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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in China Oil and Gas Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**中油燃氣集團有限公司**\*

**CHINA OIL AND GAS GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 603)**

**(I) VERY SUBSTANTIAL DISPOSAL;  
(II) VERY SUBSTANTIAL ACQUISITION;  
AND  
(III) NOTICE OF SPECIAL GENERAL MEETING**

**Financial adviser to the Company**



**瓏盛資本有限公司**  
**Draco Capital Limited**

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Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A notice convening the SGM to be held at 15th Floor, Xinhai Central International Business Center, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Tuesday, 14 July 2026 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend and vote at the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Announcements”	the announcements of the Company dated 27 October 2025, 10 November 2025 and 29 April 2026 in respect of, among others, the VSD and the VSA
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Cash Consideration”	approximately RMB155.9 million, being the portion of the Transaction Consideration to be satisfied by Shandong Shengli in cash
“CCNG”	China City Natural Gas Investment Group Co., Ltd.* (中油中泰燃氣投資集團有限公司), a limited liability company incorporated in the PRC which is held as to 51% by the Group
“China” or “PRC”	the People’s Republic of China
“China Oil Investment”	China Oil and Gas Investment Group Company Limited* (中油燃氣投資集團有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group

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## DEFINITIONS

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“China Oil Zhuhai”	China Oil and Gas (Zhuhai Hengqin) Company Limited* (中油燃氣(珠海橫琴)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Company”	China Oil and Gas Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 603)
“Completion”	completion of the Proposed Transactions
“Conditions Precedent”	the conditions precedent to the effectiveness of the Share Swap Agreement as set out in the section headed “Conditions Precedent” in this circular
“Consideration Shengli Shares”	new Shengli Shares to be issued by Shandong Shengli at an issue price of RMB3.06 per Shengli Share to satisfy the Share Consideration pursuant to the terms of the Share Swap Agreement
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director”	the director(s) of the Company
“Enlarged Group”	the Group immediately after the Completion
“Ganhe China Oil”	Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.* (青海中油甘河工業園區燃氣有限公司), a limited liability company incorporated in the PRC which is held as to 40% by CCNG and 40% by China Oil Zhuhai (with the remaining 20% held by an independent third party)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Latest Practicable Date”	23 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nantong Oil”	Nantong Oil & Gas Co., Ltd.* (南通中油燃氣有限責任公司), a limited liability company incorporated in the PRC which is held as to 51% by CCNG and 49% by China Oil Zhuhai
“Pricing Benchmark Date”	10 November 2025, being the signing date of the merger and acquisition agreement entered into between the Sellers and Shandong Shengli, which serves as the reference date for determining the issue price of the new Shengli Shares in accordance with the pricing basis set out in the Share Swap Agreement
“Proposed Transactions”	collectively the VSD and the VSA
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	collectively China Oil Investment, Tiandalitong and CCNG
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Shareholders to be convened and held at 15th Floor, Xinhai Central International Business Center, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Tuesday, 14 July 2026 at 11:00 a.m., or any adjournment thereof, to consider and, if thought fit, approve, among other things, the Share Swap Agreement and the transactions contemplated thereunder (including the VSD and the VSA)
“Shandong Shengli”	Shandong Shengli Co., Ltd.* (山東勝利股份有限公司), a joint stock company incorporated in the PRC. Its issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consideration”	approximately RMB1,595.0 million, being the portion of the Transaction Consideration to be satisfied by Shandong Shengli through the issuance of approximately 521,225,770 Consideration Shengli Shares at an issue price of RMB3.06 per Shengli Share
“Share Swap Agreement”	the share swap agreement dated 30 April 2026 entered into among China Oil Investment, Tiandalitong, CCNG and Shandong Shengli in relation to the Proposed Transactions
“Shareholder(s)”	the holder(s) of the Share(s)
“Shengli Share(s)”	the domestic RMB ordinary share(s) (A shares) with a par value of RMB1.00 each in the capital of Shandong Shengli, which are listed on the main board of the Shenzhen Stock Exchange (stock code: 000407)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Target Assets”	collectively (i) 100% equity interests in China Oil Zhuhai; (ii) 100% equity interests in Tiandashengtong; (iii) 51% equity interests in Nantong Oil; and (iv) 40% equity interests in Ganhe China Oil
“Target Companies”	collectively China Oil Zhuhai, Tiandashengtong, Nantong Oil and Ganhe China Oil
“Tiandalitong”	Tiandalitong New Energy (Zhuhai) Co., Ltd.* (天達利通新能源(珠海)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Tiandashengtong”	Tiandashengtong New Energy (Zhuhai) Co., Ltd.* (天達勝通新能源(珠海)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Transaction Consideration”	the aggregate consideration of RMB1,770.2 million payable by Shandong Shengli to the Sellers for the acquisition of the Target Assets pursuant to the Share Swap Agreement, which shall be satisfied as to RMB1,612.5 million by the Share Consideration and as to RMB157.7 million by the Cash Consideration
“US\$”	United States dollar(s), the lawful currency of the United States of America
“VSA”	the proposed acquisition by the Sellers from Shandong Shengli of new Shengli Shares as part of the Transaction Consideration
“VSD”	the proposed disposal by the Sellers to Shandong Shengli of the Target Assets (being (i) 100% equity interests in China Oil Zhuhai held by China Oil Investment; (ii) 100% equity interests in Tiandashengtong held by Tiandalitong; (iii) 51% equity interests in Nantong Oil held by CCNG; and (iv) 40% equity interests in Ganhe China Oil held by CCNG)

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## DEFINITIONS

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“%” per cent.

\* *For identification purposes only*

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LETTER FROM THE BOARD

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中油燃氣集團有限公司\*

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 603)

*Executive Directors:*

Mr. Xu Tie-liang (*Chairman and Chief Executive Officer*)

Ms. Guan Yijun

Mr. Gao Falian

Ms. Xu Ran

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent non-executive Directors:*

Ms. Liu Zhihong

Mr. Wang Guangtian

Mr. Yang Jie

*Principal place of business in Hong Kong:*

Suite 2805, 28th Floor

Sino Plaza

255–257 Gloucester Road

Causeway Bay

Hong Kong

25 June 2026

*To the Shareholders*

Dear Sir or Madam,

**(I) VERY SUBSTANTIAL DISPOSAL;  
(II) VERY SUBSTANTIAL ACQUISITION;  
AND  
(III) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements, pursuant to which the Board is pleased to announce that, on 29 April 2026 (after trading hours), the Sellers (being China Oil Investment, Tiandalitong and CCNG) entered into the Share Swap Agreement with Shandong Shengli, pursuant to which Shandong Shengli has conditionally agreed to acquire, and the Sellers have conditionally agreed to dispose of, the Target Assets for a total Transaction Consideration of approximately RMB1,750.8 million, of which (i) the Share Consideration of approximately RMB1,595.0 million

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## LETTER FROM THE BOARD

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shall be satisfied by way of the issuance of 521,225,770 Consideration Shengli Shares; and (ii) the Cash Consideration of RMB155.9 million shall be satisfied by way of cash payment by Shandong Shengli to the Sellers.

The Proposed Transactions comprise the VSD and the VSA pursuant to the Share Swap Agreement. Upon Completion, Shandong Shengli will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil. Upon Completion, the Group's interest in Shandong Shengli will increase from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares. As such, Shandong Shengli will become a non-wholly owned subsidiary of the Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Swap Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the SGM.

### THE SHARE SWAP AGREEMENT

The principal terms of the Share Swap Agreement are set out below.

#### Date

29 April 2026

#### Parties

- (i) China Oil Investment;
- (ii) Tiandalitong;
- (iii) CCNG (collectively, the “Sellers”); and
- (iv) Shandong Shengli.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shandong Shengli is held as to approximately 22.16% by the Group as at the Latest Practicable Date and is therefore an associate of the Company. Save as aforesaid, Shandong Shengli and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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## LETTER FROM THE BOARD

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### **Equity Interests subject to the Proposed Transaction**

Pursuant to the Share Swap Agreement, Shandong Shengli has conditionally agreed to acquire the following equity interests (being the Target Assets) from the Sellers:

- (i) 100% equity interests in China Oil Zhuhai held by China Oil Investment;
- (ii) 100% equity interests in Tiandashengtong held by Tiandalitong;
- (iii) 51% equity interests in Nantong Oil held by CCNG; and
- (iv) 40% equity interests in Ganhe China Oil held by CCNG.

### **Transaction Consideration**

The total Transaction Consideration is RMB1,750.8 million, which comprises the agreed transaction prices of:

- (i) approximately RMB65.0 million for the 100% equity interests in China Oil Zhuhai, of which approximately RMB55.3 million shall be satisfied by the issuance of Consideration Shengli Shares and approximately RMB9.8 million shall be satisfied by cash payment;
- (ii) approximately RMB974.2 million for the 100% equity interests in Tiandashengtong, of which approximately RMB828.1 million shall be satisfied by the issuance of Consideration Shengli Shares and approximately RMB146.1 million shall be satisfied by cash payment;
- (iii) approximately RMB430.5 million for the 51% equity interests in Nantong Oil, which shall be satisfied entirely by the issuance of Consideration Shengli Shares; and
- (iv) approximately RMB281.0 million for the 40% equity interests in Ganhe China Oil, which shall be satisfied entirely by the issuance of Consideration Shengli Shares.

## LETTER FROM THE BOARD

Pursuant to the Share Swap Agreement, the Transaction Consideration shall be satisfied by Shandong Shengli to the Sellers in the following manner:

- (i) the Share Consideration of approximately RMB1,595.0 million by the issuance of 521,225,770 Consideration Shengli Shares at the issue price of RMB3.06 per Shengli Share, of which:
  - a. 18,067,944 Consideration Shengli Shares will be issued to China Oil Investment;
  - b. 270,621,944 Consideration Shengli Shares will be issued to Tiandalitong; and
  - c. 232,535,882 Consideration Shengli Shares will be issued to CCNG;
 and
- (ii) the Cash Consideration of approximately RMB155.9 million by cash payment, of which:
  - a. approximately RMB9.8 million will be paid to China Oil Investment; and
  - b. approximately RMB146.1 million will be paid to Tiandalitong.

The breakdown of the Transaction Consideration for each Seller is set out below:

Seller	Target Asset	Total Consideration (RMB'000)	Share Consideration (RMB'000)	Cash Consideration (RMB'000)	Number of Consideration Shengli Shares
China Oil Investment	100% equity interests in China Oil Zhuhai	65,044.60	55,287.91	9,756.69	18,067,944
Tiandalitong	100% equity interests in Tiandashengtong	974,239.00	828,103.15	146,135.85	270,621,944
CCNG	51% equity interests in Nantong Oil	430,531.80	430,531.80	—	140,696,666
CCNG	40% equity interests in Ganhe China Oil	281,028.00	281,028.00	—	91,839,216
<b>Total</b>		<b><u>1,750,843.40</u></b>	<b><u>1,594,950.86</u></b>	<b><u>155,892.54</u></b>	<b><u>521,225,770</u></b>

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## LETTER FROM THE BOARD

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The Transaction Consideration was determined after arm's length negotiations among the parties with reference to the historical financial performance and position of the Target Companies, the prospects and growth potential of the natural gas industry, comparable market transactions in the energy sector, synergies expected from the asset integration, and the prevailing market conditions in the natural gas industry.

The Company considers that the Proposed Transactions will generate significant synergies across four dimensions. In terms of industrial and supply chain synergy, Shandong Shengli's existing business in natural gas pipeline manufacturing and gas sales, combined with the Target Assets' natural gas application services across industrial, commercial and residential sectors, will establish a complete and integrated industry chain from pipeline manufacturing through gas sales to end-user application services. This will enable the Enlarged Group to extend its downstream coverage and strengthen its gas asset portfolio, whilst the Target Assets will benefit from a more stable supply of pipelines and gas sources. In terms of market synergy, Shandong Shengli's established market channels, customer network and brand recognition in the natural gas and plastic pipeline sectors complement the Target Companies' stable end-user customer base in regional markets, allowing the enlarged group to expand terminal market coverage, broaden the customer base and jointly increase overall market share in furtherance of the Group's nationwide gas asset development strategy. In terms of technology synergy, Shandong Shengli's technical expertise in pipeline manufacturing, gas transmission and sales will be combined with the Target Assets' operational experience in gas application services and terminal scenario optimisation, creating a positive cycle of technology sharing that will improve pipeline compatibility, enhance gas utilisation efficiency and drive product innovation. In terms of management synergy, Shandong Shengli's established corporate governance framework, internal control systems and standardised management processes will complement the Target Companies' professional operational and customer service management capabilities, enabling mutual exchange of management best practices, optimised organisational structure and improved overall operational efficiency.

In determining the Transaction Consideration, the parties took into account the above synergies as a qualitative factor alongside the appraised value of the Target Assets. The synergies are expected to accrue to the Enlarged Group following Completion, and the Directors consider that the Transaction Consideration appropriately reflects both the intrinsic standalone value of the Target Assets and the additional strategic value arising from their integration into Shandong Shengli's platform. The Directors are therefore of the view that the Transaction Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Pricing Basis, Pricing Benchmark Date and Issue Price

The Board has assessed the issue price of RMB3.06 per Shengli Share and considers it to be fair and reasonable and in the interests of the Company and its Shareholders as a whole, for the reasons set out below.

In accordance with Article 46 of the Administrative Measures for the Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), the issue price of shares issued for the purpose of an asset acquisition shall not be lower than 80% of the market reference price, being one of the volume-weighted average trading prices of the relevant listed company's shares for the 20, 60 or 120 trading days prior to the pricing benchmark date.

The pricing benchmark date for the Proposed Transactions is 11 November 2025, being the date of announcement of the resolutions of the 7th meeting of the 11th session of the board of directors of Shandong Shengli, which also being the signing date of the merger and acquisition agreement of asset acquisition by way of share issuance and cash payment. The volume-weighted average trading prices of Shengli Shares for the 20, 60 and 120 trading days prior to the pricing benchmark date, and the corresponding 80% thresholds, are set out below.

<b>Period</b>	<b>Volume-Weighted Average Price (RMB/share)</b>	<b>80% Threshold (RMB/share)</b>
20 trading days prior to the Pricing Benchmark Date	3.68	2.95
60 trading days prior to the Pricing Benchmark Date	3.69	2.96
120 trading days prior to the Pricing Benchmark Date	3.60	2.89

The initial issue price was determined, through arm's length negotiation between the parties, at RMB3.07 per Shengli Share, which is not lower than 80% of any of the three volume-weighted average trading prices set out above and is therefore in compliance with the applicable regulatory requirements.

Subsequent to the determination of the initial issue price, on 29 December 2025, Shandong Shengli convened its second extraordinary general meeting of 2025 and approved an interim profit distribution plan for 2025, pursuant to which a cash dividend of RMB0.15 per 10 Shengli Shares (before tax) was distributed to all shareholders based on the total share capital of 880,084,656 Shengli Shares as at 30 June 2025.

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## LETTER FROM THE BOARD

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In accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange governing ex-dividend adjustments, the issue price was accordingly adjusted downward from RMB3.07 to RMB3.06 per Shengli Share. The adjusted issue price of RMB3.06 per Shengli Share remains not lower than 80% of the volume-weighted average trading prices for each of the three reference periods and continues to comply with all applicable regulatory requirements.

The Board notes that the issue price of RMB3.06 per Shengli Share was determined after comprehensive consideration of, and arm's length negotiation between the parties with reference to, the prevailing capital market conditions, the intrinsic value of the Target Assets and the expected future development of the Target Companies. The Board is of the view that the pricing methodology is consistent with applicable laws and regulations and reflects sound market-oriented principles. The Board considers that the issue price does not prejudice the interests of the Company or its Shareholders, including minority Shareholders, and that the Proposed Transactions as a whole are in the interests of the Company and its Shareholders as a whole.

