新奥能源控股有限公司
ENN Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2688)

Annual Results Announcement
For The Year Ended 31 December 2023

Results Highlights:

	2023	2022 *(Restated)*	Increase/ (Decrease)
Revenue *(RMB million)*	113,858	110,051	3.5%
Core profit△* *(RMB million)*	7,586	7,966	(4.8%)
Basic earnings per share *(RMB)*	6.05	5.20	16.3%
Interim dividend paid and proposed final dividend per share *(HK$)*	2.95	2.91	1.4%
Retail gas sales volume# *(million m^3)*	25,144	25,941	(3.1%)
Sales volume of integrated energy# *(million kWh)*	34,700	22,239	56.0%

△ Profit attributable to owners of the Company but stripping out 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.

* Including the relevant after-tax profit of RMB1,495 million (2022: RMB2,335 million) from overseas LNG sales (including net settlement amount realised from commodity derivative financial instruments).

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

The Board of Directors (the "**Board**") of ENN Energy Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023 together with the comparative audited figures for the corresponding period in 2022. The annual results and audited consolidated financial statements have been reviewed by the Company's Audit Committee.

BUSINESS REVIEW

2023 was an extraordinary and challenging year for the Group. Amid cyclical and structural issues, global economic growth remained weak and domestic economic recovery at a sluggish pace. The natural gas industry encountered numerous challenges stemming from macroeconomic factors, climate change, energy substitution, and price fluctuations. Meanwhile, there was a notable surge in the intensity of innovation and the continuous iteration of integrated energy technologies and models. Facing a complex and challenging external environment, ENN Energy adhered to a customer-centric approach. The Company implemented multiple measures to safeguard and expand our gas operations, striving to ensure a stable foundation. Simultaneously, the Company achieved significant milestones in integrated energy business and expanded our footprint in value added business, with efforts to drive upgrades and advancement. Throughout these endeavors, the Company adeptly navigated the challenges, fully demonstrating the Company's resilience in achieving cross-cycle growth and the agility of the seamless synergy among diverse businesses. Importantly, this unwavering commitment has consistently generated sustainable long-term value for our shareholders.

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

	For the year ended 31 December		Increased/ (Decreased) by
	2023	**2022** *(Restated)*	
Key financial data			
Revenue *(RMB million)*	113,858	110,051	3.5%
Gross profit *(RMB million)*	14,338	15,756	(9.0%)
Profit attributable to owners of the Company *(RMB million)*	6,816	5,867	16.2%
Core profit△ *(RMB million)*	7,586	7,966	(4.8%)
Basic earnings per share (*RMB*)	6.05	5.20	16.3%
Net gearing ratio	25.3%	25.8%	(0.5 ppt)
Key operational data#			
Number of city-gas projects in China	259	254	5
Connectable urban population coverage *(thousand)*	137,097	133,196	2.9%
New natural gas customers developed during the year:			
– residential households *(thousand)*	1,854	2,086	(11.1%)
– C/I customers *(sites)*	18,706	22,003	(15.0%)
– installed designed daily capacity for C/I customers *(thousand m^3)*	17,564	20,504	(14.3%)
Accumulated number of customers:			
– residential households *(thousand)*	29,775	27,921	6.6%
– C/I customers *(sites)*	243,168	224,462	8.3%
– installed designed daily capacity for C/I customers *(thousand m^3)*	200,890	183,326	9.6%
Piped gas penetration rate	65.2%	62.9%	2.3 ppt
Retail gas sales volume *(million m^3)*	25,144	25,941	(3.1%)
Wholesale of gas volume *(million m^3)*	8,477	6,756	25.5%
Total length of existing intermediate and main pipelines *(km)*	81,604	77,677	5.1%
Accumulated number of integrated energy projects in operation	296	210	86
Integrated energy projects under construction	60	54	6
Sales volume of integrated energy *(million kWh)*	34,700	22,239	56.0%

△Profit attributable to owners of the Company but stripping out 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.

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

OPERATION HIGHLIGHTS

Practical Essence of Safety, Continuously Building a Strong Safety Brand

Safety is paramount to ENN Energy in fulfilling its social responsibilities and ensuring the development of the Company. The Company consistently strives to enhance safety foundation throughout the entire energy operation scenario by adopting new technologies and innovative safety intelligence models. To ensure indoor gas safety, the Company employs gas alarms and AI shut-off valves. Additionally, the Company ensures the stable operation of the pipeline network through the implementation of IoT sensing, intelligent inspections, and other effective methods. The Company utilises cloud-based laser and remote control systems to support the intelligent operation of stations. Systems such as Engineering Smart Eyes enable the monitoring of the engineering process. By continuously promoting intelligent coverage across various scenarios and the entire value chain, the Company elevates safety to a new level characterised by visibility, focus, and effective management. These efforts further enhance the Company's leading position in safety branding.

By the end of 2023, a total of 76 member companies within the Group have obtained ISO45001 safety management system certification.

