundation to generate multifaceted value for customers”. The earnings structure was further optimised, with the contribution to gross profit from sustained businesses such as natural gas sales business, integrated energy business, and value added business increasing by 8.6% to 87.3%. The Group recorded a revenue of RMB 54,587 million, increased by 0.9% year-on-year. Affected by a significant reduction in international market opportunities and sluggish domestic real estate impacted on the construction and installation business, the overall gross profit decreased 9.7% year-on-year to RMB6,465 million, and the gross profit margin decreased 1.4 percentage points to 11.8%.

In order to mitigate foreign exchange fluctuations, the Group further increased foreign exchange hedging during the period to reduce the impact of exchange rate fluctuation on its financial results. Despite the global inflationary pressure, the Group successfully maintained effective cost control during the period. The ratio of selling and administrative expenses to revenue decreased slightly by 0.1 percentage points to 4.7%. Moreover, the profit contributed by associates and joint ventures to the Group improved in the first half of 2024 thanked to the ongoing implementation of cost pass-through policy.

Taking all the above factors into consideration, profit attributable to the owners of the Company and basic earnings per share amounted to RMB2,573 million and RMB2.29 respectively, representing a year-on-year decrease of 22.8% and 22.4% respectively. Stripping out the impact of the related after-tax profits from overseas LNG business, other gains and losses (excluding net settlement amount realised from commodity derivative financial instruments and gain on repurchase of senior notes), deferred tax arose from net unrealised (loss) gain of commodity derivative financial instruments and share-based payment expenses amounted to RMB507 million, core profit from domestic business increased by 9.5% to RMB3,080 million.

During the period, the Group adopted prudent financial management and managed its expenditures well to ensure smooth cash flow. For the six months ended 30 June 2024, the Group’s operating cash inflow was RMB3,266 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources Review

Financial Resources and Liquidity

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

As at 30 June 2024, the cash, current and non-current debts of the Group are as follows:

	30 June 2024	31 December 2023	Increased/ (Decreased) by
	RMB million	RMB million	RMB million
Bank balances and cash (excluding restricted bank deposits)	8,071	9,689	(1,618)
Long-term debts (including bonds)	14,253	13,156	1,097
Short-term debts	5,572	8,767	(3,195)
Total debts	19,825	21,923	(2,098)
Net debts¹	11,754	12,234	(480)
Total equity	48,294	48,262	32
Net gearing ratio²	24.3%	25.3%	(1ppt)
Net current liabilities	8,585	8,548	37

Working Capital Management

During the period, the Group adhered to the principle of ecological win-win situation and cooperated with ecological partners to overcome the difficult times. The Group managed its receivables, payables and inventory turnover days strictly to within its healthy range, which were 14 days, 22 days and 7 days respectively for the six months ended 30 June 2024, with no material changes. Due to stable operating cashflows and ample cash on hand within the Group, a portion of the funds during the period were allocated to reduce debts. As at 30 June 2024, the Group maintained a cash position with bank balances and cash (excluding restricted bank deposits) totaling RMB8,071 million, reflecting a decrease of RMB1,618 million compared to the balance as at the end of last year.

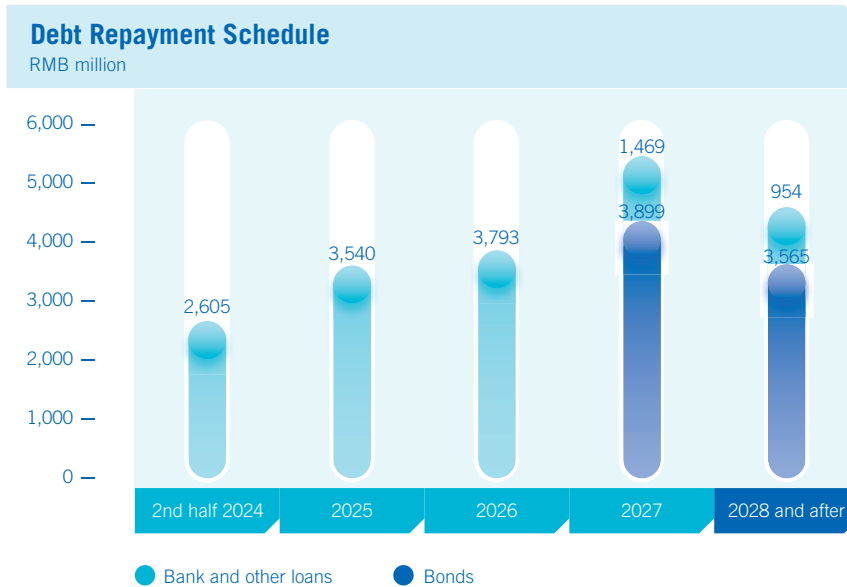
¹ Net debts = Total debts – Bank balances and cash (excluding restricted bank deposits)

² Net gearing ratio = Net debts/Total equity

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings Structure

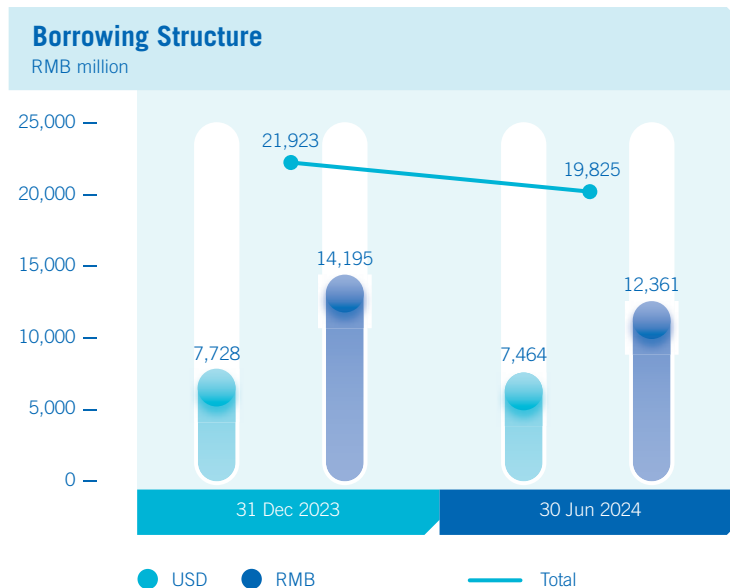
As at 30 June 2024, the total borrowing amount of the Group was equivalent to RMB19,825 million, a decrease of RMB2,098 million compared to the end of last year. This decrease was mainly due to the repayment of its loans and the repurchase of USD45 million of the Company's US dollar bonds in the secondary market during the period. Approximately 62.9% (31 December 2023: 70.2%) of total debts carry a fixed interest rate. The Group's net debt ratio as at 30 June 2024, decreased by 1 percentage point to 24.3% compared to the end of last year. The debt structure has become more stable and healthy. The Group is dedicated to achieving a balance between loan maturity and financing costs.



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk management

As at 30 June 2024, the principal amount of the Group's borrowings denominated in foreign currencies amounted to USD1,055 million (31 December 2023: USD1,100 million), equivalent to approximately RMB7,464 million (31 December 2023: RMB7,728 million), accounting for approximately 37.6% (31 December 2023: 35.3%) of the total debts, and all were long-term US dollar bonds. For the US dollar bonds, the Group has hedged borrowing principal amounting to USD880 million (31 December 2023: USD440 million), achieving a hedging ratio of 83.4% (31 December 2023: 40.0%) for long-term USD debt.



In view of the ongoing fluctuations in exchange rate for RMB to foreign currencies applicable to the Group, the Group will maintain a vigilant and closely monitor the foreign exchange market. Depending on needs, the Group will use foreign currency derivative contracts as deemed appropriate to mitigate the impact on its financial results.

Net Current Liabilities

The Group's current liabilities mainly include a large amount of receipts in advance of gas fee, and construction and installation contracts. These funds are stable and will normally not be returned, therefore the Group has invested the funds in development of new businesses and maintained a reasonable cash level, resulting in net current liabilities amounted to approximately RMB8,585 million as at 30 June 2024, with no material changes as compared to last year end. As the Group has stable operating cash flow, high quality current assets and good credit ratings, plus sufficient cash on hand and unutilised banking facilities, the Group is able to meet its working capital requirements and future capital expenditure.

MANAGEMENT DISCUSSION AND ANALYSIS

Charge on Assets

As at 30 June 2024, the Group pledged certain assets as securities for bank and other loans, bill facilities and contracts granted to the Group, in the ordinary course of business, details are set out in Note 20 to the condensed consolidated financial statements.

Significant Investments, Acquisitions and Disposals

The Group did not have any material investments held, nor material acquisition and disposal of subsidiaries, associates and affiliated companies during the period. Details of disposal of subsidiaries during the period are set out in Note 25 to the condensed consolidated financial statements.

As at the date of this report, the Group has no plans for other material investments or additions of capital assets apart from those disclosed in Note 27 to the condensed consolidated financial statements which will be financed by internal resources.

Material Events After the Reporting Date or Contingent Liabilities

There were no material events which casted material impact on the Group since the end of the reporting period, and the Group has no material contingent liabilities as at 30 June 2024.

Sustainable Development

In the first half this year, the Company successfully joined the United Nations Global Compact (UN Global Compact), demonstrating the firm commitment of Chinese enterprises to implementing sustainable development.

With ongoing exploration in the realm of sustainable development, the Group has passed a new milestone. In July 2024, the Group was included in the S&P Global “Sustainability Yearbook (China Edition) 2024” in recognition of its status as a pioneer in the gas utility sector, and was rated among the top 5% of Chinese companies in the S&P Global ESG scoring. Additionally, the Company was awarded the title of “Industry’s Best Progressive Enterprise”. This accolade fully acknowledges the Company’s philosophy and practice of sustainable development and further solidifies the Group’s resolve and confidence in creating a green, low-carbon ecosystem.

Moreover, the Group is dedicated to achieving its own net zero emissions while endeavoring to provide clean, low-carbon development services to our customers. In the first half of 2024, the Company initiated the relevant works to update the Decarbonisation Action 2030, systematically reviewing the emission reduction strategies implemented across our core businesses of the Group over the past three years, and low-carbon product bundles, clean energy solutions, and intelligent energy management tools for our customers. The Company plans to publish an updated Decarbonisation Action 2030 in November 2024, enabling investors and other stakeholders to grasp the Group’s net zero emissions pathway, thereby further enhancing the Company’s corporate reputation and leadership in sustainable development.

Ratings and Capital Market Recognition

During the period, the Company’s credit rating from Standard & Poor’s, Moody’s and Fitch maintained at “BBB+”, “Baa1” and “BBB+” respectively, with a “stable” outlook. These reaffirm our solid business foundation and robust financial position, showcasing our resilience.

MANAGEMENT DISCUSSION AND ANALYSIS

In the selection of “2024 All-Asia (Ex-Japan) Executive Team” organised by Institutional Investor, an authoritative international financial magazine, the Group won eight awards, including the “Best CEO”, “Best CFO”, “Best ESG Program”, and “Best IR Program”, which once again served as testaments to the capital market’s recognition of the Group’s management team, its efforts in investor relations, environmental, social and governance practices. The “Asia’s Best Management Team Ranking”, known as the “Oscar Awards in the capital market”, is one of the most authoritative rankings in the international capital market. The winners are voted for entirely by financial professionals. A total of 4,943 buy-side investors and 951 sell-side analysts casted their votes this year.

Human Resources

The Group had over 34,698 employees as at 30 June 2024 (30 June 2023: 34,567) based mainly in mainland China. The Group determines remuneration based on individual performance, job nature and responsibilities involved. The Group provides on-the-job training as well as optimal benefits packages for the employees, including medical welfare, retirement plans, year-end bonuses and other incentives. The Group has established share-based compensation schemes designed to motivate and reward selected employees achieve the Group’s business performance targets. The Group has no material change on the above employee compensation arrangement and remuneration during the period. The Group also encourages employees to work and rest in an orderly manner, and adopt a work-life balance.

Outlook

The 20th Central Committee of the Communist Party of China held its Third Plenary Session, pushing forward comprehensive reform and promoting high-quality economic development. New quality productive forces are accelerating the transformation of traditional industries and the development of new industries. Looking ahead, urbanisation will shift from rapid expansion in scale to enhancing the quality and standard of urbanisation, driving the economy to achieve effective quality improvement and reasonable growth in scale. Industrialisation will be further upgraded to high-end, intelligent, and green development, driving natural gas and renewable energy to complement each other and deeply integrate, forming a more advanced energy system with a greener structure, greater resilience and more flexible mechanisms.