The proposed issue price of RMB3.06 per Shengli Share in respect of the Share Consideration pursuant to the Share Swap Agreement represents:

- (i) a discount of approximately 36.91% to the closing price of RMB4.85 per Shengli Share as quoted on the Shenzhen Stock Exchange on 29 April 2026, being the date of the Share Swap Agreement; and
- (ii) a discount of approximately 22.73% to the closing price of RMB3.96 per Shengli Share as quoted on the Shenzhen Stock Exchange on 23 June 2026, being the Latest Practicable Date.

### **Lock-up Period for New Shares Issued as Share Consideration**

The newly issued Shengli Shares acquired by the Sellers through the Proposed Transactions will be subject to a lock-up period. Such shares shall not be transferred within 36 months from the date of Completion.

If, within 6 months after Completion, the closing price of Shengli Shares is lower than the issue price for 20 consecutive trading days, or if the closing price of Shengli Shares at the end of the 6-month period after Completion is lower than the issue price of the Shengli Shares issued under the Proposed Transactions, the lock-up period for the new Shengli Shares acquired by the Sellers shall be automatically extended by an additional 6 months.

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## LETTER FROM THE BOARD

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For the avoidance of doubt, the existing Shengli Shares in Shandong Shengli already held by China Oil Investment prior to the Proposed Transactions (i.e., Shengli Shares not issued under the Share Swap Agreement) are subject to a separate lock-up period of 18 months from the date of Completion.

### **The Valuation Approach**

The Transaction Consideration of approximately RMB1,750.8 million was determined after arm's length negotiations between the parties with reference to, among others, the appraised value of the Target Assets as assessed by an independent valuer (the "**Valuer**") appointed by the Company.

The Valuer has confirmed that it has neither present nor prospective interests in the Company, the Target Companies and their associated companies, or the values reported therein. The Directors are satisfied that the Valuer possesses the qualifications, experience and independence necessary to conduct the valuation of the Target Companies, and that the engagement is on normal commercial terms and at arm's length.

### ***Valuation Date, Scope and Limitations of Work***

The Valuer was engaged to provide its opinion of the market value of the entire equity interest in each of China Oil Zhuhai, Tiandashengtong, Nantong Oil and Ganhe China Oil as at 31 December 2025 (the "**Date of Valuation**"), being the latest financial year end of the Target Companies prior to the Share Swap Agreement. The valuation has been conducted on a market value basis as defined under the International Valuation Standards established by the International Valuation Standards Council, namely the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

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## LETTER FROM THE BOARD

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The Valuer's scope of work consisted of discussions with the management of the Company and the Target Companies, review of the audited consolidated financial statements of each Target Company for the year ended 31 December 2025, review of historical operational information of the Target Companies, and analysis of comparable listed companies. As limitations of work, the Valuer has relied on the completeness, accuracy and representation of the operational, financial and other information provided by the management of the Company and the Target Companies to a considerable extent, and has not independently audited or compiled such information. The Valuer has also not investigated the legal title to, or any legal liabilities of, the Target Companies and assumes no responsibility for the title to the Target Companies appraised. The valuation reflects facts and conditions existing at the Date of Valuation and subsequent events or circumstances have not been considered.

In the process of valuing the Target Companies, the Valuer took into account the operations and the nature of the industry of each Target Assets. The Valuer considered three commonly accepted approaches, namely the income-based approach, the asset-based approach and the market-based approach.

The income-based approach was not adopted because a significant number of assumptions would have to be made and the resulting valuation could be largely influenced by any inappropriate assumptions. The asset-based approach was also not adopted because it could not capture the future earning potential of the major operating businesses of the Target Assets and therefore could not adequately reflect the market value of those businesses. The Valuer therefore adopted the market-based approach in arriving at the market value of the Target Assets.

### *Selection of Comparable Companies*

Under the market-based approach, Bloomberg was searched exhaustively for all listed companies in the gas utilities sector in China, using the criterion that at least 90% of their revenue must derive from gas utilities in China, which resulted in a shortlist of 9 companies. The business model and product profiles of the shortlisted companies were examined in further screening, with information obtained from the companies' websites and other reliable sources where necessary. Companies satisfying the following criteria, pertinent to the business operations of the Target Companies, were adopted as guideline public companies for the purposes of the valuation:

- (i) the companies have sufficient listing and operating histories of more than 3 years; and
- (ii) the financial information of the companies is available to the public.

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## LETTER FROM THE BOARD

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The listing location, principal business location and market capitalisation of the shortlisted companies were not considered as selection criteria, as the business nature and financial performance of comparable companies were the primary considerations of the Valuer. The market value of each Target Assets in minority basis was arrived at by applying the relevant valuation multiple adopted to the estimated financial metric of the respective Target Company for the trailing 12-month period and subsequently adjusting for a marketability discount.

Applying the above selection criteria consistently, the Valuer identified seven comparable companies (each a “**Comparable Company**” and collectively, the “**Comparable Companies**”), being all listed companies in the PRC gas utilities sector satisfying the criteria. The Valuer did not exclude any company that satisfied the selection criteria. Particulars of the Comparable Companies and their respective price-to-earnings (“**P/E**”) multiples, together with the basis for selection, are set out in the table below:

Company	Stock Code	Listing Location	Principal Business Location	Market Capitalisation (RMB million)	% Revenue Attributable to		P/E Multiple
					City Gas		
Xinjiang Wanjing Energy Co Ltd	002700.CH	PRC	PRC	4,016.67	100.00%		34.01
Chengdu Gas Group Co Ltd	603053.CH	PRC	PRC	2,775.45	90.85%		17.79
JiaXing Gas Group Co Ltd	9908.HK	Hong Kong	PRC	8,533.34	91.96%		6.70
Ningxia Kai Tian Gas Development Co Ltd	920010.CH	PRC	PRC	7,601.56	95.71%		92.31
Xinjiang Hongtong Natural Gas Co Ltd	605169.CH	PRC	PRC	1,013.67	98.59%		30.17
Xinjiang Torch Gas Co Ltd	603080.CH	PRC	PRC	2,574.81	92.94%		15.87
Bestsun Energy Co Ltd	600681.CH	PRC	PRC	3,728.36	97.85%		23.70
<b>Median</b>							<b>23.70</b>

Source: Bloomberg

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## LETTER FROM THE BOARD

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The principal business of each Comparable Company is summarised below. Xinjiang Wanjing Energy Co Ltd provides natural gas processing, delivery and distribution services together with residential pipeline installation services. Chengdu Gas Group Co Ltd is engaged in city gas supply services including city gas transmission and distribution, urban gas project planning, gas appliance inspection and gas equipment distribution. JiaXing Gas Group Co Ltd operates as a gas distribution company, marketing civil pipeline gas, industrial and commercial pipeline gas, and bottled gas. Ningxia Kai Tian Gas Development Co Ltd is engaged in gas transmission and distribution, gas pipeline engineering installation, and gas equipment application technology research and development. Xinjiang Hongtong Natural Gas Co Ltd is principally engaged in the wholesale of compressed natural gas and liquefied natural gas and the provision of natural gas pipeline and station construction services. Xinjiang Torch Gas Co Ltd is engaged in natural gas distribution services including gas transmission, pipeline maintenance and the sale of pipe fittings and gas appliances. Bestsun Energy Co Ltd is a natural gas distributor investing in natural gas pipelines, liquefied natural gas, and natural gas vehicle filling stations, and also provides gas appliance installation and maintenance services.

The Valuer considers the Comparable Companies to be appropriate and exhaustive market comparables for the Target Companies, as each is principally engaged in the downstream city gas distribution business in the PRC and shares the same fundamental business model, namely the supply of natural gas to industrial, commercial and residential users through pipeline networks under regional concession arrangements. The Directors concur with the Valuer's view and consider that the selection criteria have been consistently applied.

### *Selection of Valuation Multiple*

Under the market-based approach, the Valuer considered three commonly adopted valuation multiples, namely the price-to-sales multiple, the P/E multiple and the price-to-book multiple. The price-to-book multiple was not adopted as it does not reflect the future earnings and growth potential of the Target Companies. The price-to-sales multiple was not adopted as it does not fully capture the cost structure of the Target Companies. The Valuer therefore adopted the P/E multiple as the most appropriate valuation multiple for arriving at the market value of the Target Companies, given that earnings are the principal measure of value for established operating businesses with stable cost structures in the city gas industry.

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## LETTER FROM THE BOARD

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### *4Calculation Process and Derivation of Appraised Value*

The Valuer adopted the median P/E multiple of 23.70 times of the Comparable Companies as the P/E multiple applied to the Target Companies. The median was selected (in preference to the simple mean) so as to mitigate the impact of outliers within the Comparable Companies, in particular the high P/E multiple of Ningxia Kai Tian Gas Development Co Ltd (92.31 times) and the low P/E multiple of JiaXing Gas Group Co Ltd (6.70 times). The appraised value (in minority basis and before adjustment for marketability discount) of each Target Company was derived by multiplying the median P/E multiple by the audited trailing twelve-month net profit of the relevant Target Company for the period ended 31 December 2025, and the resulting base value was then adjusted by the marketability discount described in the sub-section headed “Marketability Discount” below. The calculation process and resulting appraised value for each Target Company are set out below:

	<b>China Oil</b>		<b>Ganhe China</b>	
	<b>Zhuhai</b>	<b>Tiandashengtong</b>	<b>Nantong Oil</b>	
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	
			<b>Oil</b>	
			<i>(RMB)</i>	
Trailing 12-month net profit as at 31 December 2025	6,041,577	90,533,307	74,911,005	66,011,217
Multiplied by: Median P/E multiple of Comparable Companies	23.70 times	23.70 times	23.70 times	23.70 times
Base value of 100% equity interest (in minority basis) before marketability discount	143,207,717	2,145,974,352	1,775,667,993	1,564,710,077
Multiplied by: (1–20.43%) (marketability discount adjustment)	× 79.57%	× 79.57%	× 79.57%	× 79.57%
Appraised value of 100% equity interest (in minority basis)	113,950,381	1,707,551,792	1,412,899,022	1,245,039,808
Appraised value of 100% equity interest (in minority basis) (rounded)	113,950,000	1,707,552,000	1,412,899,000	1,245,040,000

*Note: Figures may not add up due to rounding.*

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## LETTER FROM THE BOARD

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### *Marketability Discount*

Since ownership interests in closely held companies are not as readily marketable as similar interests in publicly listed companies, a discount for lack of marketability was applied in arriving at the market value of each Target Asset as at the Date of Valuation. In determining the rate of the marketability discount, the Valuer took into account the following factors, including (i) the estimated future liquidity of the equity interests of the Target Companies; (ii) any contractual or customary arrangements relating to the transfer of equity interests; (iii) any restrictions on transfer imposed on the equity interests being valued; (iv) the pool of potential buyers for the equity interests being valued; (v) the risk and volatility of the underlying equity interests; (vi) the size and timing of dividend distributions available to shareholders; and (vii) the concentration of shareholdings of the Target Assets.

Having regard to the above factors, the Valuer adopted a marketability discount of 20.43% in respect of each Target Company, which rate was determined with reference to the results of the restricted stock study published in the “Stout Restricted Stock Study 2025” by Stout Risius Ross, LLC. The Stout Restricted Stock Study is a widely recognised empirical study used by valuation practitioners to quantify the lack of marketability of equity interests in privately held companies relative to comparable interests in publicly listed companies. The same marketability discount rate of 20.43% has been applied uniformly to each of the four Target Companies, on the basis that each Target Company is a privately held PRC limited liability company engaged in the same downstream city gas distribution business and accordingly shares substantially the same liquidity characteristics. The valuation impact of the marketability discount on each Target Company is illustrated in the calculation table set out above under the sub-section headed “Calculation Process and Derivation of Appraised Value”, namely a reduction of approximately 20.43% from the base value (in minority basis) to the final appraised value (in minority basis) for each Target Company.

### *Appraised Value of Each Target Asset and Valuation Conclusion*

Based on the investigation and the valuation methodology described above, the Valuer’s opinion of the market value of 100% equity interest in each Target Company as at the Date of Valuation, which encompasses all of their respective direct and indirect subsidiaries, is summarised in the table below.

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## LETTER FROM THE BOARD

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The valuation of each of the Target Assets, namely (i) the 100% equity interest in China Oil Zhuhai, (ii) the 100% equity interest in Tiandashengtong, (iii) the 51% equity interest in Nantong Oil and (iv) the 40% equity interest in Ganhe China Oil, has been conducted by the Valuer by applying the same valuation methodologies and parameters as those described in the sub-section headed “Calculation Process and Derivation of Appraised Value” above. In particular, the market approach (P/E multiple method) was applied to each of the Target Companies, using the same median P/E multiple of 23.70 times of the Comparable Companies as the P/E multiple applied to each Target Company, multiplied by the trailing twelve-month net profit of the relevant Target Company for the period ended 31 December 2025 to derive the base value (in minority basis) of the 100% equity interest of the relevant Target Company. The same marketability discount of 20.43% was then applied uniformly to each of the Target Companies in arriving at the appraised value (in minority basis) of the 100% equity interest of each Target Company.

Specifically, the market value of the 100% equity interest in Tiandashengtong has taken into account and reflected the value of its indirect holding of 40% equity interest in Ganhe China Oil and 49% equity interest in Nantong Oil.

As the Share Swap Agreement contemplates the disposal of the Target Companies by the Sellers (i.e. the disposal of 100% equity interests of China Oil Zhuhai by Chian Oil Investment, the disposal of 100% equity interests of Tiandashengtong by Tiandalitong, the disposal of 51% equity interests of Nantong Oil by CCNG and the disposal of 40% equity interests of Ganhe China Oil by CCNG), the proportionate appraised value attributable to the equity interests of each of the Target Company being disposed of by the respective Seller is set out in the table below.

For the avoidance of doubt, the separate presentation of the appraised values of the 51% equity interest in Nantong Oil and the 40% equity interest in Ganhe China Oil in the table below is solely intended to reflect the respective direct shareholding percentages being disposed of by the CCNG under the Share Swap Agreement. Such separate disclosure is provided for shareholders’ ease of reference regarding the specific value of the disposal interests, all of which were derived strictly on a pro-rata basis from the 100% standalone market value of each Target Company.

## LETTER FROM THE BOARD

Target Company	Appraised value of 100% equity interest (RMB)	Corresponding Seller	Proportion of the equity interests in the Target Company being disposed of by the corresponding Seller (RMB)	Proportionate appraised value attributable to the equity interest in the Target Company being disposed of by the corresponding Seller (RMB)
China Oil Zhuhai	113,950,000	China Oil Investment	100%	113,950,000
Tiandashengtong (note)	1,707,552,000	Tiandalitong	100%	1,707,552,000
Nantong Oil	1,412,899,000	CCNG	51%	720,578,490
Ganhe China Oil	1,245,040,000	CCNG	40%	498,016,000
<b>Total</b>				<b><u>3,040,096,490</u></b>

*Note:* As described in the sub-section headed “Calculation Process and Derivation of Appraised Value” above, the appraised value of the 100% equity interest in Tiandashengtong has been derived by applying the median price-to-earnings multiple of 23.70 times of the Comparable Companies to the trailing twelve-month net profit of Tiandashengtong for the period ended 31 December 2025 (after adjustment for the marketability discount of 20.43%).