The State Council's "Opinions on Comprehensively Promoting the Construction of a Beautiful China" (the "**Opinions**") explicitly states that the country's economic and social development has entered an accelerated phase of green, low-carbon and high-quality growth. The Opinions propose a faster transformation of green development. It will work actively and prudently toward the goals of reaching peak carbon emissions and carbon neutrality, and speed up the planning and development of a system for new energy sources. Additionally, the Opinions suggest continuing to intensify pollution prevention and control efforts. It will make further efforts to keep our skies blue, adopt measures such as clean energy and centralised heating substitution according to local conditions, and continue to control the pollution from scattered coal, coal-fired boilers, and industrial furnaces. It will implement total coal consumption control in key areas continuously.

ENN Energy is dedicated to aligning with the trends of green and low-carbon development. It is focused on strengthening natural gas business while simultaneously expanding integrated energy business. In doing so, the Company actively contributes to the "dual carbon" goals and the realisation of a beautiful China.

Natural Gas Sales Business: Stabilised and Consolidated Business Foundation

In 2023, economic recovery supports the continuous rebound of the natural gas market. However, issues such as weak exports and a sluggish real estate sector have structurally suppressed the demand for natural gas. In terms of prices, the decline in corporate profits has directly led to an increased sensitivity to costs. In 2023, revenue from the retail gas business slightly increased by 0.9% to RMB60,611 million. The Group's total gas sales volume reached 33,621 million cubic meters, a year-on-year slight increase of 2.8%. Retail gas sales volume decreased by 3.1% year-on-year to 25,144 million cubic meters. Among this total, total volume of natural gas sold to C/I customers reached 19,486 million cubic meters, representing a year-on-year decrease of 4.4% and accounting for 77.5% of retail gas sales volume; total volume of natural gas sold to residential households increased by 3.8% to 5,348 million cubic meters, accounting for 21.3% of retail gas sales volume..

In 2023, the Group's revenue and gross profit from gas wholesale business decreased by 0.9% and 60.0% respectively compared to last year, reaching RMB29,695 million and RMB1,095 million. This was mainly due to the international natural gas prices retreat from high level, which resulted in a substantial reduction in international market opportunities for the Group.

In 2023, the Group's construction and installation business is under significant pressure. During the year, the Group developed 18,706 C/I customers (gas appliances installed with daily designed capacity of 17.56 million cubic meters) and completed the construction and installation for 1.854 million new residential households. By the end of 2023, the Group has served a total of 243,168 C/I customers (gas appliances installed with daily designed capacity of 200.89 million cubic meters) and has developed 29.77 million residential households cumulatively, with an average piped-gas penetration rate of 65.2%.

The Group has been pursuing a prudent and strategically synergistic merger and acquisition strategy. During the year, the Company obtained 5 new city gas projects. By the end of 2023, the Group had a total of 259 exclusive operating rights for city gas projects, covering 20 provinces, cities and autonomous regions.

Integrated Energy Business: Focused on Core Business Scenarios and Maintained Rapid Growth

Driven by a combination of policy guidance, market forces, and technological advancements, various enterprises are actively exploring and leading the way in the green and low-carbon transformation. Through collaborative efforts and practical experiences with them, the Company has witnessed the immense potential of the integrating digitalisation and decarbonisation. It is evident that the emerging green wave, centered around renewable energy, low-carbon technologies, and digital innovations, will continue to drive profound economic and social transformations.

From the perspectives of high efficiency and energy conservation, substitution of green energy, and efficient utilisation of resources, ENN Energy supports customers in creating low-carbon factories and low-carbon buildings by using "Load-Source-Grid-Storage" as a critical measure. Additionally, the Company seizes the window of opportunity presented by industrial upgrading and the emergence of new industrial parks to expand its competitive advantage and concentrate efforts on scaling up the integrated energy micro-grids.

During the year, 86 integrated energy projects were completed and put into operation, which lifted the number of total projects in operation to 296, generating sales of a total of 34,700 million kWh of integrated energy including cooling, heating, electricity and steam, up 56.0% year-on-year. In 2023, revenue from integrated energy business surged 32.5% to RMB14,513 million, and gross profit also increased by 22.6% to RMB1,907 million.

Value Added Business: Enriching the Product Portfolio and Achieving Scalable Growth

As household incomes rises and consumer preference evolves, there is a growing demand among individuals for high-quality, customised, and innovative products and services. Enhancing the quality of life and meeting customised needs guide the development of value added business. In light of vast household consumer market, the Group is committed to enhancing customer awareness and vigorously promoting gas-related products that encompasses security, heating, kitchen and sanitation. Also, the Group continues to encourage member companies to provide innovative products according to local conditions, by expanding the promotion and sales of digital intelligence products such as safety intelligence, gas alarms, and LoRa digital intelligence IoT.

The Group currently provides gas supply to over 29.77 million residential household customers and 243,168 commercial and industrial customers. To enhance customer service experience, the Group has been committed to gaining deep insights into customer needs since the beginning of the year. It focuses on various scenarios such as safety, kitchen, and community, and addresses multidimensional customer demands. By combining online sales with offline service experiences, the Group accelerates the implementation of innovative value added business models to increase business output scale.