The Group will make the most of the opportunities presented by economic development, focus on the needs of families and enterprises, and continue to create value for customers through its diverse products. The gas sales business will continue to cultivate customers and expand gas sales volume and, through the coordination of international and domestic resources, optimise its product portfolio, reduce procurement costs, and grow its profit by increasing the sales volume. The integrated energy business will obtain business on a large scale through its micro-grid model and tap the huge industrial and commercial customer base by providing carbon management services and increase value through the increment in business. The value added business will capitalise on intelligence to enhance service capabilities, continuously meet customer needs, and unlock more value for consumer market potential. Through sustainable business development and stable cash flow, the Group will continue to deliver better returns for its investors.

DIVIDEND

Interim Dividend and Closure of Register of Members

The board of directors of the Company (the “Board”) announces the payment of an interim dividend of HK\$0.65 (equivalent to approximately RMB0.59) per share (30 June 2023: HK\$0.64 (equivalent to approximately RMB0.59) per share) payable to shareholders of the Company whose names are on the register of members on Tuesday, 5 November 2024, the payout ratio is approximately 21% of the Group’s core profits³ of RMB3,263 million for the period, and is expected to be paid to the shareholders on or before Friday, 29 November 2024.

a. Closure of Register of Members

For the determination of entitlement to the interim dividend of shareholders, the register of members of the Company will be closed on the day of Tuesday, 5 November 2024 and no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 4 November 2024.

b. Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprises in respect of the 2024 Interim Dividend

According to the “Notice Regarding Matters on Determination of Tax Residence Status of Chinese-Controlled Offshore Incorporated Enterprises under Rules of Effective Management”, the Enterprise Income Tax Law (the “EIT Law”) of the People’s Republic of China (“PRC”) and Detailed Rules for the Implementation of the EIT Law, the Hebei Provincial Tax Service of the State Administration of Taxation of the PRC confirmed that the Company is treated as a Chinese resident enterprise, with effect from 2022. Accordingly, when the Company distributes the 2024 interim dividend to non-resident enterprise shareholders, it shall withhold and pay 10% of the enterprise income tax.

If any resident enterprise listed on the Company’s register of members does not desire to have the Company withholding and paying the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay the enterprise income tax in respect of the dividends that it is entitled to, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Monday, 4 November 2024.

For non-resident enterprises, please refer to the Company Information Sheet published by the Company on 30 June 2022 for details on withholding tax.

³ Referred to core profits from domestic business plus the relevant after-tax profit from oversea LNG sales.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to high-quality corporate governance practices, so the Board and the management of the Company have been continuously reviewing and enhancing the corporate governance practices with reference to local and international standards. Since its listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company has adopted the Code of Corporate Governance (the “CG Code”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the main guideline for corporate governance practices. The Company also continues to monitor developments in the arena of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the rapidly changing business environment and to meet the expectations of stakeholders. The Company values shareholders’ opinion, chairman of the Board and chairman of the Board committees attended the Company’s annual general meeting (the “AGM”) held on 31 May 2024 to answer the questions raised by shareholders.

To the knowledge of the Board, the Company has complied with the Code Provisions set out in the CG Code as contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

Environmental, Social and Governance Responsibilities

For the first half of the year, the Group has always adopted a proactive approach to Environmental, Social and Governance (“ESG”) responsibilities and has established an ESG Committee comprising six directors currently to review, formulate and update the Group’s ESG policies and practices so as to achieve the Company’s long-term ESG goals. The Company is committed to improving the management of ESG, actively responding to the topics concerned by the capital market, and constantly integrating ESG culture and strategies into its daily operation. During the period, MSCI, a prestige ESG rating agency, continued to maintain the Company’s ESG rating at AA. In addition, the Group also formulated a policy in 2021 that unless there is a special reason or the low attendance rate due to a small number of meetings, the attendance rate of the directors in the Board meetings and committee meetings of the Company should not be less than 75%, which is to ensure that the directors devote sufficient time to the Company’s affairs. The attendance rate of each director of the Company met the requirements of the policy for the six months ended 30 June 2024.

Audit Committee

The Company established an Audit Committee in accordance with requirements under the Listing Rules for the purpose of reviewing with the management the accounting principles and practices adopted by the Group and discuss auditing, internal control, risk management and financial reporting matters. The Audit Committee also maintains an appropriate relationship with the Company’s independent auditor and provides advice and comments to the Board.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Deloitte Touche Tohmatsu, the Company's independent auditor, has carried out a review of the unaudited interim financial report of the Group for the six months ended 30 June 2024 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Company's Audit Committee meeting was held on 21 August 2024 to review the Group's unaudited interim results and interim financial report for the six months ended 30 June 2024.

The re-appointment of Deloitte Touche Tohmatsu as the Company's independent auditor for the financial year ending 31 December 2024 was approved by shareholders with support of over 98% of the votes at the AGM.

Board of Directors

As at 30 June 2024, the composition of the Board is set out below:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. Wang Yusuo (Chairman)	Mr. Wang Zizheng	Mr. Ma Zhixiang
Mr. Zhang Yuying (Chief Executive Officer)		Mr. Yuen Po Kwong
Mr. Liu Jianfeng (President)		Mr. Law Yee Kwan, Quinn
Mr. Wang Dongzhi (Chief Financial Officer)		Ms. Wong Lai, Sarah
Ms. Zhang Jin		
Mr. Jiang Chenghong		

The directors of the Company subject to re-election at the 2024 AGM, namely Mr. Wang Yusuo, Mr. Zhang Yuying, Mr. Wang Dongzhi, Ms. Zhang Jin, Mr. Jiang Chenghong, Mr. Wang Zizheng, Mr. Law Yee Kwan, Quinn and Ms. Wong Lai, Sarah all had majority votes for their re-election as directors in the AGM.

Changes in Information of Director

No changes in information of the directors of the Company that is required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of the Company's 2023 Annual Report.

Compliance with the Model Code

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the directors of the Company. In response to a specific enquiry by the Company, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code and its code of conduct during the six months ended 30 June 2024.

Senior management and staff who, because of their office in the Company, are likely to be in possession of inside information (which term shall bear the same meaning as in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) of the Company, have also been requested to comply with the provisions of the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Disclosure of the Directors' Interests

Directors' interests and short positions in shares, underlying shares and debentures

As at 30 June 2024, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, were as follows:

(a) The Company

Name of Director	Capacity	Personal interests	Corporate interests	Interests in share options	Interest in Awarded Shares (Note 2)	Total interests	Approximate percentage of the Company's total issued share capital
Wang Yusuo ("Mr. Wang")	Beneficial owner and interest of controlled corporation	–	385,114,034 (Note 1)	320,000	–	385,434,034	34.07%
Zhang Yuying	Beneficial owner	10,000	–	80,925	80,000	170,925	0.02%
Liu Jianfeng	Beneficial owner	40,600	–	60,000	120,000	220,600	0.02%
Wang Dongzhi	Beneficial owner	14,800	–	106,700	–	121,500	0.01%
Zhang Jin	Beneficial owner	–	–	115,000	–	115,000	0.01%
Jiang Chenghong	Beneficial owner	–	–	124,500	–	124,500	0.01%
Wang Zizheng	Beneficial owner	–	–	120,000	–	120,000	0.01%
Ma Zhixiang	Beneficial owner	–	–	60,000	–	60,000	0.01%
Yuen Po Kwong	Beneficial owner	–	–	60,000	–	60,000	0.01%
Law Yee Kwan, Quinn	Beneficial owner	–	–	44,000	–	44,000	0.00%

Notes:

- Such shares are beneficially owned by Mr. Wang and Ms. Zhao Baoju ("Ms. Zhao"), the spouse of Mr. Wang through their controlled corporations, including ENN Yingchuang Technology Co., Ltd. ("EYCT"), Langfang City Natural Gas Company Limited ("LCNG"), ENN Capital Management Co., Ltd. ("ECM"), ENN Investment Holdings Company Limited ("EIH"), ENN Group International Investment Limited ("EGII"), ENN Natural Gas Co., Ltd. ("ENN-NG"), Xinneng (Hong Kong) Energy Investment Limited ("Xinneng HK"), Surging Strength Capital Company Limited and Jade Elephant Investment Company Limited.
- Awarded Shares refer to shares of the Company granted under Share Award Scheme adopted by the Company on 30 November 2018.
- As at 30 June 2024, the Company had 1,131,222,275 shares in issue.

Details of the directors' interests in share options and Awarded Shares granted by the Company are set out under the heading "Share-based Compensation Scheme" in this report.

CORPORATE GOVERNANCE AND
OTHER INFORMATION**Disclosure of the Directors' Interests** *(continued)***Directors' interests and short positions in shares, underlying shares and debentures** *(continued)**(b) The shares of the associated corporation*

Company Name	Name of Director	Capacity	Number of shares	Subscribed share capital RMB	Percentage of share capital
EYCT*	Mr. Wang	Beneficial owner (Note 1)	–	50 million	100%
LCNG*	Mr. Wang	Beneficial owner and interest of controlled corporation (Note 1)	–	123 million	100%
ECM*	Mr. Wang	Interest of controlled corporation	–	1,200 million	100%
EIH*	Mr. Wang	Beneficial owner and interest of controlled corporation (Note 1)	8,000,000,000	–	100%
EGII	Mr. Wang	Interest of controlled corporation	1,000	–	100%
ENN-NG	Mr. Wang	Beneficial owner and interest of controlled corporation	2,243,499,808	–	72.41%
Xinneng HK	Mr. Wang	Interest of controlled corporation	2,132,377,984	–	72.41%
Beijing Xinyi Aite Culture and Technology Company Limited*	Mr. Wang	Beneficial owner and interest of controlled corporation	–	800 million	80%
Xinyi Theater (Langfang) Culture Development Company Limited*	Mr. Wang	Beneficial owner and interest of controlled corporation	–	10 million	100%
ENN Group Co., Ltd.*	Mr. Wang	Beneficial owner and interest of controlled corporation	7,476,603,935	–	99.69%
Yicheng Yijia Internet Technology Company Limited*	Wang Zizheng	Beneficiary of a trust	–	6.93 million	1%

CORPORATE GOVERNANCE AND
OTHER INFORMATION

Disclosure of the Directors' Interests *(continued)*

Directors' interests and short positions in shares, underlying shares and debentures *(continued)*

(b) The shares of the associated corporation (continued)

Company Name	Name of Director	Capacity	Number of shares	Subscribed share capital RMB	Percentage of share capital
Xin'ao Data IT Company Limited*	Wang Zizheng	Beneficial owner and interest of controlled corporation	–	80 million	40%
ENN-NG	Zhang Yuying	Beneficial owner (Note 2)	375,000	–	0.01%
ENN-NG	Liu Jianfeng	Beneficial owner (Note 2)	75,000	–	0.00%
ENN-NG	Wang Dongzhi	Beneficial owner (Note 2)	600,000	–	0.02%
ENN-NG	Jiang Chenghong	Beneficial owner (Note 2)	857,568	–	0.03%
ENN-NG	Zhang Jin	Beneficial owner (Note 2)	382,500	–	0.01%

* For identification purpose only

Notes:

- Such shares are beneficially owned by Mr. Wang and Ms. Zhao.
- Such interests refer to the restricted ordinary shares of ENN-NG granted and to be issued to them pursuant to the restricted share award scheme adopted by the company on 26 March 2021. These restricted ordinary shares are subject to the restrictions on sale of the scheme and shall be lifted in batches according to the relevant terms after meeting the conditions for lifting the restrictions. Details of the scheme are set out in the announcements of ENN-NG (stock code: 600803.SH) published on the Shanghai Stock Exchange on 21 January 2021, 9 February 2021 and 27 March 2021 respectively.

(c) The debenture of the Company

Name of the Debenture	Name of Director	Capacity	Capital USD
2.625% Green Senior Notes Due 2030 (Stock Code: 40383)	Mr. Wang (Note)	Interest of controlled corporation	30,024,000

Note: Such debentures are beneficially owned by Mr. Wang, through his controlled corporations, including EYCT, LCNG, ECM, EIH, EGII, ENN-NG and Xinneng HK.

Save as disclosed above, as at 30 June 2024, there were no other interests or short positions of the directors and chief executives in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) in the register maintained by the Company pursuant to section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules.

