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ENN 新奧

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

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

Interim Results Announcement
For The Six Months Ended 30 June 2024

Results Summary:

	The Six Months Ended 30 June		
	2024 *(unaudited)*	**2023** *(unaudited)*	**Increased/ (Decreased) by**
Revenue *(RMB million)*	54,587	54,111	0.9%
Profit attributable to owners of the Company *(RMB million)*	2,573	3,333	(22.8%)
Core profit from domestic businesses△ *(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%
Retail gas sales volume# *(million m^3)*	12,710	12,162	4.5%
Sales volume of integrated energy# *(million kWh)*	19,740	15,664	26.0%

△ 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.

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 unaudited interim results of the Group for the six months ended 30 June 2024 together with the comparative unaudited figures for the corresponding period in 2023.

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/
	2024	**2023**	**(Decreased) by**
	(unaudited)	*(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△ *(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%
Piped gas penetration rate	65.5%	65.1%	0.4 ppt
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%

△ 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.

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.

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.

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 Gratle, 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.

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 RMB54,587 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.

FINANCIAL RESOURCES REVIEW

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

	30 June 2024 *RMB million*	31 December 2023 *RMB million*	Increased/ (Decreased) by *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 debts[2]	11,754	12,234	(480)
Total equity	48,294	48,262	32
Net gearing ratio[3]	24.3%	25.3%	(1 ppt)
Net current liabilities	8,585	8,548	37

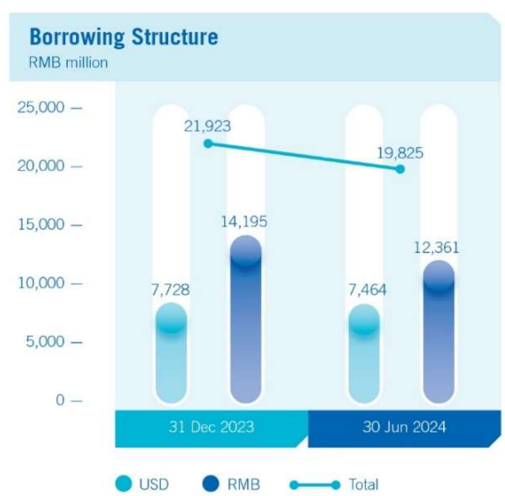
Working Capital Management

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.

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. 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.

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.

2 Net debts = Total debts – Bank balances and cash (excluding restricted bank deposits)
3 Net gearing ratio = Net debts / Total equity

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.

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 Group'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. This reaffirms the Group's solid business foundation and robust financial position, showcasing our resilience.

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.

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.

FINANCIAL INFORMATION

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	4	54,587	54,111
Cost of sales		(48,122)	(46,954)
Gross profit		6,465	7,157
Other income		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		(390)	(340)
Profit before tax		3,980	5,055
Income tax expense	6	(978)	(1,271)
Profit for the period		3,002	3,784
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**")		(1)	1
Items that may be reclassified subsequently to profit or loss:			
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	8		
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		51,369	50,330
Right-of-use assets		2,710	2,751
Investment properties		261	268
Goodwill		2,504	2,504
Intangible assets		4,490	4,341
Interests in associates		4,849	4,708
Interests in joint ventures		5,249	5,117
Other receivables		10	14
Derivative financial instruments		31	55
Financial assets at fair value through profit or loss ("**FVTPL**")		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		447	538
		77,980	76,756
Current Assets			
Inventories		1,788	1,682
Trade and other receivables	9	9,613	11,091
Contract assets		716	632
Derivative financial instruments		98	203
Financial assets at FVTPL		-	100
Amounts due from associates		705	649
Amounts due from joint ventures		969	1,736
Amounts due from related companies		297	247
Restricted bank deposits		272	346
Cash and cash equivalents		8,071	9,689
		22,529	26,375
Current Liabilities			
Trade and other payables	10	6,972	8,171
Contract liabilities		11,755	13,714
Deferred income		89	98
Amounts due to associates		572	675
Amounts due to joint ventures		848	805
Amounts due to related companies		1,543	1,148
Taxation payables		1,024	1,287
Dividend payable		2,376	-
Lease liabilities		171	170
Derivative financial instruments		147	43
Bank and other loans		5,572	8,767
Share-based payment liabilities		10	8
Financial guarantee liabilities		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	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	6,789	5,428
Senior notes	7,464	7,728
Derivative financial instruments	121	6
Deferred tax liabilities	2,497	2,574
	21,101	19,946
	69,395	68,208

Notes:

1. REVIEW OF THE INTERIM RESULTS

Deloitte Touche Tohmatsu, the Company's independent auditor, has carried out a review of the unaudited interim financial report 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 ("**HKICPA**"). A meeting of the Audit Committee of the Company was held on 21 August 2024 to review and discuss with the management the Group's interim results and unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA as well as the applicable disclosure requirements of Appendix D2 to 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 operations 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.

3. 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 new and 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.

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

4. SEGMENT INFORMATION

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

Six months ended 30 June 2024

	Retail gas sales business *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 business *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

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

	Six months ended 30 June	
	2024	**2023**
	RMB million	*RMB million*
Net fair value (loss) gain of financial assets at FVTPL	(11)	19
Net fair value (loss) gain on derivative financial instruments (note a)	(137)	532
Loss on foreign exchange, net (note b)	(62)	(266)
Impairment loss under expected credit loss model, net of reversal	(176)	(128)
Impairment loss recognised in respect of property, plant and equipment and intangible assets	(120)	(65)
Others	25	6
	(481)	98

Notes:

a. Included in the amount for the period mainly are net realised gain of RMB219 million (six months ended 30 June 2023: RMB699 million) and net unrealised loss of RMB273 million (six months ended 30 June 2023: RMB178 million) recognised by the Group in relation to commodity financial instruments.

b. Included in the amount is an exchange loss of approximately RMB48 million (six months ended 30 June 2023: RMB350 million) arising from the translation of senior notes and bank loans denominated in USD to RMB.

6. 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 People's Republic of China (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 "**Implementation Rules**"), the tax rate applicable for PRC entities is 25%.

Certain PRC subsidiaries of the Company are qualified as "High and New Tech Enterprise", 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.

7. 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 as at the end of the reporting period.

b. Dividends of 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 Company's final dividend for the financial year 2023, declared on 22 March 2024, was approved by the Company's shareholders on 31 May 2024, and was paid on 26 July 2024.

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:

	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
	'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
Basic earnings per share (RMB)	2.29	2.95
Diluted earnings per share (RMB)	2.29	2.95

Diluted earnings per share are calculated assuming all dilutive potential ordinary shares were converted.

9. 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 2024 *RMB million*	**At 31 December 2023** *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
	3,347	3,090

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:

	At 30 June 2024 *RMB million*	**At 31 December 2023** *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
	5,341	6,147

11. 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.

2024 INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

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 profits[4] 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 EIT Law and the Implementation Rules, the Hebei Provincial Tax Service of the State Administration of Taxation of the PRC issued an approval 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. The Company will refund the withholding tax as soon as practicable.

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

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 (the "**Trustee**"), who is responsible for managing the share award scheme of the Company 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 had purchased, sold or redeemed any of the Company's listed securities.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2024, the Company has complied all the Code Provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules.

By order of the Board
ENN ENERGY HOLDINGS LIMITED
WANG Yusuo
Chairman

Hong Kong, 23 August 2024

As at the date of this announcement, the Board comprises 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 nonexecutive directors, namely Mr. MA Zhixiang, Mr. YUEN Po Kwong, Mr. LAW Yee Kwan, Quinn and Ms. WONG Lai, Sarah.