In 2023, the Group's revenue from the value added business amounted to RMB3,702million, representing an increase of 18.9%, and the gross profit increased by 21.1% to RMB2,517 million. Revenue from the value added business per customer reached RMB124, representing an increase of 5.1% compared to last year.

FINANCIAL PERFORMANCE

PRC's economy is transitioning from high-speed growth to high-quality development, and the business opportunities for the Company have shifted from an outward-focused, scaled development approach to a stage that emphasised both "existing" and actively expanding "new" sources of growth. In 2023, the performance of the Group's integrated energy and value added business was outstanding, consistently delivering considerable profits. Due to lower industrial gas consumption, the Group faced constraints in natural gas demand, resulting in a modest overall revenue growth of 3.5%, amounting to RMB113,858 million. Affected by various factors, including a significant reduction in international market opportunities and the sustained bottoming adjustment of the domestic real estate market during the year, the overall gross profit and gross profit margin were under pressure, with a year-on-year decreases of 9.0% to RMB14,338 million and 1.7 percentage points to 12.6% respectively.

The central parity rate of Renminbi against US dollars on 31 December 2023 had a smaller fluctuation as compared to the end of the previous year. As a result, when the Group translated its outstanding debts denominated in US dollars to Renminbi at the end of the year, it incurred a significant reduction of RMB804 million of unrealised exchange losses to RMB184 million (2022: RMB988 million). This translation did not have any impacts on cash flow. Despite the global inflationary pressure, the Group successfully maintained effective cost control. The ratio of selling and administrative expenses to revenue decreased 0.2 percentage points to 4.7%.

Taking into account all the aforementioned factors, the profit attributable to the owners of the Company and basic earnings per share amounted to RMB6,816 million and RMB6.05 respectively. This represents a year-on-year increase of 16.2% and 16.3% respectively. Stripping out the impact of 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 of commodity derivative financial instruments and share-based payment expenses amounted to RMB770 million, core profit driven by operating activities decreased by 4.8% to RMB7,586 million. This included the relevant after-tax profit of RMB1,495 million (2022: RMB2,335 million) from overseas LNG sales (including net settlement amount realised from commodity derivative financial instruments).

In 2023, the Group adopted prudent financial management and managed its expenditures well to ensure smooth cash flow. For the year ended 31 December 2023, the Group's operating cash inflow was RMB9,612 million, leading to positive free cash inflow[1] of RMB2,132 million.

FINANCIAL RESOURCES REVIEW

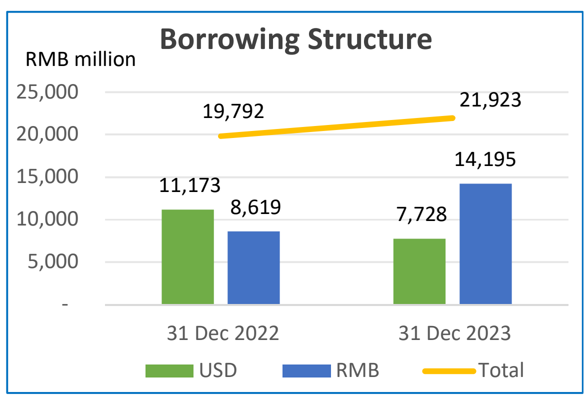
As at 31 December 2023, an analysis of the Group's cash, current and non-current debts is as follows:

	2023 *RMB million*	**2022** *RMB million (Restated)*	**Increased/ (Decreased) by** *RMB million*
Bank balances and cash (excluding restricted bank deposits)	9,689	8,056	1,633
Long-term debts (including bonds)	13,156	13,451	(295)
Short-term debts	8,767	6,341	2,426
Total debts	21,923	19,792	2,131
Net debts[2]	12,234	11,736	498
Total equity	48,262	45,562	2,700
Net gearing ratio[3]	25.3%	25.8%	(0.5 ppt)
Net current liabilities	8,548	8,949	(401)

Working Capital Management

In 2023, the Group adhered to the principle of ecological win-win situation and cooperated with ecological partners to overcome the difficult times. As at 31 December 2023, the Group managed its receivables, payables and inventory turnover days strictly to within its healthy range, which were 12 days, 22 days and 6 days respectively. As at 31 December 2023, the Group's bank balances and cash (excluding restricted bank deposits) amounted to RMB9,689 million, an increase of RMB1,633 million from the beginning of the year, mainly due to the increase in the Company's borrowings during the year.

Borrowings Structure and Foreign Exchange Risk Management

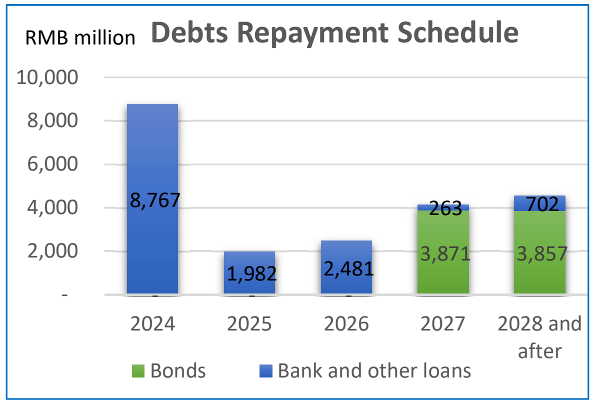


As at 31 December 2023, the Group's total debts amounted to RMB21,923 million, representing an increase of RMB2,131 million compared to the total debts as of 31 December 2022. The Group's net gearing ratio reduced to 25.3% as at 31 December 2023 (2022: 25.8%). The Group seeks to maintain strict control over total debt level and strike a balance between duration of debt and cost of financing.