Share-based Compensation Scheme

The Company operates share option schemes (“Share Option Schemes”) and share award scheme (“Share Award Scheme”) for the purpose of attracting, retaining and incentivising major employees. The eligible persons for the schemes are employees (including directors) and business consultants who contributed to the success of the Group. The Company has also formulated Shares and Options Management Regulations as the Company’s management guidelines for granting share options and Awarded Shares. The purpose of this management regulations refers to the implementation of the Company’s concept of value sharing, co-creation and sharing, aligning the interests of selected persons and shareholders, focusing on the Company’s medium and long-term business, and promoting the long-term sustainable development of the group. The Board may, depending on the circumstances, impose any conditions, restrictions or limitations it may at its absolute discretion think fit when making an offer. With regard to the Share Option Schemes, grantees have a period of 28 days from the proposed grant date to accept the share options. Upon acceptance, grantees are required to pay HK\$1 to the Company. Grantees who intend to accept the Awarded Shares from the Company submit the acceptance form within 5 business days from the proposed grant date.

The number of share options granted to employees (including directors) and business consultants under the Share Option Schemes depends on their roles. Three to four years as a cycle, and the granted share options would be vested equally in three or four years. If the roles of the employees (including directors) and business consultants granted during the cycle are adjusted or their evaluation results exceed expectations or there are newly selected participants, the Company may grant them Awarded Shares as a supplement, the vesting conditions and mechanisms will be consistent with the Share Option Schemes. The chairman of the Board and non-executive directors of the Company do not have performance targets, but they must be remained employed by the company by the time of vesting. Moreover, other directors and employees are subject to performance targets. The performance targets cover both financial indicators and non-financial indicators, among them, financial indicators mainly include sales revenue, net profit, and per capita profit, while non-financial indicators include sales volume, capacity building, industrial coordination, risk management and control. Those performance targets are formulated and allocated based on the Group’s long-term development goals, annual guidance and prioritised works. The performance target is set at the beginning of each year and strictly appraised at the beginning of the following year. In case of failure to meet the performance targets, unless in the discretion of the Board, the share options would be lapsed.

The Company’s Shares and Options Management Regulations has a return/withdrawal mechanism. The regulations state that if the grantee makes mistakes, errors, omissions, breaks rules or commits frauds during the performance of his duties, depending to the extent of loss brought to the Company and the seriousness, to decide whether to take action to return/withdraw current year’s or unvested share options and/or Awarded Shares. In addition, the share options and/or Awarded Shares may be lapsed for other reasons such as resignation, dismissal and job re-designation.

CORPORATE GOVERNANCE AND
OTHER INFORMATION**Share-based Compensation Scheme** *(continued)***Share Option Scheme***2012 Scheme*

The Company has adopted the “2012 Scheme” of the Share Option Scheme pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 26 June 2012. Pursuant to the 2012 Scheme, the Company granted 12,000,000 share options (“2012 Scheme – Batch 1”) and 12,328,000 share options (“2012 Scheme – Batch 2”) on 9 December 2015 and 28 March 2019 respectively to employees (including directors) and business consultants who contributed to the success of the Group.

The 2012 scheme was early terminated by passing an ordinary resolution at the AGM held on 18 May 2022. Thereunder, no further options will be granted under the 2012 Scheme; however, the rules of the 2012 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2012 Scheme. Therefore, the termination of the 2012 Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the 2012 Scheme and the below outstanding options granted under the 2012 Scheme shall continue to be subject to the provisions of the 2012 Scheme.

The following table discloses details of the Company’s share options held by the employees (including directors), business consultants and other eligible participants and their movement in such holdings under the 2012 Scheme during the period:

Scheme/Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Outstanding	Exercised during the period (Note 5)	Lapsed during the period	Outstanding
				as at 1 January 2024			as at 30 June 2024 (Note 4)
2012 Scheme – Batch 1							
Directors	09.12.2015	01.04.2017–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2018–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2019–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2020–08.12.2025	40.34	15,525	–	–	15,525
Employees	09.12.2015	01.04.2017–08.12.2025	40.34	68,250	–	–	68,250
	09.12.2015	01.04.2018–08.12.2025	40.34	94,724	(2,900)	–	91,824
	09.12.2015	01.04.2019–08.12.2025	40.34	141,650	–	–	141,650
	09.12.2015	01.04.2020–08.12.2025	40.34	317,986	–	–	317,986
Sub-total				683,135	(2,900)	–	680,235

CORPORATE GOVERNANCE AND
OTHER INFORMATION**Share-based Compensation Scheme** (continued)**Share Option Scheme** (continued)

2012 Scheme (continued)

Scheme/Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Outstanding as at 1 January 2024	Exercised during the period (Note 5)	Lapsed during the period	Outstanding as at 30 June 2024 (Note 4)
2012 Scheme – Batch 2							
Directors	28.3.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	15,000
	28.3.2019	01.04.2021–27.03.2029	76.36	113,500	–	–	113,500
	28.3.2019	01.04.2022–27.03.2029	76.36	371,200	–	–	371,200
	28.3.2019	01.04.2023–27.03.2029	76.36	530,900	–	–	530,900
Employees	28.3.2019	01.04.2020–27.03.2029	76.36	153,800	–	–	153,800
	28.3.2019	01.04.2021–27.03.2029	76.36	1,028,075	–	–	1,028,075
	28.3.2019	01.04.2022–27.03.2029	76.36	1,352,574	–	–	1,352,574
	28.3.2019	01.04.2023–27.03.2029	76.36	1,560,392	–	–	1,560,392
Business Consultants	28.3.2019	01.04.2020–27.03.2029	76.36	65,500	–	–	65,500
	28.3.2019	01.04.2021–27.03.2029	76.36	104,000	–	–	104,000
	28.3.2019	01.04.2022–27.03.2029	76.36	117,500	–	–	117,500
	28.3.2019	01.04.2023–27.03.2029	76.36	104,000	–	–	104,000
Other eligible participants (Note 3)	28.3.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	15,000
	28.3.2019	01.04.2021–27.03.2029	76.36	15,000	–	–	15,000
	28.3.2019	01.04.2022–27.03.2029	76.36	15,000	–	–	15,000
	28.3.2019	01.04.2023–27.03.2029	76.36	15,000	–	–	15,000
Sub-total				5,576,441	–	–	5,576,441
Total				6,259,576	(2,900)	–	6,256,676

Notes:

- The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- “Period” refers to the period from 1 January 2024 to 30 June 2024.
- Such share options are owned by a resigned employee (also a former director) of the Company, the exercise period has been extended to 27 March 2029 by the Board.
- As at 30 June 2024, a total number of 6,256,676 shares, representing 0.56% of the weighted average number of the issued shares of the Company, are available for issue under the 2012 Scheme. Except the Chairman of the Board and the independent non-executive directors, the vesting of certain part of the share options is subject to the fulfilment of performance target.
- The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised is approximately HK\$67.65. During the period, the Company has received a total of HK\$116,986 from the exercise of the share options by the grantees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share-based Compensation Scheme *(continued)*

Share Option Scheme *(continued)*

2022 Scheme

The Company has adopted the “2022 Scheme” of the Share Option Schemes pursuant to an ordinary resolution passed at an AGM of the Company held on 18 May 2022. The 2022 Scheme will remain in force for 10 years. As at 30 June 2024, the remaining life of the 2022 Scheme is approximately 7.8 years. The Company may grant up to 56,507,503 share options, representing 5% of the weighted average number of the issued shares of the Company, under the 2022 Scheme. The maximum entitlement of share options each participant under 2022 Scheme, within any 12-month period up to and including the date of grant, would result in the aggregated number of Shares issued and to be issued upon exercise of the share options already granted and to be granted to such participant not exceeding 1% or 0.1% (depending on the participant) of the Shares in issue for the time being. Otherwise, any further grant of share options must be approved by the Shareholders in general meeting. As at 30 June 2024, the Company has not granted any share options pursuant thereto.

Directors' rights to acquire share

Pursuant to the above Share Option Scheme, the Company has granted rights to subscribe for the Company's ordinary shares in favour of certain directors of the Company. The interest of each director and chief executive in the share options of the Company as at 30 June 2024 were as follows:

Name of director	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Outstanding as at 1 January 2024	Exercised during the period (Note 2)	Lapsed during the period (Note 2)	Outstanding as at 30 June 2024
Wang Yusuo	28.03.2019	01.04.2022–27.03.2029	76.36	160,000	–	–	160,000
	28.03.2019	01.04.2023–27.03.2029	76.36	160,000	–	–	160,000
Zhang Yuying (Note 3)	09.12.2015	01.04.2020–08.12.2025	40.34	525	–	–	525
	28.03.2019	01.04.2022–27.03.2029	76.36	13,700	–	–	13,700
	28.03.2019	01.04.2023–27.03.2029	76.36	66,700	–	–	66,700
Liu Jianfeng (Note 3)	28.03.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	15,000
	28.03.2019	01.04.2021–27.03.2029	76.36	15,000	–	–	15,000
	28.03.2019	01.04.2022–27.03.2029	76.36	15,000	–	–	15,000
	28.03.2019	01.04.2023–27.03.2029	76.36	15,000	–	–	15,000
Wang Dongzhi (Note 3)	28.03.2019	01.04.2023–27.03.2029	76.36	106,700	–	–	106,700
Zhang Jin (Note 3)	28.03.2019	01.04.2021–27.03.2029	76.36	5,000	–	–	5,000
	28.03.2019	01.04.2022–27.03.2029	76.36	55,000	–	–	55,000
	28.03.2019	01.04.2023–27.03.2029	76.36	55,000	–	–	55,000
Jiang Chenghong (Note 3)	28.03.2019	01.04.2021–27.03.2029	76.36	29,500	–	–	29,500
	28.03.2019	01.04.2022–27.03.2029	76.36	47,500	–	–	47,500
	28.03.2019	01.04.2023–27.03.2029	76.36	47,500	–	–	47,500

Share-based Compensation Scheme (continued)**Directors' rights to acquire share** (continued)

Name of director	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Outstanding as at 1 January 2024	Exercised during the period (Note 2)	Lapsed during the period (Note 2)	Outstanding as at 30 June 2024
Wang Zizheng	09.12.2015	01.04.2017–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2018–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2019–08.12.2025	40.34	15,000	–	–	15,000
	09.12.2015	01.04.2020–08.12.2025	40.34	15,000	–	–	15,000
	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	20,000
Ma Zhixiang	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	20,000
Yuen Po Kwong	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	20,000
Law Yee Kwan, Quinn	28.03.2019	01.04.2021–27.03.2029	76.36	4,000	–	–	4,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	20,000
	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	20,000
Total				1,091,125	–	–	1,091,125

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- "Period" refers to the period from 1 January 2024 to 30 June 2024.
- The vesting of share options is subject to the fulfilment of performance target.

Save as disclosed above, no share option was granted, exercised, lapsed or cancelled during the period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share-based Compensation Scheme *(continued)*

Share Award Scheme

On 30 November 2018, the Company adopted the Share Award Scheme under which the shares of the Company may be granted to selected employees (including but not limited to, any executive directors and non-executive directors) of any members of the Group (the “Selected Employees”) pursuant to the terms of the Share Award Scheme and the trust deed of the Share Award Scheme. As discussed above, the Share Award Scheme is mainly used as a supplement to the Share Option Schemes. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from the date. As at 30 June 2024, the remaining life of the Share Award Scheme is approximately 4.3 years.

The aggregate number of Awarded Shares permitted to be granted under the Share Award Scheme is limited to 5% of the issued share capital of the Company from time to time. The maximum number of Awarded Share which may be awarded to each Selected Employee shall not in aggregate over 1% of the issued share capital of the Company from time to time.

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee of the Company’s Share Award Scheme (the “Trustee”) shall transfer the relevant Awarded Shares to that employee at once.

As at 30 June 2024, there were 10,534,600 Awarded Shares of the Company held in the trust under the Share Award Scheme, approximately 0.93% of the issued share capital of the Company. As at 30 June 2024, the Company has cumulatively granted notional gain of 928,600 Awarded Shares to certain outperformed employees. The Award Prices were also HK\$76.36, and the vesting of the notional gains (if any) were subject to the fulfillment of their respective performance targets.