Tiandashengtong holds an indirect 49% equity interest in Nantong Oil and an indirect 40% equity interest in Ganhe China Oil. The trailing twelve-month net profit of Tiandashengtong is presented on a consolidated basis and, subject to the elimination of inter-company transactions among Tiandashengtong, Nantong Oil and Ganhe China Oil, captures the corresponding share of the earnings of Nantong Oil and Ganhe China Oil attributable to Tiandashengtong. Accordingly, the appraised value of the 100% equity interest in Tiandashengtong of approximately RMB1,707.6 million already reflects (i) the portion attributable to the 49% indirect equity interest in Nantong Oil, being approximately RMB692.3 million (RMB1,412,899,000 × 49%); and (ii) the portion attributable to the 40% indirect equity interest in Ganhe China Oil, being approximately RMB498.0 million (RMB1,245,040,000 × 40%).

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## LETTER FROM THE BOARD

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### *Major Assumptions*

The valuation was based on the following major assumptions:

- (i) the unaudited consolidated financial statements of each Target Company could reasonably represent the respective Target Assets financial position as at the date of valuation, given that audited financial statements for the relevant period were not yet available;
- (ii) all relevant legal approvals and business certificates or licences required to operate the businesses of the Target Assets in the localities in which they operate would be officially obtained and renewable upon expiry;
- (iii) there will be sufficient supply of technical staff in the industries in which the Target Companies operate, and each of the Target Assets will retain competent management, key personnel and technical staff to support its ongoing operations and development;
- (iv) there will be no major change in the current taxation laws in the localities in which the Target Assets operate and the rates of tax payable shall remain unchanged, and all applicable laws and regulations will be complied with;
- (v) there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Assets operate, which would adversely affect the revenues attributable to or the profitability of the Target Assets; and
- (vi) interest rates and exchange rates in the localities in which the Target Assets operate will not differ materially from those presently prevailing.

### *View of the Board on the Valuation*

The Directors consider that the key assumptions, methodology and valuation analyses adopted by the Valuer in arriving at the appraised value of the Target Assets are fair and reasonable, and have taken the appraised value into account in assessing whether the Transaction Consideration is fair and reasonable. The Directors is of the view that the Transaction Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## LETTER FROM THE BOARD

### *Reconciliation between Appraised Value and Agreed Consideration*

As set out under the sub-section headed “Transaction Consideration” above, the total Transaction Consideration payable by Shandong Shengli to the Sellers is approximately RMB1,750.8 million. A comparison of the proportionate appraised value attributable to each Target Asset (as derived by the Valuer using the market-based approach) and the agreed consideration for each Target Asset is set out below:

Target Asset	Proportionate appraised value (RMB'000)	Agreed consideration (RMB'000)	Premium/ (Discount) (RMB'000)	Premium/ (Discount) (%)
100% equity interests in China Oil				
Zhuhai	113,950	65,044.60	(48,905.40)	(42.92%)
100% equity interests in Tiandashengtong	1,707,552	974,239.00	(733,313.00)	(42.95%)
51% equity interests in Nantong Oil	720,578.49	430,531.80	(290,046.69)	(40.25%)
40% equity interests in Ganhe China Oil	498,016	281,028.00	(216,988.00)	(43.57%)
<b>Total</b>	<b><u>3,040,096.49</u></b>	<b><u>1,750,843.40</u></b>	<b><u>(1,289,253.09)</u></b>	<b><u>(42.41%)</u></b>

The agreed consideration represents an aggregate discount of approximately 42.41% to the proportionate appraised value derived by the Valuer. The Directors note that the agreed consideration was not determined solely by reference to the appraised value derived by the Valuer under the market-based approach, but was the result of arm’s length negotiations between the Sellers (being members of the Group) and Shandong Shengli, having regard to a number of factors in addition to the Valuation Report, including the following:

- (i) the asset appraisal reports prepared by a qualified PRC asset appraisal institution in respect of the Target Assets in connection with the A-share filing requirements of Shandong Shengli, which are required to be prepared under PRC asset appraisal standards and form the regulatory basis for the consideration payable by an A-share listed company in a share-and-cash acquisition of this nature;
- (ii) the PRC regulatory pricing framework applicable to Shandong Shengli, in particular Article 46 of the Administrative Measures for the Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), under which the issue price of the Consideration Shengli Shares was determined at RMB3.06 per Shengli Share (being not less than 80% of the volume-weighted average trading prices of the Shengli Shares for the 20, 60 or 120 trading days prior to the pricing benchmark date), which framework necessarily

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## LETTER FROM THE BOARD

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anchors the equity component of the consideration to the prevailing trading price of the Shengli Shares rather than to the appraised value of the Target Assets derived under a market-based approach;

- (iii) the fact that, upon Completion, the Group's interest in Shandong Shengli will increase from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares, such that the Group will retain a 51.11% indirect economic interest in the Target Assets following Completion and the underlying economic value of the Target Assets attributable to the Group will continue to be reflected in the Group's consolidated financial statements through its controlling stake in Shandong Shengli;
- (iv) the strategic and operational synergies expected to accrue to the enlarged group following Completion, as described under the sub-section headed "Reasons for and Benefits of the Proposed Transactions and Use of Proceeds" below, including industrial and supply chain synergy, market synergy, technology synergy and management synergy; and
- (v) the lock-up arrangements applicable to the Consideration Shengli Shares (being 36 months from the date of Completion, subject to an automatic six-month extension if certain trading price conditions are not satisfied), which restrict the liquidity of the Share Consideration during the lock-up period and are reflected in the negotiated consideration.

Taking the above factors into account, and having regard to the fact that the Group will retain a controlling 51.11% indirect interest in the Target Assets through Shandong Shengli upon Completion, the Directors consider that the discount of the agreed consideration to the proportionate appraised value derived under the market-based approach is justified and that the Transaction Consideration is fair and reasonable so far as the Company and its Shareholders as a whole are concerned.

### **Lock-up Period for New Shares Issued as Share Consideration**

The newly issued Shengli Shares acquired by the Sellers through the Proposed Transactions will be subject to a lock-up period. Such Shengli Shares shall not be transferred within 36 months from the date of Completion.

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## LETTER FROM THE BOARD

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If, within 6 months after Completion, the closing price of Shengli Shares is lower than the issue price for 20 consecutive trading days, or if the closing price of Shengli Shares at the end of the 6-month period after Completion is lower than the issue price of the Shengli Shares issued under the Proposed Transactions, the lock-up period for the new Shengli Shares acquired by the Sellers shall be automatically extended by an additional 6 months.

For the avoidance of doubt, the existing shares in Shandong Shengli already held by China Oil Investment prior to the Proposed Transactions (i.e., shares not issued under the Share Swap Agreement) are subject to a separate lock-up period of 18 months from the date of Completion.

### **Conditions Precedent**

The Share Swap Agreement shall become effective upon the fulfilment of all the following conditions precedent:

- (1) The Share Swap Agreement having been duly signed by the parties;
- (2) The Proposed Transactions having been approved by the Board;
- (3) The Proposed Transactions having been approved by the board of directors of Shandong Shengli;
- (4) The Proposed Transactions having been approved by the Shareholders at the SGM;
- (5) The Proposed Transactions having been approved by the shareholders of Shandong Shengli at the shareholders' meeting of Shandong Shengli, including the approval of the exemption for the Sellers and their concerted action parties from making a general offer obligation in respect of the Shandong Shengli Shares as a result of the Proposed Transactions;
- (6) The Target Companies and the Sellers having fulfilled the necessary approvals, authorisations, filings or licences required by relevant laws and regulations, including compliance with PRC company laws, securities regulations, and any internal corporate governance requirements of the parties;
- (7) The merger control filing related to the Proposed Transactions having been approved by the State Administration for Market Regulation (National Anti-Monopoly Bureau) or its authorised agency (if applicable);

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## LETTER FROM THE BOARD

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- (8) The Proposed Transactions having been reviewed by the Stock Exchange and complied with the requirement under the Listing Rules and respective disclosure requirements;
- (9) The Proposed Transactions having been reviewed and approved by the Shenzhen Stock Exchange, including any required compliance with its listing rules and disclosure requirements, and registered by the CSRC, including obtaining any necessary no-objection letters or registrations for the issuance of new Shengli Shares; and
- (10) The Proposed Transactions having fulfilled other necessary approvals, authorisations, filings or licences (if required).

All of the above-mentioned conditions precedent are non-waivable. If any condition precedent is confirmed to be unfulfilled, the Share Swap Agreement and all rights and obligations under it (except for any rights and obligations arising on the date of termination) shall automatically terminate on the date on which such condition precedent is confirmed to be unfulfilled. As at the Latest Practicable Date, conditions (1), (2), (3), (5) and (8) have been fulfilled.

### **Termination**

The Share Swap Agreement shall automatically terminate upon the occurrence of any of the following events:

The Share Swap Agreement shall terminate in accordance with its terms. Pursuant to the Supplemental Agreement, it shall automatically terminate simultaneously with the termination of the Merger and Acquisition Agreement dated 10 November 2025.

The Share Swap Agreement may be terminated upon the occurrence of events stipulated therein, including (without limitation) the non-fulfilment of any Conditions Precedent by the agreed long-stop date, mutual written agreement of all parties, or any other circumstances provided under the Share Swap Agreement.

Upon termination, the parties shall have no further obligations under the Share Swap Agreement, save for any accrued liabilities prior to termination, and the Sellers shall refund any deposits or payments received (if applicable) without interest. Termination shall not affect the validity of any provisions intended to survive, such as confidentiality, dispute resolution, and indemnification clauses.

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## LETTER FROM THE BOARD

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### CSRC Filing Requirements

The Company is of the view that the Proposed Transactions are not subject to the filing requirements under the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and related guidelines issued by the CSRC.

The Proposed Transactions involve Shandong Shengli, a domestic A-share listed company listed on the Shenzhen Stock Exchange, issuing new A shares and making cash payments to acquire the Target Assets from the domestic PRC subsidiaries of the Company (being China Oil Investment, Tiandalitong and CCNG). The entire transaction is conducted between domestic PRC entities, with the consideration being satisfied by the issuance of A shares listed and traded on the Shenzhen Stock Exchange and cash payment in Renminbi.

The Trial Measures apply to circumstances where a domestic enterprise directly or indirectly issues securities overseas or lists its securities on an overseas stock exchange. The Proposed Transactions do not involve any issuance of securities by any domestic enterprise on an overseas exchange, nor do they involve the overseas listing of any securities of any domestic entity. Accordingly, the Proposed Transactions do not constitute a direct or indirect overseas securities offering or overseas listing by a domestic company within the meaning of the Trial Measures and related guidelines.

In light of the above, the Company confirms that the CSRC filing requirements under the Trial Measures are not applicable to the Proposed Transactions, and accordingly no CSRC filing notification is required to be obtained in connection therewith.

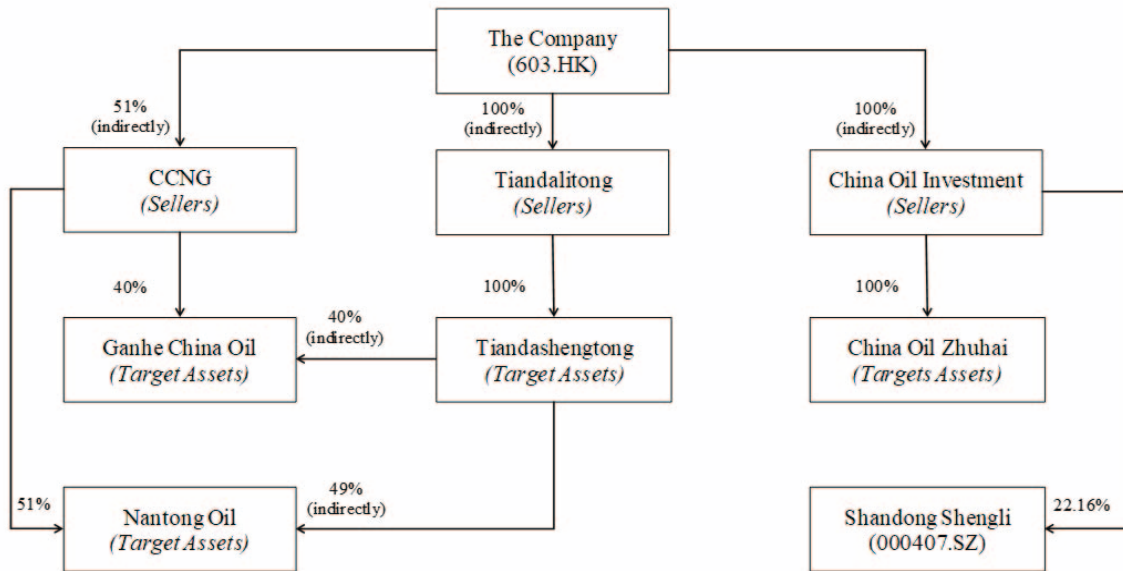
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## LETTER FROM THE BOARD

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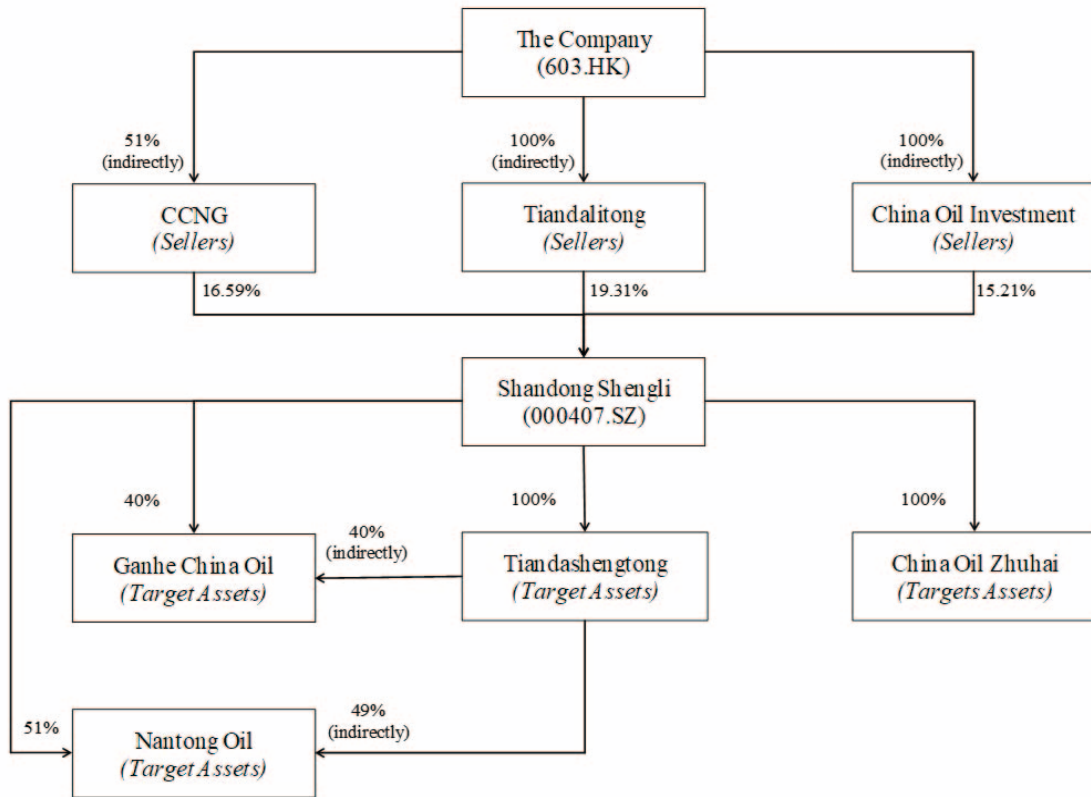
### Shareholding Structure Chart before and after the Proposed Transactions

The following diagram sets out the simplified shareholding structures of the Company, the Target Assets and Shandong Shengli as at the Latest Practicable Date:



## LETTER FROM THE BOARD

The following diagram sets out the simplified shareholding structures of the Company, the Target Assets and Shandong Shengli immediately upon the Completion:



### PERFORMANCE COMMITMENT AND COMPENSATION

Pursuant to the Share Swap Agreement, each Seller has entered into a separate performance commitment and compensation agreement with Shandong Shengli (collectively, the “**Performance Commitment and Compensation Agreements**”), with the Company acting as guarantor for the obligations of its subsidiaries.