During the year, the Group undertook a currency swap to reduce the outstanding non-functional currency-denominated debts, thereby mitigating exchange rate risks and optimising the Group's capital structure. As at 31 December 2023, the principal amount of the Group's borrowings denominated in foreign currencies amounted to USD1,100 million (2022: USD1,617 million), equivalent to approximately RMB7,728 million (2022: RMB11,173 million), and among which all (2022: 80.2%) are long-term debt. In managing foreign exchange risk arising from the two outstanding USD senior

[1] Free cash flow = Cash flow from operating activities - capital expenditure - net financing cost + dividend income
[2] Net debts = Total debts - Bank balances and cash (excluding restricted bank deposits)
[3] Net gearing ratio = Net debts / Total equity x 100%

notes, the Company entered into foreign currency derivative contracts, mainly cross currency swaps, with various financial institutions. As of 31 December 2023, the Group has hedged debt principal of USD440 million (2022: USD320 million) and the hedge ratio of long-term USD debts reached 40.0% (2022: 24.6%). In view of the fluctuation in RMB/USD exchange rate, the Group will continue to closely monitor the foreign exchange market. It will also strive to utilise foreign currency derivative contracts or take advantage of favourable interest rate differentials to replace high-cost debts to mitigate any potential impact on its results, as and when deemed appropriate.



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 projects and maintained a reasonable cash level, resulting in net current liabilities amounted to approximately RMB8,548 million as at 31 December 2023. 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.

COMMODITY PRICE AND FOREIGN EXCHANGE RISK MANAGEMENT

In 2023, the Group has three regular international LNG sale and purchase agreements and the pricing of these agreements is mainly indexed to the price of crude oil or natural gas. Changes in these indexes may bring risk exposure to the Group. Therefore, the Group has well established risk management policies and commodity hedging mechanisms by hedging a reasonable proportion of planned annual sale and purchase of LNG, to stabilise its international LNG procurement costs and reduce commodity price risks, so as to minimise the adverse impact of international energy price fluctuations on the Group's business.

Due to the foreign exchange risk associated with the aforementioned trades, the Group has entered into forward foreign exchange contracts with several financial institutions to stabilise procurement costs. In 2023, the Group has hedged an amount of USD213 million, with a hedging ratio for trade risk exposure reaching 20.3%.

SUSTAINABLE DEVELOPMENT

The Group has consistently adhered to the principles of sustainable development by integrating ESG practices into corporate governance, strategies making, daily operations and performance appraisal. Recognising the substantial impact that climate change may have on the Company's business, ENN Energy released its first "2022 Climate-Related Financial Disclosure Report" in 2023. This report demonstrates the Company's dedication to addressing climate change issues and its proactive stance in responding to climate risks and seizing climate-related opportunities.

During the year, the Group officially launched the ESG smart ecological platform to enhance ESG information management and analysis capabilities, effectively improve data quality, and drive the digital and intelligent development of the Group's ESG initiatives. At the same time, an internal promotion of the low-carbon office system and the dissemination of the low-carbon office concept among employees have been carried out, thereby advancing the Company's internal carbon emission reduction efforts.

The Company has received MSCI's AA rating for two consecutive years, which is currently the highest rating for companies among peers in the Greater China region. The Company's rating in the 2023 S&P Global Corporate Sustainability Assessment (CSA) has also shown significant improvement, with the score increasing from 56 points to 63 points. This places the Company at a leading level within the industry.

The Group continues to practice green actions and recorded natural gas sales of 33,621 million cubic meters in 2023, which is equivalent to reducing the use of 15.12 million tons of standard coal and reducing carbon dioxide emissions by 45.11 million tons for society. As a total of 296 integrated energy projects have been put into operation during the year, the Group recorded 34,700 million kWh of energy sales for cooling, heating, electricity, and steam, etc., equivalent to reducing 2.67 million tons of standard coal consumption and 10.99 million tons of carbon dioxide emission for customers.

RATINGS AND CAPITAL MARKET RECOGNITION

During the year, the Company's rating was maintained at BBB+ by international credit agency Fitch, with the outlook being upgraded from "stable" to "positive". Standard & Poor's and Moody's also maintained their BBB+ (stable) and Baa1 (stable) ratings for the Company, respectively. These ratings demonstrate the Company's strong financial position and resilient cash flow.

In addition to the Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng Composite LargeCap Index, Hang Seng ESG 50 Index, Hang Seng Corporate Sustainability Benchmark Index and MSCI China Large Cap Index Constituents, the Group was included in the Hang Seng Stock Connect Hydrogen Energy Index on 20 February 2023.