The following table discloses details of the Company’s Awarded Shares held by the Selected Employees (including directors) and other eligible participants and their movement in such holdings during the period:

Grantee	Financial year to which the performance targets relate		Award price (HK\$) (Note 2)	Outstanding	Granted	Vested	Lapsed	Outstanding
	Exercise Period			as at 1 January 2024	during the period	during the period	during the period	as at 30 June 2024
	(Note 1)	(Note 3)				(Note 4)		
Directors	2020	01.04.2021–27.03.2029	76.36	40,000	–	–	–	40,000
	2021	01.04.2022–27.03.2029	76.36	80,000	–	–	–	80,000
	2022	01.04.2023–27.03.2029	76.36	80,000	–	–	–	80,000
Employees	2020	01.04.2021–27.03.2029	76.36	84,500	–	–	–	84,500
	2021	01.04.2022–27.03.2029	76.36	81,500	–	–	–	81,500
	2022	01.04.2023–27.03.2029	76.36	65,000	–	–	–	65,000
Other eligible participants (Note 6)	2020	01.04.2021–11.12.2024	76.36	5,000	–	–	–	5,000
	2021	01.04.2022–11.12.2024	76.36	120,000	–	–	–	120,000
	2022	01.04.2023–11.12.2024	76.36	120,000	–	–	–	120,000
Total				676,000	–	–	–	676,000

Share-based Compensation Scheme *(continued)***Share Award Scheme** *(continued)*

Notes:

- Such Awarded Shares were granted during the period from 2 September 2020 to 5 March 2021 to employees (including directors of the Company), which were intended to recognise the role changes and/or outstanding performance of existing grantees under the 2012 Scheme – Batch 2, as well as to include newly selected participants during that grant cycle. As Awarded Shares act as a supplement to Share Option Schemes, multiple grants may occur during the financial year, however the financial year to which the performance targets relate is consistent with respect to the Share Option Schemes.
- The award price is the exercise price of vesting the Awarded Shares by the Selected Employees, which is consistent with the exercise price of share options granted in 2012 Scheme – Batch 2.
- Notional gains of the Awarded Shares can be vested to the grantees as early as on 1 April in the year following the financial year to which the respective performance conditions relate, or they can opt for deferral of vesting of the notional gains which should not be later than 27 March 2029. Hence, the vesting periods of these Awarded Shares are from the date of grant to the respective vesting dates.
- Notional gains vested during the period were paid out of the funds in the designated account under the Share Award Scheme.
- “Period” refers to the period from 1 January 2024 to 30 June 2024.
- Such Awarded Shares are all owned by a resigned employee (also a former director) of the Company, which the exercise period has been extended to 11 December 2024 by the Board.
- No Award Shares were cancelled, and no Awarded Shares were granted or vested by the Company under the Scheme during the period.

The interest of each director and chief executive in the Awarded Shares of the Company as at 30 June 2024 were as follows:

Grantee	Financial year to which the performance targets relate		Award price (HK\$)	Outstanding as at 1 January 2024	Granted during the period (Note 1)	Vested during the period (Note 1)	Lapsed during the period (Note 1)	Outstanding as at 30 June 2024
	Exercise period (Note 3)							
Zhang Yuying (Note 2)	2021	01.04.2022–27.03.2029	76.36	40,000	–	–	–	40,000
	2022	01.04.2023–27.03.2029	76.36	40,000	–	–	–	40,000
Liu Jianfeng (Note 2)	2020	01.04.2021–27.03.2029	76.36	40,000	–	–	–	40,000
	2021	01.04.2022–27.03.2029	76.36	40,000	–	–	–	40,000
	2022	01.04.2023–27.03.2029	76.36	40,000	–	–	–	40,000
Total				200,000	–	–	–	200,000

Notes:

- “Period” refers to the period from 1 January 2024 to 30 June 2024.
- The vesting of Awarded Shares is subject to the fulfilment of performance targets.
- The exercise period of their Awarded Shares are aligned with 2012 Scheme – Batch 2.

Save as disclosed above, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the directors or the chief executives or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, underlying shares or debentures of, the Company or any other body corporate.

The Company has not cancelled any Awarded Shares since its adoption of the Share Award Scheme in 2018. Save as disclosed above, no Awarded Share was granted, vested, lapsed or cancelled during the period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Disclosure of the Substantial Shareholders' Interests

As at 30 June 2024, the interests and short positions of every person, other than directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Name of shareholder	Capacity	Corporate interests	Interests in shares pursuant to share options	Total aggregate interests in shares and underlying shares (Note 9)	Approximate percentage of the Company's total issued share capital
Mr. Wang	Beneficial owner and interest of controlled corporation	385,114,034 (Notes 1, 2, 3, 4 & 5)	320,000 (Note 5)	385,434,034 (L)	34.07%
Ms. Zhao	Interest of controlled corporation and interest of spouse	385,114,034 (Notes 1, 2, 3, 4 & 5)	320,000 (Note 5)	385,434,034 (L)	34.07%
EYCT*	Interest of controlled corporation	385,114,034 (Notes 1, 2, 3 & 4)	–	385,114,034 (L)	34.04%
LCNG*	Interest of controlled corporation	385,114,034 (Notes 1, 2 & 3)	–	385,114,034 (L)	34.04%
ECM*	Interest of controlled corporation	385,114,034 (Notes 1, 2 & 3)	–	385,114,034 (L)	34.04%
EIH*	Interest of controlled corporation	385,114,034 (Notes 1 & 2)	–	385,114,034 (L)	34.04%
EGII	Interest of controlled corporation	385,114,034 (Note 1)	–	385,114,034 (L)	34.04%
ENN-NG	Interest of controlled corporation	384,444,234 (Note 1)	–	384,444,234 (L)	33.98%
Xinneng HK	Beneficial owner	384,444,234 (Note 1)	–	384,444,234 (L)	33.98%
The Capital Group Companies, Inc.	Interest of controlled corporation	133,780,833	–	133,780,833 (L) (Note 6)	11.83%
JPMorgan Chase & Co.	Interest of controlled corporation, investment manager, person having a security interest in shares, trustee and approved lending agent	101,769,314	–	101,769,314 (L) (including 1,012,314 (S) 95,201,566 (P)) (Note 7)	8.99%
BlackRock, Inc.	Interest of controlled corporation	66,909,288	–	66,909,288 (L) (including 796,200 (S)) (Note 8)	5.91%

* For identification purpose only

Disclosure of the Substantial Shareholders' Interests *(continued)*

Notes:

1. EGII holds 44.25% interests in ENN-NG. Therefore, it holds 33.98% of the shares of the Company through Xinneng HK, a wholly-owned subsidiary of ENN-NG. In addition to holding 0.06% of the shares of the Company through its direct and indirect wholly owned subsidiaries, Surging Strength Capital Company Limited and Jade Elephant Investment Company Limited, EGII holds a total of 34.04% of the Company's shares. EGII is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
2. On 30 November 2018, Mr. Wang and Ms. Zhao entered into an equity entrustment agreement with EIH, pursuant to which each of Mr. Wang and Ms. Zhao entrusts EIH to manage their respective shareholding of 50% in EGII till 31 December 2040. Pursuant to the agreement, EGII is controlled by EIH. Accordingly, EIH is deemed to be interested in the shares in which EGII is interested in (1) above. In addition, EIH directly and indirectly holds 15.97% interests of ENN-NG.
3. EIH is 100% owned by Mr. Wang, Ms. Zhao and ECM in total, and ECM is a wholly-owned subsidiary of LCNG, LCNG hence is deemed to be interested in the shares in which EIH is interested in (1) and (2) above. In addition, ECM and LCNG indirectly hold 3.18% and 8.97% interests in ENN-NG respectively.
4. LCNG is 100% owned by Mr. Wang, Ms. Zhao and EYCT (beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao) in total, hence they are deemed to be interested in the shares in which LCNG is interested in (1), (2) and (3) above. In addition, Mr. Wang holds 0.06% interests of ENN-NG.
5. As Mr. Wang's spouse, Ms. Zhao is deemed as holding Mr. Wang's interests in shares.
6. Including 1,280,340 shares (L) are physically settled unlisted derivatives.
7. It included an aggregate interest in 1,977,824 underlying shares among which, 6,300 shares (S) are cash settled listed derivatives, 1,624,300 shares (L) and 264,400 shares (S) are cash settled unlisted derivatives, and 49,324 shares (L) and 33,500 shares (S) are physically settled unlisted derivatives.
8. It included an aggregate interest in 1,090,600 underlying shares among which, 594,800 shares (L) and 495,800 shares (S) are cash settled unlisted derivatives.
9. (L) represents Long Position; (S) represents Short Position; (P) represents Lending Pool.
10. As at 30 June 2024, the Company had 1,131,222,275 shares in issue.

Save for the shareholders as disclosed herein, the directors are not aware of any persons who, as at 30 June 2024, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Save as disclosed above, as at 30 June 2024 the Company had not been notified of any other person who had interest or short position in the shares or underlying shares of the Company, which are required to be recorded in the register maintained by the Company pursuant to Section 336 of Part XV of the SFO and the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Reference is hereby made to the announcement of the Company dated 19 September 2023 regarding the Board approved the utilisation of up to USD100 million equivalent in HKD for instructing the Trustee to purchase the Company's ordinary shares listed on the Main Board of the Stock Exchange (the "Awarded Share Purchase(s)") for the purpose of the Share Award Scheme. As at 30 June 2024, about HK\$488 million (equivalent to approximately USD62.52 million) have been used for Award Share Purchase.

For the six months ended 30 June 2024, the Trustee has purchased 3,802,000 shares of the Company, using a total of approximately HK\$238 million. As at 30 June 2024, there were 10,534,600 awarded shares of the Company held in the Trustee under the Share Award Scheme, representing approximately 0.93% of the issued share capital of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Loan Agreements Imposing Specific Performance Obligations on Controlling Shareholders

The Company issued 10-year Green Senior Notes on 17 September 2020 and 5-year Green Senior Notes on 17 May 2022 (collectively, the "Green Senior Notes") with principal amounts of USD750 million (equivalent to RMB5,137 million) and USD550 million (equivalent to RMB3,612 million) respectively. The terms and conditions of the Green Senior Notes require Mr. Wang, Ms. Zhao and any affiliate of any of them, controlling shareholders of the Company, collectively to retain their interests in the Company of at least 20% of the total issued share capital of the Company throughout the terms of the relevant notes. As at 30 June 2024, the outstanding principal amount of the Green Senior Notes are USD505 million (equivalent to RMB3,599 million) and USD550 million (equivalent to RMB3,920 million) respectively.

By order of the Board
Chairman
WANG Yusuo

Hong Kong, 23 August 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ENN ENERGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of ENN Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 31 to 69, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB million (unaudited)	2023 RMB million (unaudited)
Revenue	3	54,587	54,111
Cost of sales		(48,122)	(46,954)
Gross profit		6,465	7,157
Other income	4	543	537
Other gains and losses	5	(481)	98
Distribution and selling expenses		(619)	(598)
Administrative expenses		(1,961)	(2,010)
Share of results of associates		175	50
Share of results of joint ventures		248	161
Finance costs	6	(390)	(340)
Profit before tax	7	3,980	5,055
Income tax expense	8	(978)	(1,271)
Profit for the period		3,002	3,784
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value change of equity instruments at fair value through other comprehensive income ("FVTOCI")		(1)	1
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		38	136
Fair value loss of derivative financial instruments under hedge accounting		(82)	(73)
Income tax relating to items that may be reclassified subsequently to profit or loss		2	17
Other comprehensive (expense) income for the period		(43)	81
Total comprehensive income for the period		2,959	3,865
Profit for the period attributable to:			
Owners of the Company		2,573	3,333
Non-controlling interests		429	451
		3,002	3,784
Total comprehensive income for the period attributable to:			
Owners of the Company		2,530	3,414
Non-controlling interests		429	451
		2,959	3,865
		RMB	RMB
Earnings per share	10		
Basic		2.29	2.95
Diluted		2.29	2.95

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB million (unaudited)	At 31 December 2023 RMB million
Non-current Assets			
Property, plant and equipment	11	51,369	50,330
Right-of-use assets	11	2,710	2,751
Investment properties		261	268
Goodwill		2,504	2,504
Intangible assets	11	4,490	4,341
Interests in associates		4,849	4,708
Interests in joint ventures		5,249	5,117
Other receivables	14	10	14
Derivative financial instruments	12	31	55
Financial assets at fair value through profit or loss ("FVTPL")	13	4,323	4,334
Equity instruments at FVTOCI		218	219
Deferred tax assets		1,477	1,442
Prepayment and deposits paid for acquisition of property, plant and equipment, land use rights and right of operation		42	135
Restricted bank deposits	15	447	538
		77,980	76,756
Current Assets			
Inventories		1,788	1,682
Trade and other receivables	14	9,613	11,091
Contract assets		716	632
Derivative financial instruments	12	98	203
Financial assets at FVTPL	13	–	100
Amounts due from associates	16	705	649
Amounts due from joint ventures	17	969	1,736
Amounts due from related companies	18	297	247
Restricted bank deposits	15	272	346
Cash and cash equivalents		8,071	9,689
		22,529	26,375