#### Performance Commitment

Each Seller has undertaken to guarantee the audited net profit attributable to the shareholders of the respective Target Company (being the lower of the figure before and after deducting non-recurring gains or losses) for the year in which Completion occurs and the two subsequent accounting years (the “**Performance Commitment Period**”). As such, if the Completion occurs during the year ending 31 December 2026, the Performance Commitment Period covers the

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## LETTER FROM THE BOARD

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financial years ending 31 December 2026, 2027 and 2028. Meanwhile, if the Completion occurs during the year ending 31 December 2027, the Performance Commitment Period will then covers the financial years ending 31 December 2027, 2028 and 2029.

The committed net profit amounts for each Target Asset for the Performance Commitment Period (i.e. (a) the financial years ending 31 December 2026, 2027 and 2028; or (b) the financial years ending 31 December 2027, 2028 and 2029 (as the case maybe)) are as follows:

Target Asset	Seller	Committed Net Profit For the year ending 31 December			
		2026 (RMB'000)	2027 (RMB'000)	2028 (RMB'000)	2029 (RMB'000)
100% equity interests in China Oil Zhuhai	China Oil Investment	6,160.50	6,486.10	6,699.50	6,782.10
100% equity interests in Tiandashengtong	Tiandalitong	12,795.60	12,913.50	13,091.10	13,374.20
51% equity interests in Nantong Oil	CCNG	69,675.10	71,866.70	72,800.00	73,722.10
40% equity interests in Ganhe China Oil	CCNG	61,887.10	63,710.00	64,115.10	64,751.40

The Committed Net Profit amounts set out in the table above represent a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the Company is required to comply with the announcement requirements under Rule 14.60A of the Listing Rules. Draco Capital Limited, the Company's financial adviser, has reviewed the Profit Forecast and has issued a letter setting out whether it is satisfied that the Profit Forecast has been made by the Directors after due and careful enquiry. The full text of the letter from Draco Capital Limited has been contained in Appendix VIII to this circular.

### Performance Compensation

If the actual audited net profit of any Target Company in any year during the Performance Commitment Period is less than 90% of the committed net profit for that year, compensation will be triggered for that year. In addition, at the end of the Performance Commitment Period, if the cumulative actual net profit is less than the cumulative committed net profit, compensation will be made for the cumulative shortfall (after deducting any compensation already paid).

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## LETTER FROM THE BOARD

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The compensation amount shall be calculated in accordance with the following formulas set out in the respective Performance Commitment and Compensation Agreements:

- (a) For a single-year shortfall (if below 90%):

$$\begin{array}{l} \text{Compensation} \\ \text{amount} \end{array} = [(\text{Committed net profit for the year} - \text{Actual net profit for the year}) / \text{Total committed net profit over the Performance Commitment Period}] \times \text{Transaction consideration received by the relevant Seller for the relevant Target Asset.}$$

- (b) For cumulative shortfall at the end of the Performance Commitment Period:

$$\begin{array}{l} \text{Compensation} \\ \text{amount} \end{array} = [(\text{Total committed net profit over the period} - \text{Cumulative actual net profit over the period}) / \text{Total committed net profit over the period}] \times \text{Transaction consideration received by the relevant Seller} - \text{compensation already paid.}$$

Compensation shall be made firstly by way of share compensation, i.e., the relevant Seller shall return to Shandong Shengli the new Shengli Shares it received under the Share Swap Agreement (up to the total number of shares it received). If the shares held by the Sellers are insufficient or cannot be transferred (due to disposal, pledge, freezing or other reasons), the shortfall shall be compensated in cash.

The number of shares to be compensated is calculated as:

$$\begin{array}{l} \text{Compensation} \\ \text{shares} \end{array} = \text{Compensation amount} / \text{Issue price of the new Shengli Shares.}$$

$$\begin{array}{l} \text{Cash compensation} \\ \text{(if required)} \end{array} = (\text{Shares to be compensated} - \text{Shares already compensated}) \times \text{Issue price.}$$

If the performance compensation amount calculated pursuant to the above formula is less than zero, it shall be deemed to be zero, and any compensation already paid shall not be subject to reversal or clawback.

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## LETTER FROM THE BOARD

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### **Impairment Test and Impairment Compensation**

After the expiry of the Performance Commitment Period, Shandong Shengli will engage a qualified auditor to perform an impairment test on each Target Company. If the impairment amount of any Target Company exceeds the total compensation already paid by the relevant Seller(s) during the Performance Commitment Period, the Seller(s) shall provide additional impairment compensation for the difference.

The impairment compensation amount is calculated as:

$$\begin{array}{l} \text{Impairment} \\ \text{compensation} \end{array} = \begin{array}{l} \text{Impairment amount} - \text{Total compensation already paid} \\ \text{(including both performance compensation and any prior} \\ \text{impairment compensation).} \end{array}$$

Impairment compensation shall also be made firstly by share compensation and then in cash for any shortfall, following the same mechanism as performance compensation. The impairment amount shall be adjusted by deducting the effects of any capital increase, capital reduction, acceptance of gifts or profit distributions during the Performance Commitment Period.

The total compensation obligation of each Seller (performance compensation plus impairment compensation) shall not exceed the total transaction consideration received by that Seller for its respective Target Asset(s).

### **Basis for the Committed Net Profit Amounts**

The Committed Net Profit amounts were determined after arm's length negotiations between the parties with reference to multiple factors, including the audited historical financial performance of each of the Target Assets, the asset appraisal reports prepared by a qualified PRC asset appraisal institution in respect of the Target Assets, the projected future earnings capacity of each Target Company based on its existing concession rights and contracted customer base, the growth prospects of the natural gas application services sector in the regions where the Target Companies operate, and the macroeconomic environment and policy support in the PRC for clean energy development.

The Board considers that the Committed Net Profit amounts represent a reasonable and achievable projection of the Target Assets' earnings performance, having regard to their established operational track records, stable customer relationships and the expected synergies to be realised upon integration into Shandong Shengli's platform.

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## LETTER FROM THE BOARD

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### **Reasons for Entering into of the Compensation Arrangements**

The Board considers that the compensation arrangements under the Performance Commitment and Compensation Agreements are consistent with prevailing market practice for asset restructuring transactions involving A-share listed companies in the PRC, and represent a commercially reasonable arrangement that is customarily adopted in transactions of this nature. The inclusion of performance commitment and compensation provisions reflects a mutual understanding between the parties that the Transaction Consideration is determined in part by reference to the expected future earnings of the Target Companies, and that it is therefore appropriate for the parties to agree on a mechanism to address any material divergence between projected and actual performance during the period following Completion. The Board considers that the terms of the compensation arrangements, including the primary compensation mechanism by way of return of Consideration Shengli Shares and the cap on each Seller's total compensation liability, are balanced and reasonable, having been negotiated at arm's length between the parties. The Board agreed to the compensation arrangements, including acting as guarantor for the obligations of its subsidiaries, as part of the overall commercial terms of the Proposed Transactions, and considers such arrangements to be appropriate in the context of the Proposed Transactions as a whole.

### **Possible Impact in the Event of Performance Compensation**

In the event that the actual audited net profit of any Target Company falls below 90% of the Committed Net Profit in any year during the Performance Commitment Period, the relevant Seller will be required to return Consideration Shengli Shares to Shandong Shengli, and any shortfall not covered by share compensation will be settled in cash. The total compensation obligation of each Seller is capped at the total transaction consideration received by that Seller in respect of its relevant Target Assets, providing a defined limit on each Seller's liability.

In considering the possible impact on the Company, the Board has assessed the most extreme scenario in which all four Target Companies generate zero net profit throughout the entire Performance Commitment Period, thereby triggering the maximum possible compensation obligation. The Board notes that, given each of the Target Companies is a city gas enterprise operating under concession rights in its respective region, the occurrence of zero net profit is considered by the Directors to be highly unlikely in practice. Nevertheless, even under this extreme scenario, where all Consideration Shengli Shares received by the Sellers are returned to Shandong Shengli in full, the Company would retain its existing shareholding of approximately 22.16% in Shandong Shengli held through China Oil Investment prior to the Proposed Transactions, which would remain unaffected by any such compensation.

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## LETTER FROM THE BOARD

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The Board is of the view that, even in this extreme scenario, the Company would remain as the single largest shareholder of Shandong Shengli, the Directors nominated by the Company would continue to hold more than half of the seats on the board of directors of Shandong Shengli, and the Chairman of the Board of the Company would continue to serve as the legal representative of Shandong Shengli. Accordingly, the Board considers that the Company would not lose control of Shandong Shengli under any circumstances contemplated by the compensation arrangements, and that the compensation arrangements would not significantly impair the Company's business or financial position.

Taking into account the basis upon which the Committed Net Profit amounts were determined, the protective nature of the compensation arrangements and the analysis set out above, the Directors consider that the Proposed Transactions remain in the interests of the Company and its Shareholders as a whole. The Directors considers that the Proposed Transactions, including the Performance Commitment and Compensation Agreements, reflect sound commercial terms negotiated at arm's length, are consistent with the Group's long-term strategy of consolidating its natural gas operations under Shandong Shengli's nationwide clean energy platform, and will create long-term sustainable value for the Company and its Shareholders as a whole.

### PROFIT FORECAST

As set out in the section headed "PERFORMANCE COMMITMENT AND COMPENSATION" in this Circular, each Seller has, pursuant to its respective Performance Commitment and Compensation Agreement, undertaken to guarantee the audited net profit attributable to the shareholders of the respective Target Company (being the lower of the figure before and after deducting non-recurring gains or losses) for each of the financial years falling within the Performance Commitment Period. The Committed Net Profit amounts for each of the Target Assets for each of the financial years falling within the Performance Commitment Period are set out in the section headed "PERFORMANCE COMMITMENT AND COMPENSATION" of the Letter from the Board in this circular.

The Committed Net Profit amounts constitute a profit forecast in respect of each of the Target Companies for the purposes of Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). Accordingly, the Company is required to comply with the requirements set out in Rule 14.60A of the Listing Rules.

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has engaged PKF Hong Kong Limited ("**PKF**" or the "**Reporting Accountants**") to report on whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Performance Commitment and Compensation Agreements. PKF has confirmed in its letter addressed to the

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## LETTER FROM THE BOARD

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Board that, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors. The full text of the letter from PKF is set out in Appendix VII to this circular.

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has also engaged Draco Capital Limited (“**Draco Capital**”), the financial adviser to the Company in respect of the Proposed Transactions, to review the Profit Forecast. Draco Capital has confirmed in its letter addressed to the Board that it is satisfied that the Profit Forecast, in respect of which the Directors are solely responsible, has been made by the Directors after due and careful enquiry. The full text of the letter from Draco Capital is set out in Appendix VII to this circular.

The principal bases and assumptions upon which the Committed Net Profit amounts have been arrived at are set out in the section headed “PERFORMANCE COMMITMENT AND COMPENSATION” of the Letter from the Board in this circular. The Directors confirm that the Profit Forecast has been made after due and careful enquiry. Shareholders are reminded that the Profit Forecast is based on assumptions which, although considered by the Directors to be reasonable at the time of preparation, are inherently subject to uncertainties and contingencies, and accordingly the actual audited net profit of each of the Target Companies for each financial year falling within the Performance Commitment Period may differ from the Committed Net Profit amounts set out in this circular.

### **REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS AND USE OF PROCEED**

Shandong Shengli is principally engaged nationwide in the PRC in the promotion and application of clean energy natural gas business, providing natural gas application services to industrial, commercial and residential sectors, supplying natural gas to vehicles using natural gas in the transportation sector, and offering solutions in the natural gas innovation field.

Through this reorganisation, the Group intends to streamline its natural gas operations, achieve greater operational synergies with Shandong Shengli’s nationwide clean energy natural gas platform, enhance resource allocation, and create a more focused and efficient structure for the downstream city gas business.

As disclosed in the Annual Report 2025 of the Company for the year ended 31 December 2025 published on 15 April 2026, the year 2026 marks the commencement of China’s 15th Five-Year Plan (2026–2030). The Group will seize the opportunities presented by industry development, anchored in the strategic principle of “Core Business as the Foundation for Ecosystem Expansion”. A key initiative will be forging a second growth curve. Through more

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## LETTER FROM THE BOARD

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robust operations, clearer strategic positioning, and stronger growth, the Group is committed to creating long-term, stable, and sustainable value returns for our investors. Focus on enhancing efficiency across the entire business chain to consolidate the fundamental development base. In the downstream segment, the Group will deepen its core gas business, intensify market development and pipeline network operation and maintenance efforts, precisely drive expansion among residential, industrial, and commercial users, steadily increase the scale of gas sales and transmission businesses, strengthen gas source coordination and price spread management, optimise the pipeline network layout, continuously consolidate our core position in regional energy supply, and ensure stable and progressive performance of our core operations. Drive ecosystem expansion to build diversified growth drivers. The Group will accelerate the transition from a “single gas supplier” to an “integrated energy service provider”. Strengthen technology empowerment and reinforce management fundamentals to ignite new drivers of development. Centred on realising the value of digital transformation, the Group will advance the integration of business and finance in core business scenarios. Standing at a new starting point, the Group will unite with determination to overcome challenges, promote the synergistic development of domestic and overseas operations, as well as core and other businesses, strive to forge a new pattern of high-quality development, and deliver excellent operational performance in return to its investors.

In the current stage of this reorganisation, the Group has selected maturely developed subsidiaries and investments that operate or hold interests in city gas projects with concession rights, the principal operations and assets of which are primarily located in Jiangsu Province, Jiangxi Province and Qinghai Province of the PRC. Consolidating the city gas concession projects in the aforesaid area under Shandong Shengli in the current phase will build directly on these established digital and operational synergies, allowing for unified intelligent platforms, standardised safety and monitoring protocols, and accelerated deployment of advanced technologies across the integrated network.

In selecting the subsidiaries and investments to be included in the current phase of the reorganisation, the Group applied the following criteria. First, the relevant entity must hold valid and subsisting concession rights granted by the relevant local government authority entitling it to operate city gas pipeline businesses within a defined geographic area. Second, the entity must have established and operational city gas infrastructure with a proven track record of commercial operations, stable customer relationships with industrial, commercial and residential users, and a consistent revenue and earnings history. Third, the principal operations and assets of the entity must be of a scale and development stage that enables meaningful integration into Shandong Shengli’s existing nationwide clean energy platform with identifiable operational and technological synergies. For the purposes of the Proposed Transactions, “maturely developed” refers to subsidiaries and investments that have completed their initial infrastructure build-out phase, have achieved stable operational performance with recurring revenues derived from gas connection fees and gas sales, and are operating under concession agreements with clearly defined service

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## LETTER FROM THE BOARD

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territories and contractual durations. The Group considers the Target Assets, whose operations are principally located in Jiangsu Province, Jiangxi Province and Qinghai Province, to satisfy all of the above criteria and to be well-suited for integration into Shandong Shengli's platform in the current phase of the reorganisation.

City gas operations are characterised by their regional exclusivity. Under the PRC regulatory framework governing the city gas industry, municipal or county-level government authorities grant concession rights or exclusive operating authorisations to a single enterprise within each designated service territory. The relevant concession agreements clearly delineate the geographic boundaries within which the authorised operator may conduct pipeline gas businesses, and no third party is permitted to engage in the same business within the same concession area. As a result, city gas operators in different regions do not compete with one another.