With years of accumulation, the Group has continuously optimised its business matrix to align with customers' demand. During the year, the Group received 35 awards, including the "Most Honored Company", "Best CEO", "Best CFO", "Best Board of Directors", "Best IR Team" and "Best ESG" from Institutional Investor, as well as "Best ESG Practices for Chinese Listed Companies 2023" from Wind.

OUTLOOK

2024 is an important year for achieving the objectives of the "14th Five-Year Plan". The Company will firmly seize opportunities presented by China's high-quality economic development and realise the steady performance, structural optimisation, and intelligent upgrade of our core business. The Company will fully leverage our customer advantages, diversified natural gas resources, and leading position in the broader energy sector. The Company will make best efforts to consolidate our natural gas business, expand the scale in the broader energy sector, and deepen our presence in the value added business. By promoting synergy among business segments, the Company aims to achieve resilient development and sustained growth across different economic cycles.

Seize the "Dual-carbon" Opportunity to Expand the Natural Gas Business

The natural gas business will ensure healthy and sustainable growth through intelligent upgrades and innovative models. By implementing flexible sales strategies and pricing mechanisms tailored to customers' needs, the Company can effectively meet their requirements. Through the coordination of domestic and international markets and the utilisation of downstream scale advantages, the Company can establish a diversified and low-risk gas supply structure. By leveraging the intelligent platform of the natural gas industry, the Company can achieve precise matching of supply and demand while fully unlocking the value of resources. Furthermore, by enhancing the intelligent operation of the pipeline network, the Company can ensure essential safety measures and improve operational efficiency.

Support Integrated Energy Business by Diversified Products and Make a Breakthrough in Electricity Business

Following the concept of integrated energy, the Group has achieved rapid development in its integrated energy business by meeting customer demands and providing diversified energy sources such as gas, electricity, cooling, and heating according to local conditions. With the implementation of China's dual-carbon policies, economic development and industrial upgrading, small and micro industrial parks that attracted specialised and innovative enterprises emerged. The adjustment of energy structure and the increasing demand for enhanced ESG orientation in enterprises have led customers to shift their single-product demand for natural gas towards a multi-product demand for diversified energy sources, safety, and carbon services. With the deeper power reforms, advancements in energy storage technologies and the application of digital intelligence, the Group has innovatively proposed an integrated energy micro-grid model with electricity as its core. Leveraging the Group's three core capabilities in customer understanding, solution development, and intelligent operations, the Company has implemented the source-generation-network-storage solution. Furthermore, the Company provides a range of services to end users, including energy and carbon consulting, energy efficiency diagnosis, operation management, and energy trading. In the next stage, the integrated energy business will rely on the innovative integrated energy micro-grid model to seize strategic opportunities for fast expansion. It will target three typical scenarios: low-carbon factories, low-carbon buildings, and low-carbon parks, to rapidly acquire customers, further explore customer demands, aggregate industry ecosystems, promote the creation of value through multiple energy and carbon products, and achieve significant development in the integrated energy business.

Keep Upgrading the Value Added Business with an Aim of building a Safe, Intelligent, Warm and Green Life