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB million (unaudited)	At 31 December 2023 RMB million
Current Liabilities			
Trade and other payables	19	6,972	8,171
Contract liabilities		11,755	13,714
Deferred income		89	98
Amounts due to associates	16	572	675
Amounts due to joint ventures	17	848	805
Amounts due to related companies	18	1,543	1,148
Taxation payables		1,024	1,287
Dividend payable		2,376	–
Lease liabilities		171	170
Derivative financial instruments	12	147	43
Bank and other loans	20	5,572	8,767
Share-based payment liabilities	23	10	8
Financial guarantee liabilities	28	35	37
		31,114	34,923
Net Current Liabilities		(8,585)	(8,548)
Total Assets less Current Liabilities		69,395	68,208
Capital and Reserves			
Share capital	22	117	117
Reserves		42,447	42,543
Equity attributable to owners of the Company		42,564	42,660
Non-controlling interests		5,730	5,602
Total Equity		48,294	48,262
Non-current Liabilities			
Contract liabilities		2,714	2,687
Deferred income		902	890
Lease liabilities		614	633
Bank and other loans	20	6,789	5,428
Senior notes	21	7,464	7,728
Derivative financial instruments	12	121	6
Deferred tax liabilities		2,497	2,574
		21,101	19,946
		69,395	68,208

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Six months ended 30 June 2024 (unaudited)

	Equity attributable to owners of the Company													
	Share capital	Treasury stocks	Share premium	Special reserve	Revaluation reserve	Share options			Surplus reserve	Designated safety fund	Retained earnings	Total	Non-controlling interests	Total equity
						Exchange	Hedging	Reserve						
						RMB million	RMB million	RMB million						
(Note 22)	(Note 23)	(Note 23)	(note a)	(note a)	(Note 24)	(note b)	(note c)	(Note 24)	(note b)	(note c)	RMB million	RMB million	RMB million	
At 1 January 2024	117	(397)	28	(115)	66	142	195	(96)	5,359	90	37,271	42,660	5,602	48,262
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,573	2,573	429	3,002
Other comprehensive (expense) income for the period	-	-	-	-	(1)	-	38	(80)	-	-	-	(43)	-	(43)
Total comprehensive income for the period	-	-	-	-	(1)	-	38	(80)	-	-	2,573	2,530	429	2,959
Cumulative gain transferred to initial carrying amount of hedged items	-	-	-	-	-	-	-	(35)	-	-	-	(35)	-	(35)
Purchase of shares under Share Award Scheme	-	(215)	-	-	-	-	-	-	-	-	-	(215)	-	(215)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	84	84
Dividends appropriation (Note 9)	-	-	(28)	-	-	-	-	-	-	-	(2,348)	(2,376)	-	(2,376)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(385)	(385)
Transfer to designated safety fund	-	-	-	-	-	-	-	-	-	3	(3)	-	-	-
Transfer to surplus reserve fund	-	-	-	-	-	-	-	-	101	-	(101)	-	-	-
At 30 June 2024	117	(612)	-	(115)	65	142	233	(211)	5,460	93	37,392	42,564	5,730	48,294

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Six months ended 30 June 2023 (unaudited)

	Equity attributable to owners of the Company													Non-controlling interests	Total equity
	Share capital	Treasury stocks	Share premium	Special reserve	Revaluation reserve	Share options	Exchange reserve	Hedging reserve	Surplus reserve	Designated safety fund	Retained earnings	Total			
	RMB million (Note 22)	RMB million (Note 23)	RMB million	RMB million (note a)	RMB million	RMB million	RMB million	RMB million (Note 24)	RMB million (note b)	RMB million (note c)	RMB million	RMB million	RMB million		
At 31 December 2022 (audited)	117	(168)	64	(99)	71	143	98	(3)	4,673	90	34,048	39,034	6,521	45,555	
Adjustments	-	-	-	-	-	-	-	-	-	-	6	6	1	7	
At 1 January 2023 (restated)	117	(168)	64	(99)	71	143	98	(3)	4,673	90	34,054	39,040	6,522	45,562	
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,333	3,333	451	3,784	
Other comprehensive (expense) income for the period	-	-	-	-	1	-	136	(56)	-	-	-	81	-	81	
Total comprehensive income for the period	-	-	-	-	1	-	136	(56)	-	-	3,333	3,414	451	3,865	
Cumulative gain transferred to initial carrying amount of hedged items	-	-	-	-	-	-	-	(84)	-	-	-	(84)	-	(84)	
Recognition of equity-settled share-based payment expenses (Note 23)	-	-	-	-	-	8	-	-	-	-	-	8	-	8	
Issue of ordinary shares on exercise of share options	-	-	26	-	-	(6)	-	-	-	-	-	20	-	20	
Acquisition/disposal of additional interests in subsidiaries	-	-	-	28	-	-	-	-	-	-	-	28	30	58	
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	56	56	
Capital reduction from non-controlling subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)	
Dividends appropriation (Note 9)	-	-	(64)	-	-	-	-	-	-	-	(2,248)	(2,312)	-	(2,312)	
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(435)	(435)	
Transfer to designated safety fund	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-	
Transfer to surplus reserve fund	-	-	-	-	-	-	-	-	166	-	(166)	-	-	-	
At 30 June 2023	117	(168)	26	(71)	72	145	234	(143)	4,839	92	34,971	40,114	6,617	46,731	

Notes:

- The balance represents the difference between the fair values of consideration paid and the carrying values of net assets attributable to the additional interests of subsidiaries acquired or disposal of with no change in control.
- In accordance with the People's Republic of China ("PRC") regulations, the surplus reserve fund retained by subsidiaries in the PRC is non-distributable.
- Pursuant to relevant PRC regulations, the Group is required to transfer 1.5% on revenue generated from construction and installation, transportation of gas or other dangerous chemical into a designated fund. The fund will be used for installation and repair and maintenance of safety facilities. The movement during the period represents the difference between the amount provided based on the relevant PRC regulations and the amount utilised during the period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB million (unaudited)	2023 RMB million (unaudited)
Net cash generated from operating activities		3,266	4,003
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,305)	(3,055)
Acquisition of intangible assets		(364)	(139)
Investments in wealth management products		(6,009)	(4,265)
Redemptions of wealth management products		6,109	4,136
Additions of restricted bank deposits		(90)	(147)
Release of restricted bank deposits		255	431
Net cash outflow on acquisition of businesses		–	(23)
Net cash inflow on disposal of businesses	25	49	4
Investments in associates		(42)	(24)
Investments in joint ventures		(6)	(54)
Interest received		137	88
Gross cash outflow from derivative financial instruments		(48)	(977)
Gross cash inflow from derivative financial instruments		212	1,718
Dividends received from associates		29	77
Dividends received from joint ventures		90	32
Advances to joint ventures		(205)	(39)
Amounts repaid by joint ventures		742	794
Advances to associates		(273)	(15)
Amounts repaid by associates		77	21
Advances to third parties		(1,363)	(2,251)
Amounts repaid by third parties		1,374	1,605
Other investing activities		134	14
Net cash used in investing activities		(1,497)	(2,069)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
New bank loans raised	11,401	7,626
Repayment of bank loans	(13,235)	(5,845)
Advances from banks and other financial institutions	4,190	4,110
Amounts repaid to banks and other financial institutions	(4,190)	(4,110)
Net proceeds from ordinary shares issued on exercise of share options	–	20
Payment of lease liabilities	(83)	(59)
Dividends paid to non-controlling shareholders	(385)	(435)
Capital contribution from non-controlling shareholders	84	56
Cash outflow on acquisition of additional interest in a subsidiary	(70)	–
Early redemption of senior notes	(284)	–
Purchase of shares under Share Award Scheme	(215)	–
Interest paid	(439)	(396)
Advances from joint ventures	13	90
Amounts repaid to joint ventures	(146)	(114)
Advances from associates	25	48
Amounts repaid to associates	(57)	(47)
Advances from related companies	11	1
Other financing activities	(12)	(30)
Net cash (used in) generated from financing activities	(3,392)	915
Net (decrease) increase in cash and cash equivalents	(1,623)	2,849
Effect of foreign exchange rate changes	5	33
Cash and cash equivalents at beginning of the period	9,689	8,056
Cash and cash equivalents at end of the period	8,071	10,938

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In preparing the condensed consolidated financial statements for the six months ended 30 June 2024, the directors of the Company (the “Directors”) have given careful consideration of the Group’s net current liabilities of approximately RMB8,585 million on that date. Taking into account the continuity and availability of financial resources to the Group, among other things, the cash flows generated from its principal operations, availability of banking facilities and its expected future working capital requirements, the Directors are therefore satisfied that the Group will be able to meet in full its financial obligations when they fall due and continue its existing operation in the foreseeable future. Accordingly, the condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared on a going concern basis.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. Segment Information

Information reported to the chief operating decision maker (the “CODM”) of the Company, for the purposes of resource allocation and performance assessment among segments focuses specifically on different type of goods and services.

Segment profit represents the profit earned by each segment without allocation of central administrative expenses, distribution and selling expenses, share of results of associates and joint ventures, other income, other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Disaggregation of revenue

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Sales of goods RMB million	Provision of services RMB million	Total RMB million	Sales of goods RMB million	Provision of services RMB million	Total RMB million
Types of goods or services						
Retail gas sales business	30,085	–	30,085	29,217	–	29,217
Integrated energy business	7,837	382	8,219	6,552	436	6,988
Wholesale of gas	12,347	–	12,347	13,345	–	13,345
Construction and installation	–	1,857	1,857	–	2,862	2,862
Value added business	1,095	984	2,079	1,040	659	1,699
Total	51,364	3,223	54,587	50,154	3,957	54,111

CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. Segment Information *(continued)*

The following is an analysis of the Group's revenue and results by reportable segments which are also the operating segments for the periods under review:

Six months ended 30 June 2024

	Retail gas sales RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Value added business RMB million	Total RMB million
Segment revenue	35,637	8,287	17,148	2,353	3,733	67,158
Inter-segment sales	(5,552)	(68)	(4,801)	(496)	(1,654)	(12,571)
Revenue from external customers	30,085	8,219	12,347	1,857	2,079	54,587
Segment profit before depreciation and amortisation	3,896	1,256	36	1,102	1,404	7,694
Depreciation and amortisation	(758)	(188)	(2)	(278)	(3)	(1,229)
Segment/gross profit	3,138	1,068	34	824	1,401	6,465

Six months ended 30 June 2023

	Retail gas sales RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Value added business RMB million	Total RMB million
Segment revenue	36,419	7,001	16,752	3,344	3,935	67,451
Inter-segment sales	(7,202)	(13)	(3,407)	(482)	(2,236)	(13,340)
Revenue from external customers	29,217	6,988	13,345	2,862	1,699	54,111
Segment profit before depreciation and amortisation	3,672	1,062	658	1,772	1,141	8,305
Depreciation and amortisation	(750)	(149)	(1)	(246)	(2)	(1,148)
Segment/gross profit	2,922	913	657	1,526	1,139	7,157

In previous year, the geographical information was regrouped due to the alignment of the Group's long term strategy, as Mainland China operation and overseas operation. The geographical information of non-Mainland China operation was regrouped as overseas geographical information. Thus, certain figures were regrouped for comparative purpose.

Substantially all of the Group's revenue are from the Mainland China. For the six months ended 30 June 2024, the revenues from the Mainland China and overseas were RMB54,458 million (six months ended 30 June 2023: RMB52,676 million) and RMB129 million (six months ended 30 June 2023: RMB1,435 million), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. Other Income

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Other income mainly includes:		
Incentive subsidies (note)	207	226
Dividends income from financial assets at FVTPL	75	72
Interest income on bank deposits	92	35
Interest income on loan to joint ventures, associates and related parties	10	16
Interest income on loan to third parties	35	37
Rental income from equipment	19	30
Rental income from investment properties	6	4

Note: The amount mainly represents refunds of various taxes as incentives and other incentives related to the Group's operation by the government authorities in various cities of the PRC.