Prior to the Proposed Transactions, Shandong Shengli is principally engaged in the promotion and application of clean energy natural gas businesses in certain regions of the PRC, providing natural gas application services to industrial, commercial and residential users, and offering natural gas solutions for vehicles in the transportation sector and other innovative fields. The controlling shareholder of Shandong Shengli, China Oil Investment, is a wholly-owned subsidiary of the Company. The Company and its subsidiaries are principally engaged in natural gas and energy-related business investment, including city pipeline gas operations, pipeline design and construction, the transportation, distribution and sale of compressed natural gas ("CNG") and liquefied natural gas ("LNG"), and the development, production and sale of upstream energy resources such as crude oil and natural gas.

Prior to the Proposed Transactions, Shandong Shengli's city gas operations are principally concentrated in Shandong Province (excluding Binzhou), Puyang and Anyang in Henan Province, Langfang in Hebei Province, Dazu District in Chongqing, Qinzhou in Guangxi, Wenzhou in Zhejiang, and Jiujiang in Jiangxi Province, amongst other areas. The Company's city gas operations are principally located in Qinghai Province, Jiangsu Province, Hunan Province, Shanxi Province, Guangdong Province, Binzhou in Shandong Province, and Nanchang, Ganzhou and Yichun in Jiangxi Province, and Zhangye in Gansu Province, amongst other areas. The operating territories of Shandong Shengli and the Company do not overlap and accordingly there is no substantive competition between them prior to the Proposed Transactions.

Following Completion, city gas companies of the Company located in Nantong and Nanjing in Jiangsu Province, Nanchang in Jiangxi Province and Xining in Qinghai Province will be transferred into the Shandong Shengli system as part of the Proposed Transactions, thereby expanding Shandong Shengli's operating territories to cover those areas. The Company and its subsidiaries will not carry on the same or similar business or activities within the operating territories of Shandong Shengli or the Target Assets following Completion.

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## LETTER FROM THE BOARD

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Accordingly, the Board considers that following the Proposed Transactions, there will be no material adverse competition between the Company and Shandong Shengli, and that the Group's stated objective of unlocking value from the Target Assets through their integration into Shandong Shengli's larger nationwide platform will not be compromised by any competing business activities.

The Company considers that the Target Assets fulfil all of the aforementioned selection criteria and have accordingly been selected as the target assets for the Proposed Transactions.

The Board believes that the Proposed Transactions will deliver key benefits to the Group and its Shareholders, including operational synergies and efficiency gains by injecting the Target Assets into Shandong Shengli and leveraging its established nationwide platform for clean energy natural gas, which will enable integrated management of city gas concession projects, facilitate shared intelligent infrastructure, standardised operations, and enhanced monitoring capabilities, leading to improved efficiency, reduced operational costs, and better risk management across the combined portfolio.

Upon Completion, Shandong Shengli will become a non-wholly owned subsidiary of the Company, with the Group's effective interest increasing from approximately 22.16% to approximately 51.11% on an enlarged share capital basis, enhancing the Group's influence over Shandong Shengli's strategic direction, unlocking value from the Target Assets through their integration into a larger platform, and positioning the Group to benefit from potential growth in Shandong Shengli's market capitalisation and dividends. In addition, the Proposed Transactions support China's clean energy transition goals, including carbon neutrality by 2060, by promoting the application of natural gas as a low-carbon alternative, with the consolidation of concession projects under Shandong Shengli accelerating the adoption of innovative natural gas solutions and contributing to sustainable development in the energy sector.

The Directors consider that the terms of the Share Swap Agreement and the Proposed Transactions are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Cash Consideration of approximately RMB155.9 million will be applied by the Sellers as to (i) approximately RMB100.0 million towards the settlement of tax liabilities of the Sellers and (ii) the remaining approximately RMB55.9 million as general working capital of the Group, including funding the day-to-day operational expenses of the Group's continuing businesses such as staff salaries and employee-related costs, office and facility rental expenses, utility charges including electricity, water and gas supply costs for the Group's operational premises, routine pipeline network inspection, maintenance and repair costs, procurement of materials and consumables required for the Group's natural gas operations, transportation and logistical

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## LETTER FROM THE BOARD

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expenses, professional and administrative fees, and providing general financial flexibility to support the Group's ongoing business activities and potential future investments in clean energy projects in line with the Group's strategic development plans.

### INFORMATION ABOUT THE PARTIES

#### Information about the Company and the Group

The Company is a company incorporated in Bermuda with limited liability with the Shares listed on the Main Board of the Stock Exchange (stock code: 603). It is principally engaged in investment holding.

The Group is mainly engaged in natural gas investment and energy-related businesses. With the mission of “developing clean energy, creating a better life”, the Group has been deeply involved in the energy field for more than 20 years.

#### Information about the Sellers

China Oil Investment is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding.

Tiandalitong is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding and holds 100% equity interests in Tiandashengtong.

CCNG is a limited liability company incorporated in the PRC which is held as to 51% by the Group and 49% by Kunlun Energy Company Limited (昆仑能源有限公司) (“**Kunlun Energy**”), a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 135). Apart from being the substantial shareholder of CCNG, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Kunlun Energy and its ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules) and have no relationship with the Company or any of its connected persons. CCNG is mainly engaged in investment holding.

#### Information about the Target Assets

China Oil Zhuhai is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding. China Oil Zhuhai together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

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## LETTER FROM THE BOARD

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Set out below is the latest unaudited consolidated financial information of China Oil Zhuhai:

	<b>For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000</b>	<b>For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000</b>
Revenue	–	–
Profit/(loss) before taxation	7,038	6,042
Profit/(loss) after taxation	7,038	6,042
	<b>As at 31 December 2024 <i>(unaudited)</i> RMB'000</b>	<b>As at 31 December 2025 <i>(unaudited)</i> RMB'000</b>
Net Assets	13,325	14,346

Tiandashengtong is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding. Tiandashengtong together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

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## LETTER FROM THE BOARD

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Set out below is the latest unaudited consolidated financial information of Tiandashengtong:

	<b>For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000</b>	<b>For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000</b>
Revenue	267,053	238,274
Profit/(loss) before taxation	82,702	103,731
Profit/(loss) after taxation	74,012	90,533
	<b>As at 31 December 2024 <i>(unaudited)</i> RMB'000</b>	<b>As at 31 December 2025 <i>(unaudited)</i> RMB'000</b>
Net Assets	1,101,935	370,449

Nantong Oil is a limited liability company incorporated in the PRC which is held as to 51% by CCNG and 49% by Tiandashengtong. It is mainly engaged in the trading of natural gas and gas pipeline construction. Nantong Oil together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of Nantong Oil:

	<b>For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000</b>	<b>For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000</b>
Revenue	604,971	574,483
Profit/(loss) before taxation	101,905	100,217
Profit/(loss) after taxation	75,749	74,911

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## LETTER FROM THE BOARD

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	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2024</b>	<b>2025</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net Assets	275,978	142,812

Ganhe China Oil is a limited liability company incorporated in the PRC which is held as to 40% by CCNG, 40% by Tiandashengtong and 20% by Qinghai Ganhe Industrial Park Development and Construction Co., Ltd.\* (青海甘河工業園開發建設有限公司) (“**Ganhe Development**”). Ganhe Development is held as to approximately 49.96% by Xining Economic and Technological Development Zone Investment Holding Group Co., Ltd.\* (西寧經濟技術開發區投資控股集團有限公司), approximately 43.99% by Qinghai Xijingkai Investment Smoothing Development Fund (Limited Partnership)\* (青海西經開投平滑發展基金(有限合夥)) and approximately 6.05% by other three independent third parties. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Ganhe Development and its ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules) and have no relationship with the Company or any of its connected persons. Ganhe China Oil is mainly engaged in the trading of natural gas and gas pipeline construction. Ganhe China Oil together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of Ganhe China Oil:

	<b>For the year</b>	<b>For the year</b>
	<b>ended</b>	<b>ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2024</b>	<b>2025</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	196,266	216,525
Profit/(loss) before taxation	69,652	77,581
Profit/(loss) after taxation	59,312	66,011

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## LETTER FROM THE BOARD

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	As at 31 December 2024 <i>(unaudited)</i> RMB'000	As at 31 December 2025 <i>(unaudited)</i> RMB'000
Net Assets	197,988	110,690

### Information about Shandong Shengli

Shandong Shengli is a joint stock company incorporated in the PRC. Its issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407). Shandong Shengli is principally engaged nationwide in the PRC in the promotion and application of clean energy natural gas business, providing natural gas application services to industrial, commercial and residential sectors, supplying natural gas to vehicles using natural gas in the transportation sector, and offering solutions in the natural gas innovation field.

The following table sets out the top 10 shareholders of Shandong Shengli and their respective shareholdings as extracted from the latest annual report of Shandong Shengli for the year ended 31 December 2025, which was published on the Shenzhen Stock Exchange. As at 31 December 2025, the total number of Shengli Shares in issue is 880,084,656 and the total number of ordinary shareholders of Shandong Shengli was 75,867.

Shareholder	Nature	Shareholding (%)	Number of Shengli Shares Held
China Oil Investment	Domestic non-state-owned legal entity	22.16	195,027,219
Sunshine Life Insurance Co., Ltd. — Universal Insurance Products* (陽光 人壽保險股份有限公司 — 萬能保險 產品)	Domestic non-state-owned legal entity	3.22	28,338,841
Shandong Shengli Investment Co., Ltd.* (山東勝利投資股份有限公司)	Domestic non-state-owned legal entity	3.00	26,386,314

## LETTER FROM THE BOARD

Shareholder	Nature	Shareholding (%)	Number of Shengli Shares Held
Wuxi Yili Heavy Machinery Co., Ltd.* (無錫億利大機械有限公司)	Domestic non-state-owned legal entity	0.98	8,661,100
Hu Xiaoyan* (胡小燕)	Domestic individual	0.64	5,644,864
Che Shuliang* (車書良)	Domestic individual	0.42	3,655,652
Shandong Puhua Project Management Co., Ltd.* (山東普華項目管理有限 公司)	Domestic non-state-owned legal entity	0.38	3,334,856
Barclays Bank PLC*	Foreign legal entity	0.30	2,600,600
Shandong State Reserve Logistics Co., Ltd.* (山東國儲物流有限公司)	State-owned legal entity	0.27	2,400,000
He Qing* (賀卿)	Domestic individual	0.27	2,386,400

Set out below is the latest audited consolidated financial information of Shandong Shengli:

	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,225,822	4,165,108
Profit/(loss) before taxation	188,056	265,580
Profit/(loss) after taxation	139,011	205,201

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## LETTER FROM THE BOARD

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	<b>As at</b> <b>31 December</b> <b>2024</b> <i>(unaudited)</i> <i>RMB'000</i>	<b>As at</b> <b>31 December</b> <b>2025</b> <i>(unaudited)</i> <i>RMB'000</i>
Net Assets	3,306,970	3,381,391

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Company, any connected person at the Company's level, and/or any connected person at the subsidiary level (to the extent that such subsidiary/ subsidiaries is/ are involved in the transaction); and (b) Shandong Shengli, its directors and legal representatives and any ultimate beneficial owner(s) of Shandong Shengli who can exert influence on the Proposed Transaction.

### **POTENTIAL FINANCIAL EFFECT OF THE VSD AND THE VSA ON THE ENLARGED GROUP**

Upon Completion, Shandong Shengli will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil. As such, (i) China Oil Zhuhai, Tiandashengtong and Nantong Oil will become wholly owned subsidiary of Shandong Shengli; and (ii) Ganhe China Oil will become non-wholly owned subsidiary of Shandong Shengli. The financial results of the Target Assets will be consolidated into the consolidated financial statements of Shandong Shengli.

As at the Latest Practicable Date, the total number of shares in issue of Shandong Shengli is 880,084,656. Assuming that no new Shengli Shares (other than the Shengli Shares to be issued under the Share Consideration) will be allotted and issued on or before completion of the Proposed Transactions, the 521,225,770 Consideration Shengli Shares to be issued pursuant to the terms of the Share Swap Agreement represents approximately (i) 59.22% of the issued share capital of Shandong Shengli as at the Latest Practicable Date; and (ii) 37.20% of the issued share capital of Shandong Shengli as enlarged by the allotment and issue of the Consideration Shengli Shares. Upon Completion, the Group's interest in Shandong Shengli will increase from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares. As such, Shandong Shengli will become a non-wholly owned subsidiary of the Company. The financial results of Shandong Shengli (including those attributable to the Target Assets) will be consolidated into the Group's consolidated financial statements.

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## LETTER FROM THE BOARD

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The Proposed Transactions is expected to enhance the Group's overall financial position through increased control over Shandong Shengli and operational synergies in the natural gas sector.

The Proposed Transactions comprise two distinct accounting events, each with separate financial effects on the Group.

First, the disposal of the Target Assets by the Sellers to Shandong Shengli constitutes a reduction in the Group's effective interest in the Target Companies without loss of control over those companies at the Group level, and is accordingly accounted for as an equity transaction in the Group's consolidated financial statements. No gain or loss will be recognised in the Group's consolidated income statement in respect of this element of the Proposed Transactions.

Second, upon Completion, Shandong Shengli will become a subsidiary of the Group, which constitutes a step acquisition. As part of the step acquisition accounting, the Group's previously held 22.16% equity interest in Shandong Shengli, which was accounted for as an investment in an associate, will be deemed to have been disposed of and re-recognised at its fair value as at the date of Completion. The difference between the fair value of the previously held 22.16% equity interest in Shandong Shengli and the carrying amount of the Group's investment in Shandong Shengli as an associate as at the date of Completion, together with any cumulative currency translation differences relating to Shandong Shengli reclassified from other comprehensive income, will be recognised as a gain or loss in the Group's consolidated statement of comprehensive income for the financial year in which Completion occurs.

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## LETTER FROM THE BOARD

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For illustrative purposes only, and assuming the Proposed Transactions had been completed on 31 December 2025, an estimated loss of approximately HK\$381.6 million would have been recognised in respect of the step acquisition element described above. The reconciliation of such estimated loss is set out below:

	<i>HK\$'million</i>
The completion-date fair value of the 22.16% equity interest in Shandong Shengli held by the Group, excluding the fair value of the Target Companies ( <i>Note 1</i> )	818.3
Less: Carrying amount of the Group's investment in Shandong Shengli as an associate as at 31 December 2025 ( <i>Note 2</i> )	<u>(1,188.1)</u>
Loss before recycling of cumulative exchange differences	(369.8)
Add: Recycling of cumulative exchange differences relating to Shandong Shengli from other comprehensive income ( <i>Note 3</i> )	<u>(11.7)</u>
Estimated loss on deemed disposal arising from the step acquisition	<u><b>(381.6)</b></u>

*Notes:*

- (1) The fair value of the previously held 22.16% equity interest in Shandong Shengli as at the assumed completion-date is determined with reference to the closing price of the A-shares of Shandong Shengli of RMB3.78 per share quoted on the Shenzhen Stock Exchange on 27 October 2025, being the assumed completion-date for the purpose of the calculation of the unaudited pro forma financial information of the Enlarged Group, translated into Hong Kong dollars at the exchange rate of RMB1.00 to HK\$1.11, multiplied by the 195,027,219 shares of Shandong Shengli held by the Group as at 27 October 2025, representing approximately 22.16% of the entire issued share capital of Shandong Shengli as at 27 October 2025.
- (2) The carrying amount of the Group's investment in Shandong Shengli as an associate as at 31 December 2025 of approximately HK\$1,188.1 million is extracted from the consolidated financial statements of the Group for the year ended 31 December 2025 as set out in the Group's annual report for the year ended 31 December 2025.
- (3) The amount of approximately HK\$11.7 million represents the cumulative exchange differences relating to the Group's investment in Shandong Shengli previously recognised in other comprehensive income and accumulated in the exchange reserves of the Group as at 31 December 2025, which will be reclassified from equity to the consolidated statement of comprehensive income upon deemed disposal of the previously held 22.16% equity interest in Shandong Shengli on Completion.