Following rapid economic development, accompanied by the fulfillment of basic consumption and shifts in consumer subjects and household demographics, resident consumption has increasingly gravitated towards high-quality, specialised, and digitised experiences. The Company will upgrade the value added business by consolidating customer trust and creating value with diversified products. By leveraging IoT and intelligent technologies to upgrade gas services, the Company aims to provide customers with improved experiences and enhanced safety in gas usage. This will enable the Company to earn their trust and establish a new customer connection that goes beyond gas. To meet the rational consumption demands of households, the Company aggregates ecologically preferred products and utilises intelligent connectivity throughout the industry chain. This enable the Company to achieve product quality with transparent and reliable information, alongside more competitive pricing. Additionally, the Company addresses the quality living demands of families in terms of safety, health, and home environment by undertaking product and model innovations through partnership with ecological alliances. The ultimate goal is to transform the value added business into a key driver for growth.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** *RMB million*	**2022** *RMB million (Restated)*
Revenue	4	113,858	110,051
Cost of sales		(99,520)	(94,295)
Gross profit		14,338	15,756
Other income		1,023	953
Other gains and losses	5	267	(1,569)
Distribution and selling expenses		(1,171)	(1,180)
Administrative expenses		(4,144)	(4,261)
Share of results of associates		14	68
Share of results of joint ventures		464	(43)
Finance costs		(786)	(672)
Profit before tax		10,005	9,052
Income tax expense	6	(2,273)	(2,386)
Profit for the year		7,732	6,666
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value change of equity instruments at fair value through other comprehensive income ("**FVTOCI**")		(7)	(28)
Fair value change of a property transferred from property, plant and equipment to investment properties		1	6
Income tax relating to items that will not be reclassified to profit and loss		1	3
		(5)	(19)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		97	92
Fair value gain of derivative financial instruments under hedge accounting		1	38
Income tax relating to items that may be reclassified subsequently to profit and loss		18	1
Other comprehensive income for the year		111	112
Total comprehensive income for the year		7,843	6,778
Profit for the year attributable to:			
Owners of the Company		6,816	5,867
Non-controlling interests		916	799
		7,732	6,666
Total comprehensive income for the year attributable to:			
Owners of the Company		6,927	5,979
Non-controlling interests		916	799
		7,843	6,778
		RMB	*RMB*
Earnings per share	8		
Basic		6.05	5.20
Diluted		6.04	5.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Notes	2023 *RMB million*	2022 *RMB million* *(restated)*
Non-current Assets			
Property, plant and equipment		50,330	50,380
Right-of-use assets		2,751	2,323
Investment properties		268	276
Goodwill		2,504	2,520
Intangible assets		4,341	4,549
Interests in associates		4,708	3,607
Interests in joint ventures		5,117	4,870
Other receivables		14	4
Derivative financial instruments		55	-
Financial assets at fair value through profit or loss (“**FVTPL**”)		4,334	4,327
Equity instruments at FVTOCI		219	238
Amounts due from associates		-	8
Deferred tax assets		1,442	1,564
Deposits paid for investments		-	10
Prepayment and deposits paid for acquisition of property, plant and equipment, land use rights and right of operation		135	100
Restricted bank deposits		538	449
		76,756	75,225
Current Assets			
Inventories		1,682	1,708
Trade and other receivables	9	11,091	10,675
Contract assets		632	638
Derivative financial instruments		203	1,462
Financial assets at FVTPL		100	26
Amounts due from associates		649	909
Amounts due from joint ventures		1,736	2,862
Amounts due from related companies		247	339
Restricted bank deposits		346	458
Cash and cash equivalents		9,689	8,056
		26,375	27,133
Current Liabilities			
Trade and other payables	10	8,171	8,066
Contract liabilities		13,714	15,410
Deferred income		98	58
Amounts due to associates		675	425
Amounts due to joint ventures		805	2,039
Amounts due to related companies		1,148	1,003
Taxation payables		1,287	1,517
Lease liabilities		170	91
Derivative financial instruments		43	1,101
Bank and other loans		8,767	6,341
Financial guarantee liabilities		37	5
Share-based payment liabilities		8	26
		34,923	36,082
Net Current Liabilities		(8,548)	(8,949)
Total Assets less Current Liabilities		68,208	66,276

Capital and Reserves		
Share capital	117	117
Reserves	42,543	38,923
Equity attributable to owners of the Company	42,660	39,040
Non-controlling interests	5,602	6,522
Total Equity	48,262	45,562
Non-current Liabilities		
Contract liabilities	2,687	2,825
Deferred income	890	858
Amounts due to associates	-	215
Amounts due to joint ventures	-	25
Lease liabilities	633	284
Derivative financial instruments	6	45
Bank and other loans	5,428	4,486
Senior notes	7,728	8,965
Deferred tax liabilities	2,574	2,974
Financial guarantee liabilities	-	37
	19,946	20,714
	68,208	66,276

Notes:

1. REVIEW OF THE RESULT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the independent auditor of the Company, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

Deloitte Touche Tohmatsu attended the Audit Committee meeting of the Company on 21 March 2024 to reported their audit results and opinions to the Audit Committee.

2. BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with the revised Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements under Appendix D2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

As at 31 December 2023, the Group has net current liabilities of approximately RMB8,548 million. The directors of the Company (the **"Directors"**) have given careful consideration to the Group's future financial resource when preparing the consolidated financial statements. Taking into account of 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 consolidated financial statements for the year ended 31 December 2023 have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The 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.

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Impacts of application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (the "Amendments to HKAS 12")

The Group has applied the Amendments to HKAS 12 from 1 January 2023. The Amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Following the reassessment, the Group has recognised deferred tax assets and liabilities related to its leases, which has had a RMB6 million impact on the opening retained earnings as at 31 December 2022 (1 January 2022: RMB4 million). During the year, the Group recognised a RMB1 million income tax credit for its leases (31 December 2022: RMB2 million). This change in accounting policy has been reflected in the Group's consolidated financial statements for the year ended 31 December 2023.

The following table illustrates the impact of transition to the amendments to HKAS 12 on opening balances:

	Deferred tax assets	**Deferred tax liabilities**	**Non-controlling interests**	**Retained profits**
	RMB milli	*RMB million*	*RMB million*	*RMB million*
Opening balance at 1 January 2022	1,212	2,785	6,373	30,720
Adjustment	5	-	1	4
Restated balance at 1 January 2022	1,217	2,785	6,374	30,724
Closing balance at 31 December 2022	1,557	2,974	6,521	34,048
Adjustment	7	-	1	6
Restated balance at 31 December 2022	1,564	2,974	6,522	34,054

Save as mentioned above, the application of the new and amendments to HKFRSs during the current year has no material impact on the Group's consolidated financial position and results for the current or prior year and/or the disclosures in the Group's consolidated financial statements.