5. Other Gains and Losses

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Net fair value (loss) gain of:		
– Financial assets at FVTPL (Note 13)	(11)	19
– Derivative financial instruments (Note 12)	(137)	532
– Early redemption of senior notes (Note 21)	35	–
Loss on foreign exchange, net (note)	(62)	(266)
Impairment losses under expected credit loss model, net of reversal:		
– Trade and other receivables	(178)	(142)
– Contract assets	(8)	(4)
– Amounts due from associates/joint ventures/related companies	10	18
Impairment loss recognised in respect of property, plant and equipment	(94)	(33)
Impairment loss recognised in respect of intangible assets	(26)	(32)
Net (loss) gain on disposal of:		
– Property, plant and equipment	(46)	(11)
– Right-of-use assets	1	3
– Subsidiaries (Note 25)	37	(3)
– Joint ventures	–	4
Others	(2)	13
	(481)	98

Note: Included in the amount for the six months ended 30 June 2024 is an exchange loss of approximately RMB48 million (six months ended 30 June 2023: exchange loss of approximately RMB350 million) arising from the translation of senior notes and bank loans denominated in United States Dollar ("USD").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. Finance Costs

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Interest on:		
Bank and other loans	281	231
Senior notes	147	161
Lease liabilities	17	10
	445	402
Less: Amount capitalised under construction in progress	(46)	(63)
	399	339
Fair value (gain) loss reclassified from equity on foreign currency derivatives designated as cash flow hedges for USD debts	(9)	1
	390	340

7. Profit Before Tax

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Profit before tax has been arrived at after charging:		
Depreciation and amortisation:		
– property, plant and equipment	1,198	1,137
– intangible assets	189	196
– right-of-use assets	111	89
Total depreciation and amortisation (note)	1,498	1,422

Note: The amount of total depreciation and amortisation included in cost of sales, administrative expenses, distribution and selling expenses are as follows:

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Depreciation and amortisation included in:		
Cost of sales	1,229	1,148
Administrative expenses	219	234
Distribution and selling expenses	50	40
	1,498	1,422

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. Income Tax Expense

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Current tax	1,088	1,216
Overprovision of withholding tax in prior years	–	(1)
	1,088	1,215
Deferred tax	(110)	56
	978	1,271

As the major operating income of the Group are derived from the PRC, the tax expenses arose principally from the PRC for both periods.

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Detailed Rules for the Implementation of the EIT Law, the tax rate applicable for the PRC entities of the Group is 25%.

Certain PRC subsidiaries of the Company are qualified as “High and New Tech Enterprises”, which are subject to PRC EIT Law at the preferential rate of 15% on the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. This preferential rate is applicable for a period of three years, and those subsidiaries are eligible to apply for the tax concession again upon expiry.

The Group is operating in certain jurisdictions where the Pillar Two Rules is enacted but not yet effective. However, as the Group’s estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the GloBE Rules based on management’s best estimate, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group’s exposure to the Pillar Two income taxes.

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. Dividend**a. Proposed interim dividend after the end of the reporting period**

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Interim dividend of HK\$0.65 (equivalent to approximately RMB0.59) per share (2023: HK\$0.64 (equivalent to approximately RMB0.59) per share)	671	665

The interim dividend proposed after the end of the reporting period has not been recognised as a liability in the condensed consolidated financial statements.

b. Dividends belonging to the previous financial year and recognised as a liability during the reporting period

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Final dividend of HK\$2.31 (equivalent to approximately RMB2.09) per share (2023: HK\$2.27 (equivalent to approximately RMB2.05) per share)	2,376	2,312

The final dividend for the year ended 31 December 2023 of the Company was declared on 22 March 2024 and paid on 26 July 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Earnings		
Earnings for the purpose of basic and diluted earnings per share	2,573	3,333

	Six months ended 30 June	
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,122,905	1,128,410
Effect of dilutive potential ordinary shares:		
– share options	254	2,425
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,123,159	1,130,835

Diluted earnings per share for the six months ended 30 June 2024 and 2023 are calculated assuming all dilutive potential ordinary shares were converted.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share have taken into account the accumulated impact of awarded shares purchased by the Trustee under the Company's Share Award Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets

During the six months ended 30 June 2024, the Group acquired property, plant and equipment, intangible assets and right-of-use assets amounting to approximately RMB2,442 million, RMB364 million and RMB94 million (six months ended 30 June 2023: RMB3,118 million, RMB139 million and RMB710 million), respectively.

During the six months ended 30 June 2024, the Group entered into several new lease agreements with lease terms from 1 year to 30 years. On lease commencement, the Group recognised right-of-use assets and corresponding lease liabilities of RMB65 million (six months ended 30 June 2023: RMB559 million).

Impairment assessment

The management of the Group concluded there was an indication of impairment when the financial performance of the relevant subsidiaries was not in accordance with expectation. As a result, impairment assessments based on certain cash-generating units within the integrated energy business and the sales of piped gas business segments were conducted respectively.

The results of the assessments indicated that the Group recognised an impairment loss of RMB120 million (six months ended 30 June 2023: RMB65 million) that is related to property, plant and equipment and intangible assets during the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. Derivative Financial Instruments

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Derivative financial assets		
Derivatives designated as cash flow hedges:		
Foreign currency derivative contracts (note a)	11	27
Commodity derivative contracts (note b)	22	4
Derivatives not designated in hedge accounting:		
Foreign currency derivative contracts (note a)	1	1
Commodity derivative contracts (note b)	95	226
	129	258
Derivative financial liabilities		
Derivatives designated as cash flow hedges:		
Foreign currency derivative contracts (note a)	62	6
Commodity derivative contracts (note b)	8	2
Derivatives not designated in hedge accounting:		
Foreign currency derivative contracts (note a)	78	–
Commodity derivative contracts (note b)	120	41
	268	49
Analysed for reporting purpose as:		
Assets		
Current portion	98	203
Non-current portion	31	55
Liabilities		
Current portion	147	43
Non-current portion	121	6

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. Derivative Financial Instruments *(continued)***For the six months ended 30 June 2024**

	Commodity Derivatives RMB million	Foreign Currency Derivatives RMB million	Total RMB million
Net unrealised fair value loss included in other gains and losses			
Derivatives designated as cash flow hedges – ineffective portion	(5)	(10)	(15)
Derivatives not designated in hedge accounting	(268)	(78)	(346)
	(273)	(88)	(361)
Net realised fair value gain included in other gains and losses			
Derivatives not designated in hedge accounting	219	5	224
	(54)	(83)	(137)

For the six months ended 30 June 2023

	Commodity Derivatives RMB million	Foreign Currency Derivatives RMB million	Total RMB million
Net unrealised fair value (loss) gain included in other gains and losses			
Derivatives designated as cash flow hedges – ineffective portion	(4)	(2)	(6)
Derivatives not designated in hedge accounting	(174)	29	(145)
	(178)	27	(151)
Net realised fair value gain (loss) included in other gains and losses			
Derivatives not designated in hedge accounting	699	(16)	683
	521	11	532

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. Derivative Financial Instruments *(continued)*

Notes:

- a. The Group is exposed to exchange rate risk mainly arising from senior notes denominated in USD. To manage and mitigate the foreign exchange exposure, the Group entered into various foreign currency derivative contracts (the “Foreign Currency Derivatives”) with certain financial institutions. As at 30 June 2024, the Foreign Currency Derivatives have a total notional amount of USD880 million (31 December 2023: USD440 million), of which the maturity dates match to the maturity dates of certain debts denominated in USD and are accounted for under hedge accounting. The Foreign Currency Derivatives will enable the Group to buy USD at the predetermined RMB/USD exchange rates on maturity dates.
- b. The Group has entered into sale and purchase agreements to acquire LNG from certain international suppliers. The purchase prices of these arrangements are linked to certain commodity price indexes. Details of these arrangements are set out in Note 27.

In order to manage and mitigate the commodity price risk arising from the LNG purchases under these agreements, the Group has entered into various commodity derivative contracts (the “Commodity Derivatives”) with certain financial institutions. Certain Commodity Derivatives are designated as hedging instruments and accounted for under hedge accounting.

13. Financial Assets at FVTPL

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Listed equity interest in Shanghai Dazhong Public Utilities (Group) Co., Ltd (“Shanghai Utilities”) (note a)	137	148
Unlisted equity interest in Sinopec Marketing Co., Ltd (“Sinopec Marketing”) (note b)	4,170	4,170
Unlisted equity securities (note c)	16	16
Unlisted wealth management products	–	100
	4,323	4,434
Analysed for reporting purpose as:		
Assets		
Current portion	–	100
Non-current portion	4,323	4,334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. Financial Assets at FVTPL (continued)

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Net unrealised fair value (loss) gain included in other gains and losses		
Listed equity interest in Shanghai Utilities (note a)	(11)	19

Notes:

- The above listed investment represents 4.38% of the total issued share capital of Shanghai Utilities (1635.HK).
- The above investment represents 1.13% unlisted equity interest in Sinopec Marketing. During the current period, the Group recognised a dividend income of approximately RMB75 million (six months ended 30 June 2023: RMB72 million) from Sinopec Marketing.
- The unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

14. Trade and Other Receivables

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	At 30 June	At 31 December
	2024	2023
	RMB million	RMB million
0 to 3 months	1,629	1,713
4 to 6 months	447	383
7 to 9 months	343	234
10 to 12 months	222	118
More than one year	706	642
Total trade receivables	3,347	3,090
Bills receivables (note)	1,443	1,642
Other receivables	800	858
Loan receivables	293	245
Less: Allowance for credit losses	(80)	(68)
	2,456	2,677
Deductible input value added tax and prepayment of other taxes and charges	1,567	1,553
Advances to suppliers and prepayments	2,253	3,785
Total trade and other receivables	9,623	11,105
Analysed for reporting purpose as:		
Current portion	9,613	11,091
Non-current portion	10	14

Note: The bills receivables were endorsed by PRC banks for guarantee payments and the default risk is considered to be minimal.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. Restricted Bank Deposits

The restricted bank deposits carry fixed interest rate ranging from 0.03% to 4.13% (31 December 2023: 0.05% to 4.13%) per annum. Except for the mandatory reserves in the People's Bank of China ("PBOC"), other restricted bank deposits will be released upon the settlement of bank loans, the expiry of purchase contracts or operation rights. The mandatory reserves in the PBOC classified as non-current assets were deposits placed by ENN Finance Company Limited ("ENN Finance"), a wholly-owned subsidiary of the Company, and the reserves amount is subject to change with respect to the savings accepted by ENN Finance and the PBOC reserve rate is adjusted from time to time.

16. Amounts Due from/to Associates

Included in the amounts due from/to associates are trade receivables, amounting to RMB209 million (31 December 2023: RMB407 million) and trade payables amounting to RMB141 million (31 December 2023: RMB212 million). At the end of reporting period, the aged analysis based on invoice date is as follows:

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Trade receivables		
0 to 3 months	90	151
4 to 6 months	32	9
7 to 9 months	20	6
10 to 12 months	1	3
More than one year	66	238
	209	407
Trade payables		
0 to 3 months	114	184
4 to 6 months	2	4
7 to 9 months	4	–
10 to 12 months	–	5
More than one year	21	19
	141	212

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. Amounts Due from/to Joint Ventures

Included in the amounts due from/to joint ventures are trade receivables, amounting to RMB431 million (31 December 2023: RMB489 million) and trade payables amounting to RMB639 million (31 December 2023: RMB463 million). At the end of the reporting period, the aged analysis based on invoice date, which approximated the respective revenue recognition date is as follows:

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Trade receivables		
0 to 3 months	305	362
4 to 6 months	45	43
7 to 9 months	30	23
10 to 12 months	17	14
More than one year	34	47
	431	489
Trade payables		
0 to 3 months	447	351
4 to 6 months	94	24
7 to 9 months	27	32
10 to 12 months	8	8
More than one year	63	48
	639	463

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. Amounts Due from/to Related Companies

Included in the amounts due from/to related companies are trade receivables, amounting to RMB146 million (31 December 2023: RMB121 million) and trade payables amounting to RMB1,410 million (31 December 2023: RMB1,014 million). At the end of the reporting period, the aged analysis based on invoice date, which approximated the respective revenue recognition date is as follows:

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Trade receivables		
0 to 3 months	43	56
4 to 6 months	13	2
7 to 9 months	31	6
10 to 12 months	–	8
More than one year	59	49
	146	121
Trade payables		
0 to 3 months	820	620
4 to 6 months	189	136
7 to 9 months	142	57
10 to 12 months	49	28
More than one year	210	173
	1,410	1,014

The related companies are controlled by Mr. Wang Yusuo (“Mr. Wang”), who is a director of the Company with significant influence.

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. Trade and Other Payables

At the end of reporting period, the aged analysis of trade payables, presented based on invoice date is as follows:

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
0 to 3 months	2,713	3,609
4 to 6 months	838	841
7 to 9 months	446	319
10 to 12 months	179	188
More than one year	1,165	1,190
Trade payables	5,341	6,147
Accrued charges and other payables	1,631	2,024
	6,972	8,171

20. Bank and Other Loans

During the six months ended 30 June 2024, the Group obtained new bank loans of RMB11,401 million (six months ended 30 June 2023: RMB7,626 million) and made repayments of RMB13,235 million (six months ended 30 June 2023: RMB5,845 million). The loans bear interest at the rates ranging from 0.80% to 4.30% (31 December 2023: 0.80% to 5.04%) per annum. These proceeds were used to finance the capital expenditure and general working capital of the Group.