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## LETTER FROM THE BOARD

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The figures set out above are presented for illustrative purposes only and do not purport to represent the actual gain or loss to be recognised by the Group upon Completion. The actual gain or loss to be recognised in the consolidated statement of comprehensive income of the Group for the financial year in which Completion occurs will depend on, amongst other factors, (i) the fair value of the previously held 22.16% equity interest in Shandong Shengli as at the actual date of Completion, which will be determined with reference to the prevailing market price of the shares of Shandong Shengli quoted on the Shenzhen Stock Exchange and the prevailing RMB to Hong Kong dollars exchange rate as at the actual date of Completion; (ii) the carrying amount of the Group's investment in Shandong Shengli as an associate as at the actual date of Completion; and (iii) the amount of the cumulative exchange differences relating to Shandong Shengli reclassified from other comprehensive income to the consolidated statement of comprehensive income of the Group upon Completion. The actual gain or loss to be recognised upon Completion may therefore differ materially from the estimated amount set out above.

The Cash Consideration of approximately RMB155.9 million will provide additional liquidity to the Group, strengthening its cash position and working capital for future investments or general corporate purposes. The Share Consideration of approximately RMB1,595.0 million, satisfied through the issuance of approximately 521,225,770 new Shengli Shares, will be accounted for as an increase in the Group's investment in Shandong Shengli at fair value, with no immediate cash outflow.

The above financial effects are for illustrative purposes only and are based on assumptions and estimates. The actual financial effects will depend on the final audited figures, market conditions at Completion, and other factors, and will be determined and disclosed in the Company's financial statements following Completion.

Shareholders should note that the unaudited pro forma financial information of the Enlarged Group set out in Appendix VI to this circular has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give the true picture of the financial position of the Group following completion of the VSD and VSA. The actual financial effects of the VSD and VSA may be different from the financial information shown in Appendix VI to this circular.

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## LETTER FROM THE BOARD

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On the basis of the unaudited pro forma consolidated statement of financial information of the Enlarged Group as at 31 December 2025 set out in Appendix VI to this circular, and assuming the Proposed Transactions had been completed on 31 December 2025, the total assets of the Group would have increased from approximately HK\$22,072.8 million to approximately HK\$27,244.8 million, the total liabilities of the Group would have increased from approximately HK\$14,314.7 million to approximately HK\$17,336.5 million, and the total equity of the Group would have increased from approximately HK\$7,758.2 million to approximately HK\$9,908.3 million. Within total equity, equity attributable to the owners of the Company would have increased from approximately HK\$4,024.5 million to approximately HK\$4,520.1 million, and non-controlling interests would have increased from approximately HK\$3,733.7 million to approximately HK\$5,388.2 million, principally reflecting the consolidation of Shandong Shengli as a non-wholly owned subsidiary of the Company upon Completion.

On the basis of the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group for the year ended 31 December 2025 set out in Appendix VI to this circular, and assuming the Proposed Transactions had been completed on 1 January 2025, the revenue of the Group for the year ended 31 December 2025 would have increased from approximately HK\$15,158.6 million to approximately HK\$19,517.6 million. The profit for the year of the Group would have decreased from approximately HK\$624.5 million to approximately HK\$448.3 million, principally as a result of the non-recurring loss of approximately HK\$341.3 million attributable to the step acquisition element of the Proposed Transactions and the inclusion of the results of Shandong Shengli as if the Proposed Transactions had been completed on 1 January 2025. The profit attributable to the owners of the Company would have changed from a profit of approximately HK\$80.7 million to a loss of approximately HK\$310.3 million, while the profit attributable to non-controlling interests would have increased from approximately HK\$543.7 million to approximately HK\$758.6 million. The total comprehensive income of the Enlarged Group for the year ended 31 December 2025 would have decreased from approximately HK\$1,167.8 million to approximately HK\$992.7 million, with total comprehensive income attributable to the owners of the Company changing from approximately HK\$367.3 million to a total comprehensive loss of approximately HK\$22.2 million and total comprehensive income attributable to non-controlling interests increasing from approximately HK\$800.5 million to approximately HK\$1,015.0 million.

Further details are set out in Appendix VI to this circular.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS FOR THE COMPANY

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the VSD exceed 75%, the VSD constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As the highest applicable percentage ratios in respect of the VSA exceed 100%, the VSA constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

### WAIVER FROM STRICT COMPLIANCE WITH RULE 14.69(4)(a)(i) OF THE LISTING RULES

Pursuant to Rule 14.69(4)(a)(i) of the Listing Rules, a circular issued in respect of a very substantial acquisition is required to contain an accountants' report on the company being acquired prepared in accordance with Chapter 4 of the Listing Rules. The accounts on which such accountants' report is based must relate to a financial period ended six months or less before the circular is issued, and the financial information contained therein must be prepared using accounting policies materially consistent with those of the listed issuer.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.69(4)(a)(i) of the Listing Rules in respect of the inclusion in this circular of an accountants' report on Shandong Shengli prepared in accordance with Chapter 4 of the Listing Rules, on the following grounds:

- (1) Shandong Shengli has been listed on the main board of the Shenzhen Stock Exchange since 1996 (stock code: 000407). The audited consolidated financial statements of Shandong Shengli for each of the three years ended 31 December 2025 (the "**Relevant Periods**") were audited by WUYIGE Certified Public Accountants LLP. ("**WUYIGE**") and prepared in accordance with the China Accounting Standards for Business Enterprises ("**CASBE**"), being accounting standards expressly recognised by the Listing Rules in the case of a PRC issuer under Rule 4.11(c) of the Listing Rules. WUYIGE is included in the list of approved Mainland accounting firms eligible for acting as reporting accountants and/or auditors of Mainland incorporated companies listed in Hong Kong published by the Stock Exchange. None of the audited consolidated financial statements of Shandong Shengli for the Relevant Periods has been issued with any audit qualification.

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## LETTER FROM THE BOARD

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- (2) The Group holds approximately 22.16% of the issued share capital of Shandong Shengli and accounts for its interest in Shandong Shengli as an investment in an associate. The Group does not have unrestricted access to the books and records of Shandong Shengli. As a company whose shares are listed on the Shenzhen Stock Exchange, Shandong Shengli is required, pursuant to the Securities Law of the People's Republic of China, the Administrative Measures for the Disclosure of Information of Listed Companies promulgated by the China Securities Regulatory Commission and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, to disclose material information to all of its investors at the same time on an equal-access basis, and is prohibited from disclosing unpublished price-sensitive information to selected persons. As a result, the Company has not been able to procure from Shandong Shengli the full extent of the underlying accounting records and supporting information that would be required for the preparation of a Chapter 4 accountants' report on Shandong Shengli.
- (3) The Company considers that the timeframe and cost required for preparation of an accountants' report on Shandong Shengli under Chapter 4 of the Listing Rules would be unduly burdensome and disproportionate to the incremental information that any such accountants' report would provide to the Shareholders, and would materially delay the despatch of this circular and the convening of the SGM.
- (4) Save for presentation differences which are dealt with by way of reclassification and presentation adjustments in the line-by-line reconciliation referred to below, no material differences in accounting policies have been identified between CASBE and HKFRS that would have a material effect on the consolidated financial position of Shandong Shengli as at 31 December 2023, 2024 and 2025 or on its consolidated results for any of the Relevant Periods. Accordingly, the conversion of the financial information of Shandong Shengli from CASBE to HKFRS would not provide additional material information to the Shareholders.
- (5) The Company considers that it has taken reasonable steps to ensure that sufficient information is provided to the Shareholders to enable them to make a properly informed assessment of Shandong Shengli for the purposes of Rule 14.69 of the Listing Rules, and that the granting of the waiver would not result in the omission of any material information from this circular or in any undue risk to the Shareholders.

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## LETTER FROM THE BOARD

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The Company has included the following information in this circular as alternative disclosures to an accountants' report on Shandong Shengli under Chapter 4 of the Listing Rules:

- (i) the audited consolidated financial statements of Shandong Shengli for each of the Relevant Periods, prepared in accordance with CASBE and audited by WUYIGE, as extracted from the published documents of Shandong Shengli, which are set out in the section headed "FINANCIAL INFORMATION OF SHANDONG SHENGLI" in Appendix IV to this circular;
- (ii) supplemental financial information of Shandong Shengli for each of the Relevant Periods, comprising additional disclosures which are required for an accountants' report under Chapter 4 of the Listing Rules but which are not separately disclosed in the published consolidated financial statements of Shandong Shengli (including, among others, Directors' emoluments, information on the five highest paid individuals, ageing analyses of trade receivables and trade payables, the auditors' remuneration and particulars of bank and other borrowings), which are set out in the section headed "FINANCIAL INFORMATION OF SHANDONG SHENGLI" in Appendix IV to this circular; and
- (iii) a line-by-line reconciliation of the consolidated financial information of Shandong Shengli for each of the Relevant Periods from CASBE to the accounting policies adopted by the Company under HKFRS, in respect of which PKF Hong Kong Limited has been engaged by the Company as reporting accountants to perform agreed procedures in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) issued by the Hong Kong Institute of Certified Public Accountants, which is set out in the section headed "FINANCIAL INFORMATION OF SHANDONG SHENGLI" in Appendix IV to this circular.

### **SPECIAL GENERAL MEETING, PROXY ARRANGEMENT AND CLOSURE OF REGISTER OF MEMBERS**

A notice convening the SGM to be held at 15th Floor, Xinhai Central International Business Center, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Tuesday, 14 July 2026 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use in connection with the SGM is enclosed herewith. Whether or not you are able to attend and vote at the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(4) of the Listing Rules.

No Shareholder is required to abstain from voting at the SGM under the Listing Rules, as the Proposed Transactions do not constitute a connected transaction. Voting will be conducted by poll in accordance with the Listing Rules and the Company's bye-laws. The resolution will require approval by a simple majority of the votes cast by Shareholders present in person or by proxy.

For determining the entitlement of the shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 9 July 2026 to Tuesday, 14 July 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 July 2026. The record date for ascertaining Shareholders' entitlement to attend and vote at the SGM is Tuesday, 14 July 2026.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Board considers that the Share Swap Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution in approving the Share Swap Agreement and the transactions contemplated thereunder as set out in the notice of the SGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

### GENERAL

Shareholders, investors and potential investors in the securities of the Company should therefore exercise caution when dealing in Shares, notes or any other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

By order of the Board

**China Oli and Gas Group Limited**

**Xu Tie-liang**

*Chairman, Chief Executive Officer and Executive Director*

**(I) FINANCIAL SUMMARY**

The financial information of the Group for each of the three financial years ended 31 December 2022, 2023, 2024 and 2025 are set out in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.hk603.com](http://www.hk603.com):

- the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 63 to 227)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701411.pdf>);
- the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 63 to 237)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0720/2022072000355.pdf>);
- the annual report of the Company for the year ended 31 December 2024 published on 23 April 2025 (pages 65 to 223)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300413.pdf>);  
and
- the annual report of the Company for the year ended 31 December 2025 published on 15 April 2025 (pages 65 to 215)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0415/2026041500512.pdf>)

**(II) STATEMENT OF INDEBTEDNESS**

As at 30 April 2026, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had outstanding indebtedness as follows:

	<b>30 April 2026</b> <i>HK\$'million</i>
Bank borrowings	8,234
Other borrowings	458
Senior notes	2,925
Lease liabilities	132
<b>Total</b>	<b>11,749</b>

As at 30 April 2026, the Enlarged Group had bank borrowings of approximately HK\$2,944 million and senior notes of HK\$2,925 million that were unguaranteed and secured with certain of the Group's assets. The Enlarged Group's remaining bank and other borrowings of HK\$5,748 million were unsecured and unguaranteed.

Save as aforesaid or except for intra-group liabilities and normal trade payables, as at 30 April 2026, none of members of the Enlarged Group had (a) any debt securities issued and outstanding, and authorized or otherwise created but unissued; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other material contingent liabilities.

### **(III) WORKING CAPITAL**

Taking into account the financial resources available to the Group, including the internally generated funds and the presently available bank facilities, and the impact of the VSD and the VSA, the Directors, after due and careful consideration, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

### **(IV) MATERIAL ADVERSE CHANGE**

The Board confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

### **(V) FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Upon Completion, Shandong Shengli will become a non-wholly owned subsidiary of the Company, with the Group's interest in Shandong Shengli increasing from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares, and the financial results of Shandong Shengli (including those attributable to the Target Assets) will be consolidated into the consolidated financial statements of the Group. References in this section to the "Enlarged Group" shall mean the Group as enlarged by the consolidation of Shandong Shengli (including the Target Assets transferred into the Shandong Shengli system pursuant to the Share Swap Agreement) following Completion. The year 2026 marks the

commencement of China's 15th Five Year Plan (2026 to 2030). As a clean and low carbon energy source, the strategic role of natural gas in achieving the national "Dual Carbon" goals and building a powerful energy nation is becoming increasingly prominent. The industry is ushering in a new phase of development, with national annual consumption expected to exceed 460 billion cubic metres and to account for approximately 12.5% of primary energy consumption. The deepening integration of global energy resource development with domestic market demand, the continuous optimisation of the competitive landscape, and the rising standards for compliant operations are expected to create greater development space for enterprises with a full industry chain layout and synergistic domestic and overseas resources. The Directors are of the view that this macroeconomic and policy backdrop is conducive to the long term development of the Enlarged Group, whose enlarged downstream city gas footprint, combined with the Group's established upstream oil and gas resources in Canada, integrated energy capabilities and equipment manufacturing platform, positions the Enlarged Group to benefit from the next phase of growth in the PRC clean energy sector.

The Proposed Transactions form part of the Group's long term strategy of consolidating its natural gas operations under Shandong Shengli's nationwide clean energy platform. Through this reorganisation, the Group intends to streamline its natural gas operations, achieve greater operational synergies with Shandong Shengli's nationwide clean energy natural gas platform, enhance resource allocation, and create a more focused and efficient structure for the downstream city gas business. Upon Completion, the city gas companies of the Company located in Nantong and Nanjing in Jiangsu Province, Nanchang in Jiangxi Province and Xining in Qinghai Province will be transferred into the Shandong Shengli system as part of the Proposed Transactions, thereby expanding Shandong Shengli's operating territories to cover those areas and allowing the Enlarged Group to leverage Shandong Shengli's established intelligent infrastructure, standardised operating protocols and enhanced monitoring capabilities across an integrated nationwide footprint.

Following Completion, the downstream city gas business of the Enlarged Group will comprise (i) the consolidated city gas operations of Shandong Shengli; and (ii) the city gas operations retained by the Company within the Remaining Group. Leveraging a core customer resource pool of nearly 2.2 million residential users and over 20,000 commercial and industrial users developed by the Group as at 31 December 2025, together with Shandong Shengli's nationwide platform, the Enlarged Group will continue to deepen its core gas business, intensify market development and pipeline network operation and maintenance efforts, precisely drive expansion among residential, industrial and commercial users, steadily increase the scale of gas sales and transmission businesses, strengthen gas source coordination and price spread management, optimise the pipeline network layout, and continuously consolidate its core position in regional energy supply.