4. SEGMENT INFORMATION

The following is the information by reportable segments which are also the operating segments used by the chief operating decision maker of the Company for the purposes of resource allocation and performance assessment:

2023

	Retail gas sales business	Integrated energy business	Wholesale of gas	Construction and installation	Value added business	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment revenue	68,513	14,664	40,590	6,575	7,938	138,280
Inter-segment sales	(7,902)	(151)	(10,895)	(1,238)	(4,236)	(24,422)
Revenue from external customers	60,611	14,513	29,695	5,337	3,702	113,858
Segment profit before depreciation and amortisation	7,457	2,217	1,099	3,216	2,522	16,511
Depreciation and amortisation	(1,408)	(310)	(4)	(446)	(5)	(2,173)
Segment/Gross profit	6,049	1,907	1,095	2,770	2,517	14,338

2022

	Retail gas sales business	Integrated energy business	Wholesale of gas	Construction and installation	Value added business	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Segment revenue	67,949	10,997	42,020	7,230	7,607	135,803
Inter-segment sales	(7,867)	(46)	(12,066)	(1,280)	(4,493)	(25,752)
Revenue from external customers	60,082	10,951	29,954	5,950	3,114	110,051
Segment profit before depreciation and amortisation	7,783	1,814	2,740	3,348	2,082	17,767
Depreciation and amortisation	(1,338)	(258)	(4)	(407)	(4)	(2,011)
Segment/Gross profit	6,445	1,556	2,736	2,941	2,078	15,756

The above segment profit represents the profit earned by each segment without allocation of central administration costs, distribution and selling expenses, share of results of associates and joint ventures, other income, other gains and losses and finance costs. Inter-segment sales are charged at prevailing market rates.

5. OTHER GAINS AND LOSSES

	2023	2022
	RMB million	*RMB million*
Net gain/(loss) of financial assets at FVTPL	13	(63)
Net gain of derivative financial instruments (note a)	900	39
Loss on foreign exchange, net (note b)	(241)	(1,032)
Gain on repurchase of senior notes	227	-
Impairment loss for trade and other receivables under expected credit loss model, net of reversal	(270)	(214)
Impairment losses recognised for property, plant and equipment, intangible assets and goodwill	(192)	(129)
Net loss on disposal of property, plant and equipment, right-of-use assets and equities	(155)	(123)
Decrease in fair value of investment properties	(10)	(22)
Others	(5)	(25)
	267	(1,569)

Notes:

a. Included in the amount for the year are net realised gain of RMB786 million (2022: RMB602 million) and net unrealised gain of RMB89 million (2022: net unrealised loss of RMB564 million) recognised by the Group in relation to commodity derivative financial instruments.

b. Included in the amount for the year ended 31 December 2023 is an exchange loss of approximately RMB184 million (2022: RMB988 million) arising from the translation of senior notes and bank loans denominated in USD to RMB.

6. INCOME TAX EXPENSE

	2023	**2022**
	RMB million	*RMB million*
		(restated)
Current tax	2,389	2,666
Overprovision in prior years	(103)	(56)
Overprovision of withholding tax in prior years	-	(51)
	2,286	2,559
Deferred tax	(13)	(173)
	2,273	2,386

As the major operating income of the Group are derived from People's Republic of China (the "**PRC**"), the tax expenses arose principally from the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and Detailed Rules for the Implementation of the EIT Law (the "**Implementation Rules**") for both years, the tax rate applicable for PRC entities is 25%.

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

7. DIVIDEND

(a) Dividends recognised and distributed during the year

	2023	**2022**
	RMB million	*RMB million*
Dividends declared and paid		
Interim dividend	665	618
Final dividend	2,312	2,039

The interim dividend declared in 2023 of HK$0.64 (equivalent to approximately RMB0.59) per share and the 2022 final dividend of HK$2.27 per share (equivalent to approximately RMB2.05), a total of approximately RMB2,977 million in aggregate was paid during the year ended 31 December 2023.

The 2022 interim dividend of HK$0.64 (equivalent to approximately RMB0.55) per share, the 2021 final dividend of HK$2.11 (equivalent to approximately RMB1.72) per share, a total of approximately RMB2,657 million in aggregate was paid during the year ended 31 December 2022.

(b) Proposed final dividend after the end of the reporting period

After the end of the reporting period, the Board has recommended a final dividend of HK$2.31 per share (equivalent to approximately RMB2.09 per share) for the year ended 31 December 2023, and is subject to the approval by the shareholders in the forthcoming Annual General Meeting ("**AGM**"). The final dividend proposed after the end of the reporting period has not been recognised as a liability in the consolidated financial statements.

8. 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:

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2023 and 2022 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares in issue during the year.

	2023	**2022**
Profit for the year attributable to the owners of the Company (RMB million)	6,816	5,867
Weighted average number of shares	1,127,615,310	1,127,721,566
Basic earnings per share (RMB)	6.05	5.20

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2023 and 2022 are calculated assuming all dilutive potential shares were converted during the year.