At 30 June 2024, certain assets of the Group with aggregate carrying value of RMB564 million (31 December 2023: RMB1,059 million) were pledged as security for bank and other loans, bills facilities and contracts granted to the Group.

In addition, the Group has also pledged its rights to receive construction and installation and gas supply fee income of certain subsidiaries in favour of banks to secure banking facilities amounting to RMB100 million (31 December 2023: RMB100 million) granted to the Group, of which none of them (31 December 2023: RMB30 million) has been utilised up to 30 June 2024 (31 December 2023).

At 30 June 2024, bank loans related to bills receivable discounted to the banks are amounting to RMB212 million (31 December 2023: RMB586 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. Senior Notes

a. 2020 Green Senior Notes

On 17 September 2020, the Company issued 2.625% Green Senior Notes with an aggregated nominal value of USD750 million (equivalent to approximately RMB5,137 million) (the “2020 Green Senior Notes”) at face value. The net proceeds, after deducting the issuance costs, amounted to USD739 million (equivalent to approximately RMB5,065 million). The 2020 Green Senior Notes will be matured on 17 September 2030. The 2020 Green Senior Notes are listed on the Stock Exchange and dealt in over-the-counter market through a financial institution as the principal agent.

In November 2023, the Company has early redeemed the notes with principal amount of USD200 million (equivalent to approximately RMB1,436 million) for a consideration of RMB1,202 million (included the applicable premium and accrued interests).

In June 2024, the Company has early redeemed the notes with principal amount of USD45 million (equivalent to approximately RMB320 million) for a consideration of RMB284 million (included the applicable premium and accrued interests), and a gain of RMB35 million was recognised and included in Other Gains and Losses as set out in Note 5. The notes with principal amount of USD26 million (equivalent to approximately RMB189 million) have been cancelled before 30 June 2024 and the remaining have been cancelled before the reporting date.

b. 2022 Green Senior Notes

On 17 May 2022, the Company issued 4.625% Green Senior Notes with an aggregated nominal value of USD550 million (equivalent to approximately RMB3,612 million) (the “2022 Green Senior Notes”) at face value. The net proceeds, after deducting the issuance costs, amounted to USD545 million (equivalent to approximately RMB3,579 million). The 2022 Green Senior Notes will be matured on 17 May 2027. The 2022 Green Senior Notes are listed on the Stock Exchange and dealt in over-the-counter market through a financial institution as the principal agent.

22. Share Capital

During the six months ended 30 June 2024, 2,900 shares were issued at the exercise price of HK\$40.34 per ordinary share (six months ended 30 June 2023: 4,600 shares and 284,000 shares were issued at the exercise price of HK\$40.34 and HK\$70.36 per ordinary share) under the share option scheme, in relation to the exercise of outstanding share options as set out in Note 23. These shares rank pari passu with the existing shares in all respects.

Save as disclosed above and in Note 23, none of the Company’s subsidiaries purchased, sold or redeemed any of the Company’s listed securities up to 30 June 2024.

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23. Share Based Payments Transactions

The Company has adopted a share option scheme pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 26 June 2012 (the “Scheme 2012”).

The Company has adopted a share award scheme pursuant to the board resolution of the Company dated 30 November 2018 (the “Share Award Scheme”) as a supplement to the Scheme 2012.

During the period, there was no share-based payment expense (six months ended 30 June 2023: expense of RMB10 million in respect to the Scheme 2012 and Share Award Scheme), and there was approximate RMB13,000 transfer from share options reserve to share premium upon exercise of share options (six months ended 30 June 2023: RMB6 million). As at 30 June 2024, the Group has recorded liabilities of RMB10 million (31 December 2023: RMB8 million) in respect of the Share Award Scheme.

a. Scheme 2012

On 9 December 2015, the Company granted share options to the Directors and certain employees (the “2015 Grantees”) to subscribe for a total of 12,000,000 ordinary shares of the Company under the Scheme 2012. Among the share options granted, 2,659,000 share options were granted to the Directors and the remaining were granted to certain employees of the Group. Vesting of the share options is conditional upon the fulfilment of certain vesting conditions as set out in the respective offer letters of the 2015 Grantees, which may involve fulfilment of performance targets.

On 28 March 2019, the Company granted share options to Directors and certain employees of the Company, and business consultants who contribute to the success of the Company (the “2019 Grantees”) to subscribe for a total of 12,328,000 ordinary shares of the Company under the Scheme 2012. Among the share options granted above, 2,480,000 share options were granted to the Directors and the remaining were granted to certain employees of the Group and business consultants. Vesting of the share options is conditional upon the fulfilment of certain vesting conditions as set out in the respective offer letters of the 2019 Grantees, which may involve fulfilment of performance targets.

The 2015 Grantees and the 2019 Grantees should satisfy stipulated minimum service periods and performance targets for the attainment of the designated vesting conditions and periods. The vesting period of the share options is from the date of the grant until the commencement of the exercisable period.

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23. Share Based Payments Transactions *(continued)*

a. Scheme 2012 *(continued)*

The following tables disclose details of the Company's share options held by the grantees and movements in such holdings under the share option scheme during the current period:

		Date of grant	Exercisable period	Exercise price (HK\$)	Number of options			
					Outstanding at 1.1.2024	Exercised during the period	Forfeited during the period	Outstanding at 30.06.2024
Scheme 2012 – batch 1								
Directors	Tranche 1	9.12.2015	1.4.2017 to 8.12.2025	40.34	15,000	-	-	15,000
	Tranche 2	9.12.2015	1.4.2018 to 8.12.2025	40.34	15,000	-	-	15,000
	Tranche 3	9.12.2015	1.4.2019 to 8.12.2025	40.34	15,000	-	-	15,000
	Tranche 4	9.12.2015	1.4.2020 to 8.12.2025	40.34	15,525	-	-	15,525
Employees	Tranche 1	9.12.2015	1.4.2017 to 8.12.2025	40.34	68,250	-	-	68,250
	Tranche 2	9.12.2015	1.4.2018 to 8.12.2025	40.34	94,724	(2,900)	-	91,824
	Tranche 3	9.12.2015	1.4.2019 to 8.12.2025	40.34	141,650	-	-	141,650
	Tranche 4	9.12.2015	1.4.2020 to 8.12.2025	40.34	317,986	-	-	317,986
Subtotal					683,135	(2,900)	-	680,235
Exercisable at the end of the period								680,235
Weighted average exercise price								HK\$40.34
Scheme 2012 – batch 2								
Directors	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	15,000	-	-	15,000
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	113,500	-	-	113,500
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	371,200	-	-	371,200
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	530,900	-	-	530,900
Employees	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	153,800	-	-	153,800
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	1,028,075	-	-	1,028,075
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	1,352,574	-	-	1,352,574
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	1,560,392	-	-	1,560,392
Business Consultants	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	65,500	-	-	65,500
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	104,000	-	-	104,000
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	117,500	-	-	117,500
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	104,000	-	-	104,000
Other eligible Participants	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	15,000	-	-	15,000
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	15,000	-	-	15,000
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	15,000	-	-	15,000
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	15,000	-	-	15,000
Subtotal					5,576,441	-	-	5,576,441
Exercisable at the end of the period								5,576,441
Weighted average exercise price								HK\$76.36
Total					6,259,576	(2,900)	-	6,256,676

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23. Share Based Payments Transactions *(continued)***a. Scheme 2012** *(continued)*

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK\$66.40 (six months ended 30 June 2023: HK\$113.94).

No share options were granted in both periods presented. 2,900 (six months ended 30 June 2023: 288,600) share options were exercised and none (six months ended 30 June 2023: 889,541) of the share options were lapsed or forfeited during the period. As at 30 June 2024, the number of outstanding share options is 6,256,676 (31 December 2023: 6,259,576).

b. Share Award Scheme

Pursuant to the Share Award Scheme, the Company may from time to time at its absolute discretion grant shares of the Company (the "Awarded Shares") to selected employees of any members of the Group. Vesting of the Awarded Shares granted is conditional upon the fulfilment of vesting conditions as specified in the grant notice issued to each grantee.

On 12 March 2019, pursuant to the terms of the Share Award Scheme and the trust deed, the Company established a trust (the "Trust") and appointed a trustee (the "Trustee") to administer the Share Award Scheme. During the effective period of the Share Award Scheme, the Directors may from time to time contribute funds to the Trust and instruct the Trustee to purchase shares of the Company on the Stock Exchange or in off-market transactions. Shares held under the Trustee are non-transferrable prior to vesting and have no voting rights.

During the six months ended 30 June 2024, the trustee, pursuant to the terms and trust deed of the Share Award Scheme, purchased a total of 3,802,000 shares from the stock market for a total consideration of approximately HK\$238 million (six months ended 30 June 2023: nil). The cost of the shares purchased was recognised in equity as treasury stocks. As at 30 June 2024, the Board of Directors had neither decided nor selected employee for the granting of awarded shares.

As at 30 June 2024, 10,534,600 shares (31 December 2023: 6,732,600 shares) were held by the Trustee and the cost of the shares purchased was recognised in equity as treasury stocks.

During the six months ended 30 June 2024 and 30 June 2023, no shares had been nominally granted. Vesting of such shares is subject to satisfying relevant performance conditions and a service condition requiring continuous service until the respective vesting dates, and can occur as early as on 1 April in the year following the financial year to which the corresponding performance conditions related. Hence, the vesting period of these shares is from the date of the grant to the respective vesting dates.

During the exercise period from the relevant vesting dates to the expiry date, i.e. 27 March 2029, the grantees may exercise the right to receive in cash the notional gain (if any) of the vested Awarded Shares, which is the excess of the fair value of such shares on the exercise date over the award price.

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For the six months ended 30 June 2024

23. Share Based Payments Transactions *(continued)*

b. Share Award Scheme *(continued)*

The following table discloses details of the Awarded Shares held by the grantees and movements in such holdings during the current period:

		Financial year to which the performance conditions relate	Exercise Period	Award price (HK\$)	Number of awarded shares			
					Outstanding at 1.1.2024	Exercised during the period	Forfeited during the period	Outstanding at 30.06.2024
Directors	Tranche 1	2020	01.04.2021 to 27.03.2029	76.36	40,000	-	-	40,000
	Tranche 2	2021	01.04.2022 to 27.03.2029	76.36	80,000	-	-	80,000
	Tranche 3	2022	01.04.2023 to 27.03.2029	76.36	80,000	-	-	80,000
Employees	Tranche 1	2020	01.04.2021 to 27.03.2029	76.36	84,500	-	-	84,500
	Tranche 2	2021	01.04.2022 to 27.03.2029	76.36	81,500	-	-	81,500
	Tranche 3	2022	01.04.2023 to 27.03.2029	76.36	65,000	-	-	65,000
Other eligible participants	Tranche 1	2020	01.04.2021 to 11.12.2024	76.36	5,000	-	-	5,000
	Tranche 2	2021	01.04.2022 to 11.12.2024	76.36	120,000	-	-	120,000
	Tranche 3	2022	01.04.2023 to 11.12.2024	76.36	120,000	-	-	120,000
Total					676,000	-	-	676,000
Exercisable at the end of the period								676,000

The fair values for these awarded shares granted were calculated using the Binomial Option Pricing Model.

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For the six months ended 30 June 2024

23. Share Based Payments Transactions (continued)**b. Share Award Scheme** (continued)

The following assumptions were used to calculate the fair values of awarded shares as at 30 June 2024:

	Directors	Employees
Spot price	HK\$64.35	HK\$64.35
Award price	HK\$76.36	HK\$76.36
Expected life	4.74 years	4.74 years
Expected volatility	41.91%	41.91%
Expected dividend yield	2.63%	2.63%
Risk-free interest rate	3.55%	3.55%
Early exercise behaviour	280% of the exercise price	220% of the exercise price

The variables and assumptions used in computing the fair value of the awarded shares are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the awarded shares. The expected volatility was determined by referencing to the historical volatility of the Company's share price over the previous 4.74 years.

24. Hedging Reserve

The hedging reserve includes cash flow hedge reserve and cost of hedging reserve. The following table provides a reconciliation of the hedging reserve in respect of foreign exchange risk and commodity price risk during the period.