In line with Shandong Shengli's published development strategy of consolidating its principal natural gas business and developing its second growth curve, the Enlarged Group will accelerate the application of clean energy natural gas in the industrial, commercial, residential and transportation sectors nationwide, and continue to pursue the "Gas plus renewable energy" multi energy synergy model in order to transition from a pure city gas operator towards a comprehensive energy service provider. Shandong Shengli's equipment and materials manufacturing business, which is one of the major polyethylene pipe suppliers in the PRC, is expected to contribute complementary product offerings and shared customer resources to the Enlarged Group, supporting both pipeline network expansion and value added service development across the consolidated platform. Concurrently, Shandong Shengli will continue to advance research and innovation in areas including hydrogen blended natural gas, electric vehicle charging and swapping, and inland waterway LNG marine applications, which the Directors consider will broaden the clean energy service portfolio of the Enlarged Group over the medium to long term.

In the upstream segment, the Group will retain its existing exploitation and production of light crude oil and natural gas business in Canada within the Remaining Group. For the year ended 31 December 2025, the Group's production in Canada averaged 5,270 barrels of oil equivalent per day, representing year on year growth as compared with 5,082 barrels of oil equivalent per day for the year ended 31 December 2024, with an average operating netback of CAD29.47 per barrel of oil equivalent. The Enlarged Group will continue to optimise the layout of its oil and gas development operations in Canada, improve resource exploration and development efficiency, expand production capacity, and strengthen the synergy between domestic and overseas resources, thereby further solidifying the Enlarged Group's upstream resource supply advantage and complementing the enlarged downstream platform under Shandong Shengli.

The Enlarged Group will also continue to drive ecosystem expansion to build diversified growth drivers, accelerating the transition from a single gas supplier towards an integrated energy service provider. On one hand, the Enlarged Group will deepen the "Gas plus Lifestyle Services" value added ecosystem, implement the customer service "Five Unifications" system and build diversified service scenarios. On the other hand, the Enlarged Group will further deploy its integrated energy business, including the "Gas plus N" integrated energy supply model focusing on multi energy complementary solutions (covering cooling, heating, electricity and gas) for industrial parks and commercial complexes, building on benchmark projects such as the Wuhan Photovoltaic Charging Station and the Xinyi Steam Sales Project commissioned during the year ended 31 December 2025. The Directors consider that the combination of these initiatives with Shandong Shengli's comprehensive energy platform will support the scaled and profitable development of value added and integrated energy services across the Enlarged Group.

In support of the strategic principle of “Core Business as the Foundation for Ecosystem Expansion”, the Enlarged Group will continue to advance digital transformation across its operations. Building on the three core digital platforms for operational management, customer service and production safety implemented by the Group during the year ended 31 December 2025, and Shandong Shengli’s data and digital intelligence initiatives, the Enlarged Group will further integrate business and finance functions, deepen the application of artificial intelligence and digital twin technologies in core business scenarios, and standardise safety and monitoring protocols across the consolidated city gas network. The Enlarged Group will concurrently refine its end to end risk prevention and control system, strengthen compliance management for both domestic and overseas operations, and optimise the talent selection, cultivation, utilisation and retention mechanism in order to support the realisation of the operational and financial synergies contemplated by the Proposed Transactions.

As regards the financial position of the Enlarged Group, the consolidation of Shandong Shengli into the Group’s consolidated financial statements is expected to materially expand the revenue base, asset scale and earnings contribution of the Enlarged Group following Completion. The Cash Consideration of approximately RMB155.9 million to be received by the Sellers, after settlement of related tax liabilities, will provide additional liquidity to support the Remaining Group’s continuing businesses and potential future investments in clean energy projects in line with the Enlarged Group’s strategic development plans.

Taking into account the macroeconomic and policy environment for the natural gas industry in the PRC, the operational and strategic synergies expected to arise from the consolidation of the Target Assets and Shandong Shengli under the Enlarged Group, the continued contribution of the Remaining Group’s upstream Canadian oil and gas business and its integrated energy and value added services, the strengthened financial position resulting from the consolidation of Shandong Shengli, and the protective arrangements under the Performance Commitment and Compensation Agreements, the Directors are of the view that the financial and trading prospects of the Enlarged Group are positive and that the Proposed Transactions will create long term, stable and sustainable value for the Company and the Shareholders as a whole.

## UNAUDITED COMBINED FINANCIAL INFORMATION OF THE DISPOSAL BUSINESSES

Set out below are the unaudited combined statements of financial position of the sales and distribution of natural gas and other related products and gas pipeline construction businesses in Jiangsu Province, Jiangxi Province and Qinghai Province in the PRC operated by China Oil and Gas (Zhuhai Hengqin) Company Limited<sup>1</sup> (中油燃氣(珠海橫琴)有限公司), Tiandashengtong New Energy (Zhuhai) Co., Ltd.<sup>1</sup> (天達勝通新能源(珠海)有限公司), Nantong Oil & Gas Co., Ltd.<sup>1</sup> (南通中油燃氣有限責任公司) and Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.<sup>1</sup> (青海中油甘河工業園區燃氣有限公司) and their subsidiaries (collectively referred to as the “**Disposal Businesses**”) as at 31 December 2023, 2024 and 2025, and the related unaudited combined statements of comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows for the years ended 31 December 2023, 2024 and 2025 (together, the “**Relevant Periods**”), and explanatory notes (collectively referred to as the “**Unaudited Combined Financial Information**”). The Unaudited Combined Financial Information has been prepared by the Directors of the Company in accordance with the basis of preparation set out in Note 2 below and 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Unaudited Combined Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular in connection with the disposal of the Disposal Businesses. The Company’s auditor, KPMG, was engaged to review the Unaudited Combined Financial Information set out in pages II-2 to II-9 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion. KPMG has issued an unmodified review report.

<sup>1</sup> The official names of these companies are in Chinese and the English names here are for identification purposes only.

## UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2023, 2024 and 2025

(Expressed in RMB'000)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	1,626,976	1,514,320	1,410,204
Cost of sales	(1,262,169)	(1,247,070)	(1,113,894)
Gross profit	364,807	267,250	296,310
Other income	2,203	74	659
Other gains, net	760	(294)	5,380
Selling and distribution costs	(4,584)	(8,340)	(8,129)
Administrative expenses	(63,849)	(37,433)	(35,089)
Net impairment losses on financial and contract assets	(8,165)	(101)	3,232
Net impairment losses on property, plant and equipment	(26,106)	(121)	(847)
Operating profit	265,066	221,035	261,516
Finance income	6,835	7,862	7,136
Finance costs	(3,781)	(4,395)	(2,611)
Profit before taxation	268,120	224,502	266,041
Taxation	(65,121)	(49,463)	(58,942)
Profit and total comprehensive income for the year	202,999	175,039	207,099
Profit and total comprehensive income for the year attributable to:			
Owners of the Company	140,400	113,297	140,467
Non-controlling interests	62,599	61,742	66,632
	202,999	175,039	207,099

## UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023, 2024 and 2025

(Expressed in RMB'000)

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	488,865	520,147	497,801
Right-of-use assets	495	1,541	1,108
Intangible assets	44,119	42,994	41,870
Deferred tax assets	13,865	14,665	16,172
	<u>547,344</u>	<u>579,347</u>	<u>556,951</u>
<b>Current assets</b>			
Inventories	5,185	8,085	1,425
Contract assets, deposits, trade and other receivables	1,523,191	1,603,332	1,700,975
Cash and cash equivalents	73,774	69,841	137,531
	<u>1,602,150</u>	<u>1,681,258</u>	<u>1,839,931</u>
<b>Total assets</b>	<u><u>2,149,494</u></u>	<u><u>2,260,605</u></u>	<u><u>2,396,882</u></u>

## APPENDIX II

UNAUDITED COMBINED FINANCIAL INFORMATION  
OF THE TARGET COMPANIES

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2025 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	446,701	410,128	1,377,387
Contract liabilities	208,012	183,315	172,506
Short-term borrowings	50,000	—	—
Current tax payable	59,732	66,947	61,633
Lease liabilities	187	576	581
	<u>764,632</u>	<u>660,966</u>	<u>1,612,107</u>
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<b>Non-current liabilities</b>			
Long-term borrowings	—	99,144	102,178
Lease liabilities	218	787	510
Deferred tax liabilities	—	315	249
Deferred income	—	1,452	7,800
	<u>218</u>	<u>101,698</u>	<u>110,737</u>
	-----	-----	-----
<b>Total liabilities</b>	<u>764,850</u>	<u>762,664</u>	<u>1,722,844</u>
	-----	-----	-----
<b>EQUITY</b>			
Net parent investment	1,089,080	1,176,815	418,100
Non-controlling interests	295,564	321,126	255,938
	<u>1,384,644</u>	<u>1,497,941</u>	<u>674,038</u>
	-----	-----	-----
<b>Total equity</b>	<u>1,384,644</u>	<u>1,497,941</u>	<u>674,038</u>
	-----	-----	-----
<b>Total equity and liabilities</b>	<u><u>2,149,494</u></u>	<u><u>2,260,605</u></u>	<u><u>2,396,882</u></u>

## UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023, 2024 and 2025

(Expressed in RMB'000)

	Net parent investment RMB'000	Non- controlling interests RMB'000	Total RMB'000
<b>Balance at 1 January 2023</b>	1,008,287	308,165	1,316,452
Profit and total comprehensive income for the year	140,400	62,599	202,999
	-----	-----	-----
Dividends	1,148,687 (59,607)	370,764 (75,200)	1,519,451 (134,807)
<b>Balance at 31 December 2023</b>	<u>1,089,080</u>	<u>295,564</u>	<u>1,384,644</u>
<b>Balance at 1 January 2024</b>	1,089,080	295,564	1,384,644
Profit and total comprehensive income for the year	113,297	61,742	175,039
	-----	-----	-----
Dividends	1,202,377 (25,562)	357,306 (36,180)	1,559,683 (61,742)
<b>Balance at 31 December 2024</b>	<u>1,176,815</u>	<u>321,126</u>	<u>1,497,941</u>
<b>Balance at 1 January 2025</b>	1,176,815	321,126	1,497,941
Profit and total comprehensive income for the year	140,467	66,632	207,099
	-----	-----	-----
Dividends	1,317,282 (924,832)	387,758 (131,820)	1,705,040 (1,056,652)
Deemed contributions	25,650	—	25,650
<b>Balance at 31 December 2025</b>	<u>418,100</u>	<u>255,938</u>	<u>674,038</u>

## UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023, 2024 and 2025

(Expressed in RMB'000)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Profit for the year	202,999	175,039	207,099
Adjustments for:			
Taxation	65,121	49,463	58,942
Finance costs	3,781	4,395	2,611
Finance income	(6,835)	(7,862)	(7,136)
Amortisation of intangible assets	1,125	1,125	1,125
Depreciation of property, plant and equipment	36,004	36,634	25,585
Depreciation of right-of-use assets	216	433	433
Net impairment losses (reversal of impairment losses) on financial and contract assets	8,165	101	(3,232)
Net impairment losses on property, plant and equipment	26,106	121	847
Gains on disposal of property, plant and equipment and right-of-use assets	(19)	(103)	(6,902)
	<u>336,663</u>	<u>259,346</u>	<u>279,372</u>
Changes in working capital:			
Inventories	(12,672)	(2,900)	6,661
Contract assets, deposits, trade and other receivables	(130,665)	85,924	139,317
Trade and other payables	207,507	(31,261)	31,001
Contract liabilities	<u>(77,200)</u>	<u>(24,697)</u>	<u>(10,810)</u>
<b>Cash generated from operations</b>	323,633	286,412	445,541
Taxation paid	<u>(46,208)</u>	<u>(39,465)</u>	<u>(66,656)</u>
<b>Net cash generated from operating activities</b>	<u>277,425</u>	<u>246,947</u>	<u>378,885</u>

## APPENDIX II

UNAUDITED COMBINED FINANCIAL INFORMATION  
OF THE TARGET COMPANIES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>Cash flows from investing activities</b>			
Interest received	6,835	7,862	7,136
Dividend received	40,306	95,864	9,828
Purchases of property, plant and equipment and prepaid construction costs	(26,157)	(69,105)	(78,427)
Proceeds from disposal of property, plant and equipment	18	3,205	9,225
Net increase in amount due from a fellow subsidiary	<u>(139,202)</u>	<u>(277,370)</u>	<u>(170,494)</u>
<b>Net cash used in investing activities</b>	<u>(118,200)</u>	<u>(239,544)</u>	<u>(222,732)</u>
<b>Cash flows from financing activities</b>			
Interest paid	(3,781)	(4,395)	(2,611)
New borrowings raised	50,000	388,144	6,076
Deemed contributions	—	—	25,650
Repayments of borrowings	(90,000)	(329,000)	(3,042)
Dividend paid to shareholders	(68,880)	(26,227)	(45,553)
Dividend paid to non-controlling interests	(73,093)	(39,376)	(68,491)
Principal elements of lease payments	<u>(178)</u>	<u>(482)</u>	<u>(492)</u>
<b>Net cash used in financing activities</b>	<u>(185,932)</u>	<u>(11,336)</u>	<u>(88,463)</u>
Net (decrease)/increase in cash and cash equivalents	(26,707)	(3,933)	67,690
Cash and cash equivalents at 1 January 2025	<u>100,481</u>	<u>73,774</u>	<u>69,841</u>
Cash and cash equivalents at 31 December 2025	<u>73,774</u>	<u>69,841</u>	<u>137,531</u>

## NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION

**1 GENERAL INFORMATION**

On 29 April 2025, certain subsidiaries of China Oil and Gas Group Limited (the “Company” and referred to as the “Group” together with its subsidiaries) entered into an agreement with Shandong Shengli Co., Ltd.<sup>2</sup> (山東勝利股份有限公司) (“**Shandong Shengli**”), pursuant to which the Group agreed to sell, and Shandong Shengli agreed to acquire, the entire equity interests in China Oil and Gas (Zhuhai Hengqin) Company Limited<sup>2</sup> (中油燃氣(珠海橫琴)有限公司), 100% equity interest of Tiandashengtong New Energy (Zhuhai) Co., Ltd.<sup>2</sup> (天達勝通新能源(珠海)有限公司), 51% of equity interest of Nantong Oil & Gas Co., Ltd.<sup>2</sup> (南通中油燃氣有限責任公司) and 40% of equity interest of Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.<sup>2</sup> (青海中油甘河工業園區燃氣有限公司) (together, the “**Target Companies**”) (the “**Proposed Transactions**”). Upon completion of the Proposed Transactions (the “**Completion**”), Shandong Shengli will become a non-wholly owned subsidiary of the Company, while the Target Companies, which will become subsidiaries of Shandong Shengli, will remain as subsidiaries of the Company.

The Target Companies are all limited liability companies established in the People’s Republic of China (the “**PRC**”). The Target Companies and their subsidiaries are principally engaged in sales and distribution of natural gas and other related products and gas pipeline construction in Jiangsu Province, Jiangxi Province and Qinghai Province in the PRC (together, the “**Disposal Businesses**”).

**2 BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED COMBINED FINANCIAL INFORMATION**

The Unaudited Combined Financial Information has been prepared in accordance with 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the disposal of Disposal Businesses.

The Disposal Businesses did not form a separate legal consolidated group but were operated and controlled by the Company during the years or periods presented and as of the date of this circular. Accordingly, the Unaudited Combined Financial Information has been prepared and presented on a combined basis using the existing book values from the Company’s perspective under common control.