	2023 *RMB million*	**2022** *RMB million*
Earnings		
Earnings for the purpose of diluted earnings per share	6,816	5,867

	2023	**2022**
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	1,127,615,310	1,127,721,566
Effect of dilutive potential shares:		
- share options	1,160,589	2,708,970
Weighted average number of shares for the purpose of diluted earnings per share	1,128,775,899	1,130,430,536
Diluted earnings per share (RMB)	6.04	5.19

9. TRADE AND OTHER RECEIVABLES

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

	2023 *RMB million*	**2022** *RMB million*
0 to 3 months	1,713	1,705
4 to 6 months	383	398
7 to 9 months	234	250
10 to 12 months	118	206
More than one year	642	448
	3,090	3,007

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	2023	2022
	RMB million	*RMB million*
0 to 3 months	3,609	3,223
4 to 6 months	841	1,021
7 to 9 months	319	360
10 to 12 months	188	286
More than one year	1,190	1,072
	6,147	5,962

11. MATERIAL EVENTS AFTER THE REPORTING DATE AND CONTINGENT LIABILITIES

There were no material events which casted material impact on the Group since the end of the reporting period, and the Group had no material contingent liabilities as at 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2023, there were 6,732,600 shares of the Company held in the trust under the Share Award Scheme, approximately 0.60% of the issued share capital of the Company.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

a. Final Dividend

The Company's dividend policy allows shareholders to share the Company's profits while reserving sufficient reserves for the Group's future development. According to the applicable laws of the Cayman Islands, the Company's reserve available for distribution as at 31 December 2023 amounted to RMB4,995 million.

After considering, among others things, the Group's general financial conditions and strategies, expected operating cash flows and capital expenditure needed for future expansion, surplus, contractual restrictions, actual and expected government financial conditions, macroeconomics and such other factors as the Board may deem relevant, the Board recommends a final dividend of HK$2.31 (2022: HK$2.27) (equivalent to approximately RMB2.09 (2022: RMB2.05)) per share payable to shareholders whose names are on the register of members of the Company on Tuesday, 11 June 2024. Together with the interim dividend of HK$0.64 (2022: HK$0.64) (equivalent to approximately RMB0.59 (2022: RMB0.55)) per share, total annual dividends proposed amounted to HK$2.95 (equivalent to approximately RMB2.68) per share, the pay-out ratio is about 40% of the Group's core profits. The resolution on the final dividend is subject to approval by the shareholders in the forthcoming AGM and will be paid to shareholders of the Company on or before Friday, 26 July 2024.

b. Closure of Register of Members

For the purpose of ascertaining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Monday, 27 May 2024.

For the determination of entitlement to the final dividend to be approved at the AGM, the register of members of the Company will be closed from Friday, 7 June 2024 to Tuesday, 11 June 2024, both days inclusive. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 6 June 2024.

c. Shareholders' right to choose

The final dividend will be payable in cash to each shareholder in Hong Kong dollars ("**HK$**") unless an election is made to receive the same in renminbi ("**RMB**"). Shareholders will be given the option to elect to receive all or part of the final dividend in RMB at the average benchmark exchange rate of HK$1.0 to RMB0.907382 as published by the People's Bank of China during the five business days before 22 March 2024 (inclusive the date of this announcement). If shareholders choose to receive the final dividend in RMB, the dividend will be paid to shareholders in RMB2.096052 per share. To make such election, shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to shareholders as soon as practicable after Monday, 17 June 2024, after the record date of Tuesday, 11 June 2024 to determine shareholders' entitlement to the proposed final dividend, and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited no later than 4:30 p.m. on Wednesday, 3 July 2024. Shareholders who are minded to elect to receive all or part of the final dividend in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 26 July 2024 at the shareholders' own risk.

d. Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprises in respect of the 2023 Final 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 EIT Law and the Implementation Rules, the Hebei Provincial Tax Service of the State Administration of Taxation of the PRC issued an approval confirming that the Company is treated as a Chinese resident enterprise, with effect from 1 January 2022. Accordingly, when the Company distributes the 2023 final 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 or before 4:30 p.m. on Thursday, 6 June 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.

The address of Computershare Hong Kong Investor Services Limited is Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2023, the Company has complied all the Code Provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company established an Audit Committee in accordance with requirements under the Listing Rules for the purpose of reviewing (together with the management) the accounting principles and practices adopted by the Group, as well as auditing, risk management, internal control 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. A meeting of the Audit Committee was held on 21 March 2024 to review with the management the Group's annual results and the Audited Consolidated Financial Statements for the year ended 31 December 2023.

By order of the Board
ENN Energy Holdings Limited
WANG Yusuo
Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises of the following directors: six executive directors, namely Mr. WANG Yusuo (Chairman), Mr. ZHANG Yuying (Chief Executive Officer), Mr. LIU Jianfeng (President), Mr. WANG Dongzhi (Chief Financial Officer), Ms. ZHANG Jin and Mr. JIANG Chenghong; one non-executive director, Mr. WANG Zizheng; and four independent non-executive directors, namely Mr. MA Zhixiang, Mr. YUEN Po Kwong, Mr. LAW Yee Kwan, Quinn and Ms. WONG Lai, Sarah.