	Foreign exchange risk RMB million	Commodity price risk RMB million	Total RMB million
Cash flow hedge reserve			
At 1 January 2024	(103)	22	(81)
Changes in fair value of hedging instruments	(117)	17	(100)
Reclassified to profit or loss – hedged items has affected profit or loss	(10)	–	(10)
Cumulative gain transferred to initial carrying amount of hedged items	–	(35)	(35)
Income tax relating to items that may be reclassified subsequently	–	3	3
At 30 June 2024	(230)	7	(223)
Of which:			
Balance related to continuing cash flow hedges	(223)		
Balance related to discontinuing cash flow hedges	–		

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For the six months ended 30 June 2024

24. Hedging Reserve *(continued)*

	Foreign exchange risk RMB million	Commodity price risk RMB million	Total RMB million
Cost of hedging reserve			
At 1 January 2024	(16)	1	(15)
Changes in fair value of time value/foreign currency basis components of time period related hedged items	58	–	58
Changes in the fair value in relation to transaction related hedged items	–	4	4
Amortisation to profit or loss of changes in fair value in relation to time period related hedged items	(34)	–	(34)
Income tax relating to items that may be reclassified subsequently	–	(1)	(1)
At 30 June 2024	8	4	12
	(222)	11	(211)

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising from changes in fair value of the hedging instrument that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss or when the hedged forecast transaction is no longer expected to occur. When the hedged forecast transaction results in the recognition of a non-financial item, the cumulative gain or loss is included in the initial measurement of the cost of such item.

The cost of hedging reserve represents the changes in fair value of the time value of options and foreign currency basis spread of hedging instruments and will be reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

24. Hedging Reserve *(continued)*

The following table provides a reconciliation of the hedging reserve in respect of foreign exchange risk and commodity price risk during the prior period.

	Foreign exchange risk RMB million	Commodity price risk RMB million	Total RMB million
Cash flow hedge reserve			
At 1 January 2023	(121)	110	(11)
Changes in fair value of hedging instruments	63	(14)	49
Reclassified to profit or loss – hedged items has affected profit or loss	(103)	–	(103)
Cumulative gain transferred to initial carrying amount of hedged items	–	(84)	(84)
Income tax relating to items that may be reclassified subsequently	–	17	17
At 30 June 2023	(161)	29	(132)
Of which:			
Balance related to continuing cash flow hedges	(132)		
Balance related to discontinuing cash flow hedges	–		
Cost of hedging reserve			
At 1 January 2023	4	4	8
Changes in fair value of time value/foreign currency basis components of time period related hedged items	(5)	–	(5)
Changes in the fair value in relation to transaction related hedged items	–	(3)	(3)
Amortisation to profit or loss of changes in fair value in relation to time period related hedged items	(11)	–	(11)
At 30 June 2023	(12)	1	(11)
	(173)	30	(143)

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For the six months ended 30 June 2024

25. Disposal of Subsidiaries

Disposal date	Companies disposed	Registered capital disposed	Consideration RMB million
19 January 2024	浙江帆倍物流有限公司	100%	9
12 March 2024	北京通達豐陽能源科技有限公司	100%	4
22 March 2024	宜城市安捷天然氣運輸有限公司	100%	1
19 April 2024	廣西北海順利清潔能源有限公司	100%	47

The net assets at the dates of disposal were as follow:

	RMB million
Non-current assets	
Property, plant and equipment	10
Right-of-use assets	13
Current assets	
Trade and other receivables	1
Cash and cash equivalents	5
Current liability	
Trade and other payables	(5)
Net assets attributable to the owners of the Company disposed of	24

The gain on disposal of subsidiaries recognised in profit or loss was calculated as below:

	RMB million
Consideration received	54
Consideration receivable	7
Less: Net assets attributable to owners of the Company derecognised	(24)
Gain on disposal of subsidiaries	37
Net cash inflow arising from the disposal:	
Cash consideration received	54
Less: Cash and cash equivalents disposed of	(5)
	49

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

26. Fair Value Measurement of Financial Instruments

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model.

The following table gives information about how the fair values of financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group measures its derivative financial instruments, financial assets at FVTPL and equity instruments at FVTOCI at the end of each reporting period on a recurring basis:

	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2024	31 December 2023		
	RMB million	RMB million		
Financial assets				
Derivative financial instruments	129	258	Level 2	Discounted cash flow for swaps Present value of estimated future cash flows are based on forward rates and contract rates, discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable Black-Scholes Model for options Fair value estimated based on strike price, commodity price, time to expiration, volatility and risk-free interest rate
Listed equity securities, equity interest in Shanghai Utilities	137	148	Level 1	Fair values are derived from quoted bid prices in an active market

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For the six months ended 30 June 2024

26. Fair Value Measurement of Financial Instruments *(continued)*

	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2024	31 December 2023		
	RMB million	RMB million		
Unlisted wealth management products	–	100	Level 3	Discounted cash flow Future cash flows are estimated based on the recoverable amount expected, discounted at a rate that reflects the credit risk of the counterparty
1.13% equity interest in Sinopec Marketing – FVTPL	4,170	4,170	Level 3	Estimated based on the P/E ratio of comparable listed companies and a liquidity discount rate
Other unlisted equity securities – FVTPL	16	16	Level 3	Fair values are derived from price multiples of similar assets that have been traded in the market
Listed equity securities – FVTOCI	79	80	Level 1	Fair values are derived from quoted bid prices in an active market
Unlisted equity securities – FVTOCI	139	139	Level 3	Fair values are derived from the fair values of the underlying assets and liabilities held by the investee
Financial liabilities				
Derivative financial instruments	268	49	Level 2	Discounted cash flow for swaps Present value of estimated future cash flows are based on forward rates and contract rates, discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable Black-Scholes Model for options Fair value estimated based on strike price, commodity price, time to expiration, volatility and risk-free interest rate
Financial guarantees	35	37	Level 3	Expected Credit Losses Model Fair values are derived on the basis of credit rating, expected default rate and expected recovery rate

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26. Fair Value Measurement of Financial Instruments *(continued)*

The Group's 1.13% equity interest in Sinopec Marketing which is classified as financial assets at FVTPL under Level 3 hierarchy amounted to RMB4,170 million as at 30 June 2024 under HKFRS 9 *Financial Instruments*. The significant unobservable input is the liquidity discount rate. The higher liquidity discount rate, the lower fair value of the financial assets at fair value will be. A 5% increase/decrease in the liquidity discount rate, holding all other variables constant, the fair value of the investment would decrease/increase by RMB26 million as at 30 June 2024.

Except for the said investment above, during the six months ended 30 June 2024, net decrease in investment costs of other financial assets under Level 3 amounted to RMB100 million (six months ended 30 June 2023: net increase of RMB129 million).

No loss relates to FVTPL under Level 3 hierarchy held as at 30 June 2024 and 30 June 2023.

No loss relates to FVTOCI under Level 3 hierarchy held as at 30 June 2024 and 30 June 2023.

There were no transfers between Level 1, 2 and 3 during the period.

Reconciliation of level 3 fair value measurements of financial assets:

	RMB million
At 1 January 2024 (audited)	4,425
Addition of unlisted wealth management products	6,009
Disposal of unlisted wealth management products	(6,109)
At 30 June 2024 (unaudited)	4,325

Except as detailed in the following table, the Directors consider that the carrying amounts of financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximated their fair values:

	At 30 June 2024		At 31 December 2023	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:				
Fixed-rate bank and other loans	5,007	4,828	8,740	8,419
Senior notes	7,464	6,956	7,728	7,200

In the above table, other than the fair values of bank and other loans disclosed which are under the fair value hierarchy of Level 3, the rest of the fair values disclosed are under the fair value hierarchy of Level 2. The fair values of the senior notes are derived from the quoted prices in an over-the-counter market. The fair values of the rest of the financial liabilities at amortised cost are derived from discount cash flow technique by reference to the market interest rate of the loans with comparable maturity and credit risk of the respective group entities at the end of the reporting period.

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27. Commitments

a. Capital commitments

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of		
– acquisition of property, plant and equipment	304	333
– investments in joint ventures	618	506
– investments in associates	712	679
– other equity investments	2	2

b. Other commitments

At 30 June 2024, the Group has two long-term sale and purchase agreements to acquire LNG from international suppliers. The Group is obliged to make “take-or-pay” payment to suppliers for the quantity contracted but not delivered.

In the opinion of the Directors, such agreements are entered into and continued to be held in accordance with the Group’s expected LNG purchase requirements to meet the domestic gas demands of its customers. Accordingly, these agreements qualify for own use exemption, and hence are not considered as derivative financial instruments within the scope of financial instruments standards since initial recognition.

The LNG pricing under these agreements are linked to certain oil and gas price indexes and are denominated in USD, which are common in international practice. The Directors assessed the economic characteristics and risks of the embedded derivatives and concluded that they are closely related to the economic characteristics and risks of the relevant host contracts. Accordingly, the embedded derivatives are not split from these arrangements and not separately recognised as derivative financial instruments in the condensed consolidated financial statements.

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28. Related Party Transactions

Saved as disclosed in Notes 16, 17, 18, the Group had the following transactions with certain related parties:

Nature of transaction	Six months ended 30 June	
	2024 RMB million	2023 RMB million
Associates		
– Sales of gas to	1,536	940
– Sales of materials to	66	37
– Purchase of gas from	1,197	650
– Purchase of equipment from	–	3
– Loan interest received from	1	1
– Loan interest paid to	1	1
– Deposit interest paid to	1	1
– Provision of gas transportation services by	9	40
– Provision of construction and installation services to	22	4
– Provision of supporting services to	5	5
– Provision of supporting services by	5	5
Joint ventures		
– Sales of gas to	1,784	1,864
– Sales of materials to	183	184
– Purchase of gas from	2,706	3,204
– Provision of gas transportation services to	23	156
– Loan interest received from	8	11
– Loan interest paid to	1	1
– Provision of supporting services to	44	40
– Provision of supporting services by	76	70
– Provision of construction services by	3	11
– Provision of construction and installation services to	8	15
– Deposit interest paid to	1	1
– Purchase of equipment from	27	28
– Provision of technology services by	3	1
– Provision of transportation services by	14	35
– Lease of premises to	1	1
– Lease of premises by	1	–
– Provision of administrative services by	42	22
– Provision of e-commerce services to	–	1

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For the six months ended 30 June 2024

28. Related Party Transactions (continued)

	Six months ended 30 June	
	2024	2023
	RMB million	RMB million
Nature of transaction (continued)		
Companies controlled by Mr. Wang		
Transactions exempt from shareholders' approval:		
– Provision of construction services by	537	358
– Purchase of equipment from	65	56
– Provision of information technology services by	170	167
– Purchase of natural gas from	820	938
– Provision of LNG terminal usage services by	155	300
– Provision of logistic services to	–	1
Transactions fully exempt from shareholders' approval, annual review and all disclosure requirement:		
– Sales of gas, gasoline and diesel to	6	14
– Provision of construction and installation services to	14	3
– Provision of property management services by	7	7
– Provision of property management services to	1	1
– Provision of outsourcing services by	8	1
– Lease of premises from	2	2
– Lease of premises to	3	2
– Sales of materials to	25	15
– Provision of administrative services by	20	17
– Provision of supporting services to	26	27
– Provision of technology services to	59	54
– Provision of electronic business services by	19	22
– Loan interest received from	2	4
– Purchase of equity interest from	10	–
– Sales of equity interest to	–	1
– Provision of energy efficiency technical services to	7	7
– Provision of logistic services to	30	–

At 1 January 2024, the Company entered into a back-to-back agency agreement with a significant shareholder of the Company, pursuant to which the significant shareholder agreed to procure natural gas on behalf of the Company at market price without charging any agency fees or commission. Through such agency agreement, the Company purchased approximately RMB2,319 million of natural gas from an independent third-party supplier during the period.

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28. Related Party Transactions *(continued)*

Except for the transactions above, a subsidiary of the Group has entered into a leasing agreement with a joint venture for the use of LNG Supply Vessel for a period of 10 years which will be matured in 2032 for a daily charge of RMB150,000 payable monthly. At 30 June 2024, a right-of-use assets and lease liability of RMB354 million and RMB361 million was recognised (31 December 2023: RMB375 million and RMB379 million) accordingly.

The Company issued senior notes on 17 May 2022 and 17 September 2020. The terms and conditions of these debts require Mr. Wang and any affiliate of him to retain certain percentage of shareholding over the Company, failing which the Company would be required to repay or repurchase all outstanding debts at predetermined prices.

Financial guarantee contracts

As at 30 June 2024, the guaranteed facilities amount utilised by the joint ventures were approximately RMB307 million (31 December 2023: RMB257 million).

At 30 June 2024, the fair value of financial guarantee contracts of the Group is RMB35 million (31 December 2023: RMB37 million).

Compensation of key management personnel

The compensation to key management personnel during the period is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	8,024	7,043
Post-employment benefits	488	153
Share-based payments	–	739
	8,512	7,935



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