2 The official names of these companies are in Chinese and the English names here are for identification purposes only.

Certain subsidiaries of the Target Companies, which were disposed during the Relevant Periods, were engaged in other economic activities (the “**Excluded Businesses**”) apart from the Disposal Businesses and had been managed separately and maintained separate accounting records. The Directors considered the Excluded Businesses as objectively distinguishable and delineated from the Disposal Businesses. For the purpose of the Unaudited Combined Financial Information, the assets, liabilities and results of operations of the Excluded Businesses have been excluded.

The Unaudited Combined Financial Information has been prepared by combining the financial information of the Target Companies and their subsidiaries attributable to the Disposal Businesses only, which are directly derived from the historical books and records of these companies. The Unaudited Combined Financial Information is not necessarily indicative of results that would have occurred if the Disposal Businesses had operated as a single reporting group during the years or periods presented.

The Unaudited Combined Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Group for the Relevant Periods, which were prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by HKICPA and should be read in conjunction with the relevant published annual reports of the Group for the Relevant Periods.

The Unaudited Combined Financial Information for the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) is presented in Renminbi, which is the functional currency of the Disposal Businesses. All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Set forth below is the management discussion and analysis of the Group for the three years ended 31 December 2025. The financial data in respect of the Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the relevant years. Such extracted information were prepared prior to the date of this circular and represents the opinions and beliefs made by the then Directors at such time when the relevant reports were issued. Unless the context requires otherwise, the capitalised terms used in this appendix shall have the same meanings as those defined in the abovementioned annual reports of the Company.

**(I) FOR THE YEAR ENDED 31 DECEMBER 2023**

***Business Review***

Due to international geopolitical turmoil, the energy market went through frequent fluctuation, the supply chain of the energy sector was frequently affected, energy prices fluctuated drastically at a high level, and the growth of energy consumption slowed down in 2023. In the face of complicated and changing international environment, the natural gas industry in China acted resolutely and proactively to ensure stable supply and demand, secure supply and steady prices, and contributed positively to stabilising the supply chain of the global natural gas industry. Nevertheless, domestic natural gas production maintained fairly high growth rate. The natural gas production exceeded 229.71 billion cubic metres in 2023, representing a year-on-year increase of 5.8%. The apparent natural gas consumption reached 394.53 billion cubic metres, representing a year-on-year increase of 7.6%. And the import volume amounted to 119.971 million tons, representing a year-on-year increase of 9.9%.

Despite market volatility over the past year, whilst securing gas supply, safe production and stable operation, the Group resolutely maintained steady development in a step-by-step orderly manner amidst various difficulties, boldly acted and adapted to the changes, and managed to attain achievements and breakthroughs with great efforts. In 2023, the Group organised the formulation of a strategic implementation plan based on the development goals of its medium-and long-term strategies; It vigorously promoted the construction of its strategic performance management and control system, optimised the organisational structure, innovated the management mechanism, secured resource support and built a risk control system; It created a platform, defined the pathway, improved the environment, and provided impetus to reach its strategic goals. While promoting the development strategy of resource acquisition, market development and non-gas business, the strategies were implemented in an orderly manner through the five strategic measures of strengthening the enterprise with talents, organisational support, quality and efficiency improvement, cost refining and cultural leadership. The Group's entire management and staff worked together to overcome various

difficulties, and withstood major tests brought about by the economic downturn. Its high-quality development began to take off with significant progress, and its operating results were improved steadily.

Progress was made in standardising the Group's management, and the quality of management was more effectively enhanced in 2023. The Group further consolidated the integration of business development, staff exchange and corporate culture building, through which it had significantly higher synergies between operation and management, and the management model was better organised, standardised and process-based. In terms of cybersecurity and informatisation, the Group made every effort to promote IT construction. During the year, it completed the construction and launch of the financial shared platform and collaborative office platform. The "Financial Shared Service Center" was put into operation as scheduled; The informatisation of its joint-stock companies was right on track with the ERP system up and running. As for operational and value-added businesses, the Group launched its private-label gas appliances and other product lines, completed its re-branding, pivoted on products in smart kitchen, and established its initial brand influence in the region, thanks to which the value-added business earned good revenue. In respect of the new energy business, the Group actively acted on the national new energy policy. Shandong Visdom Gas Equipment Manufacturing Co. Ltd. (山東齊智公司) and Wuhan Dongfang Natural Gas Co., Ltd. (武漢東方公司) had constructed photovoltaic projects and put them into production, marking the Group's first step towards new energy business.

### ***Financial Review***

For the year ended 31 December 2023, the Group recorded revenue of HK\$18,528 million, representing an increase of 7.1% from HK\$17,297 million for the year ended 31 December 2022.

The total revenue combined by four segments, namely (1) sales and distribution of natural gas and other related product, (2) gas pipeline construction and connection, (3) exploitation and production of crude oil and natural gas and (4) production and sales of coal derived clean energy and other related products, amounted to HK\$14,096 million, HK\$1,145 million, HK\$502 million and HK\$2,785 million respectively (2022: HK\$14,617 million, HK\$960 million, HK\$727 million and HK\$993 million).

The Group's overall gross profit amounted to HK\$1,971 million (2022: HK\$2,121 million), representing a decrease of 7.1%; Loss for the year attributable to the owners of the Company was HK\$232 million, represented a decrease of 131.8%. As at 31 December 2023, the Group has net impairment losses on financial and contract assets of HK\$201 million; net impairment on investment in an associate of HK\$141 million. As at 31 December 2022, the

Group has a reversal of impairment on oil and gas properties under property, plant and equipment of HK\$118 million. The Group counted the above as one-off items and these will not affect the ordinary operation and cash-flow of the Group.

Administrative expenses were HK\$704 million (2022: HK\$508 million), an increase of 38.6% as compared to the same period last year, the proportion of administrative expenses to revenue was slightly increase to 3.8% (2022: 2.9%) with selling and distribution costs recorded an increase of 5.3%.

Finance costs (net of capitalization) decreased slightly from last year's HK\$453 million to HK\$433 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the year ended 31 December 2023 was 5.8% (2022: 6.6%).

#### ***Liquidity, Financial and Capital Resources***

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to expand business and acquire projects. As at 31 December 2023, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$7,712 million (2022: HK\$8,401 million).

As at 31 December 2023, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$3,246 million (2022: HK\$3,951 million). Total assets were HK\$20,841 million (2022: HK\$21,710 million), in which current assets were HK\$5,836 million (2022: HK\$6,383 million). Total liabilities of the Group were HK\$13,279 million (2022: HK\$13,859 million), in which current liabilities were HK\$8,632 million (2022: HK\$9,403 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and term deposits, divided by total assets was 21.4% (2022: 20.5%). The Group's financial and liquidity remain stable, and well prepared for the development in 2024.

#### ***Significant Investments***

As at 31 December 2023, the Group did not have any significant investment held.

#### ***Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures***

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

***Employees and Remuneration Policy***

As at 31 December 2023, the Group employed a total of 4,798 (2022: 4,837) full-time employees, most of whom were stationed in the PRC. The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consists of basic salary, cash bonus and share-based incentives.

***Pledge of Assets***

As at 31 December 2023, senior notes issued by the Company and the Bridge Loan Facilities were guaranteed by certain subsidiaries of the Company.

The Group's interests in 195,027,219 shares of Shandong Shengli Co., Ltd. (山東勝利股份有限公司), a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange ("Shandong Shengli") (stock code: 000407), being 22.16% of the entire share capital of Shandong Shengli, were pledged to a bank to secure the banking facilities granted to the Group.

Certain investment properties, right-of-use assets and collection right of sales of natural gas are pledged for bank borrowings of HK\$163 million.

***Contingent Liabilities***

The Group has no material contingent liability as at 31 December 2023.

***Financial Management and Treasury Policy***

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars, Renminbi and United States dollars, and the Group's offshore bank loans and senior notes are denominated in Renminbi, Canadian dollars and United States dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

### ***Litigation***

As at 31 December 2023, the Group has no material litigation.

### ***Capital Structure***

As at 31 December 2023, the issued share capital of the Company was HK\$56,368,038.34 divided into 5,636,803,834 shares of the Company with a nominal value of HK\$0.01 each.

## **(II) FOR THE YEAR ENDED 31 DECEMBER 2024**

### ***Business Review***

In 2024, the Group achieved steady growth in operating results amid complex economic conditions, made significant progress in market development, and exceeded targets for all types of customer development, providing support for expanding market share and business growth. In the field of value-added services, we built the “Visdom” brand, enriched product categories, improved the talent organization system, built a “moat,” expanded overseas channels, and contributed profits to the Group, becoming a new growth point.

In terms of corporate governance, the Group integrated resources, formulated solutions for key problems, and improved operational efficiency. The Group focused on the difficulties and pain points of abnormally operating enterprises, addressed shortcomings, refined plans, and promoted a number of enterprises to exceed their net profit targets, putting their operations back on track, and ensuring the healthy and stable development of the Group. In terms of marketing management, the Group optimized the overall allocation of resources, strengthened the three-tier coordination mechanism, increased the proportion of low-cost resource procurement, reduced the share of high-cost resources, and controlled the unit cost of gas purchase. We built a market data analysis database, improved the dimensions of natural gas sales data analysis, enhanced the level of targeted services, and strengthened market competitiveness.

Safety management was continuously strengthened, and the Group and its subsidiaries maintained stable production and operations throughout the year, with no major production safety accidents, successfully achieving the annual safety management objectives. Information technology construction was accelerated, achieving integrated management of marketing, customer service, and finance, improving management efficiency and level of refinement. The construction of a clean governance culture was further promoted, with the issuance of relevant management measures, clarification of integrity risks, the organisation of integrity activities in companies at all levels, and the purification of the development environment, providing guarantees for the healthy development of the Group.

Significant progress has been made in the construction of intelligent gas, and the Group and Shandong Shengli Co. Ltd. have basically achieved full coverage of SCADA and GIS systems, with functions such as real-time monitoring of stations, precise location of pipeline networks, online inspection management, and large-screen display of operations, which has improved production and operation efficiency and management level. Various companies have carried out the construction of intelligent terminals such as valve chamber leakage monitoring, pressure regulating box pressure and flow monitoring, and remote transmission of large meters for industrial and commercial users to meet the safety needs of gas operation, strengthen the gas consumption management of large accounts, and improve the level of intelligent operation in gas services.

### ***Financial Review***

For the year ended 31 December 2024, the Group recorded revenue of HK\$17,655 million, representing a decrease of 4.7% from HK\$18,528 million for the year ended 31 December 2023.

The total revenue combined by four segments, namely (1) sales and distribution of natural gas and other related product, (2) gas pipeline construction and connection, (3) exploitation and production of crude oil and natural gas and (4) production and sales of coal-derived clean energy and other related products, amounted to HK\$14,022 million, HK\$532 million, HK\$462 million and HK\$2,639 million respectively (2023: HK\$14,096 million, HK\$1,145 million, HK\$502 million and HK\$2,785 million).

The Group's overall gross profit amounted to HK\$2,184 million (2023: HK\$1,971 million), representing an increase of 10.8%; profit for the year attributable to the owners of the Company was HK\$181 million, turning from a loss to a profit compared to the last year. As at 31 December 2024, the Group has net impairment losses on financial and contract

assets of HK\$211 million; net impairment on investment in associates of HK\$91 million. The Group counted the above as one-off items and these will not affect the ordinary operation and cash-flow of the Group.

Administrative expenses were HK\$554 million (2023: HK\$704 million), a decrease of 21.3% as compared to the same period last year, the proportion of administrative expenses to revenue decreased to 3.1% (2023: 3.8%) with selling and distribution costs recorded an increase of 9.0%.

Finance costs (net of capitalization) slightly increased from last year's HK\$433 million to HK\$465 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the year ended 31 December 2024 was 5.6% (2023: 5.8%).

#### ***Liquidity, Financial and Capital Resources***

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to expand business. As at 31 December 2024, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$8,542 million (2023: HK\$7,712 million).

As at 31 December 2024, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$4,348 million (2023: HK\$3,246 million). Total assets were HK\$20,696 million (2023: HK\$20,841 million), in which current assets were HK\$6,515 million (2023: HK\$5,836 million). Total liabilities of the Group were HK\$13,484 million (2023: HK\$13,279 million), in which current liabilities were HK\$5,432 million (2023: HK\$8,632 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and term deposits, divided by total assets was 20.3% (2023: 21.4%). The Group's financial and liquidity remain stable, and well prepared for the development in 2025.

#### ***Significant Investments***

As at 31 December 2024, the Group did not have any significant investment held.

#### ***Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures***

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

***Employees and Remuneration Policy***

As at 31 December 2024, the Group employed a total of 4,814 (2023: 4,798) full-time employees, most of whom were stationed in the PRC. Total staff cost for the year ended 31 December 2024 amounted to HK\$534 million (2023: HK\$534 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consists of basic salary, cash bonus and share-based incentives. The Company has also adopted a share option scheme and a share award scheme.

***Pledge of Assets***

As at 31 December 2024, senior notes issued by the Company and the Bridge Loan Facilities were guaranteed by certain subsidiaries of the Company.

The Group's interests in 195,027,219 shares of Shandong Shengli Co., Ltd. (山東勝利股份有限公司), a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange ("Shandong Shengli") (stock code: 000407), being 22.16% of the entire share capital of Shandong Shengli, were pledged to a bank to secure the banking facilities granted to the Group.

Certain property, plant and equipments and intangible assets are pledged for bank borrowings of HK\$158 million.

***Contingent Liabilities***

The Group has no material contingent liability as at 31 December 2024.

***Financial Management and Treasury Policy***

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars, Renminbi and United States dollars, and the Group's offshore bank loans and senior notes are denominated in Renminbi, Canadian dollars and United States dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

#### ***Litigation***

As at 31 December 2024, the Group has no material litigation.

#### ***Capital Structure***

As at 31 December 2024, the issued share capital of the Company was HK\$56,368,038.34 divided into 5,636,803,834 shares of the Company with a nominal value of HK\$0.01 each.

### **(III) FOR THE YEAR ENDED 31 DECEMBER 2025**

#### ***Business Review***

In 2025, amidst profound adjustments in the global energy landscape and the cyclical transition and upgrade of the Mainland China economy, the Group, steadfastly upholding its mission of “Developing Clean Energy, Creating a Better Life”, anchored its focus on the high-quality development agenda. We strategically coordinated the development and operation of upstream and downstream resources and markets, deepened our core natural gas business, and actively expanded integrated energy and customer value-added services. All cadres and employees united with one purpose, tackling challenges head-on, successfully achieving the annual operational and safety management targets. Throughout the Year, no general or above production safety liability incidents occurred. Our domestic and overseas businesses developed in synergy, the fundamental operational landscape remained robust and positive, strategic upgrades took solid strides forward, thereby further strengthening comprehensive competitiveness and risk resilience, solidifying the core foundation for the Group to navigate industry cycles and achieve sustainable development. Synergy-driven quality enhancements were realised across the business segments of the full industry chain. The upstream oil and gas development business in Canada progressed steadily, with average daily production achieving year-on-year growth. Both resource development efficiency and gross profit margin increased, further highlighting the advantages of the full industry chain layout. The downstream core gas business maintained a solid foundation. Annual gas sales and transmission volumes stabilised, the residential user base continued to expand, and new progress was made in commercial customer development. Leveraging a core customer

resource pool of nearly 2.2 million residential users and over 20,000 commercial and industrial users, the Group reinforced its primary role in regional energy supply, while simultaneously improving both pipeline network operational efficiency and market service capabilities. Management quality enhancement initiatives yielded significant results. The “Four Threes Project” was implemented Group-wide, with nearly 4,000 employees participating in the “Strengthening Three Fundamentals” knowledge assessment, achieving a pass rate exceeding 95%. Through measures to “Increase Three Revenues, Control Three Costs, and Mitigate Three Losses”, various control measures were precisely implemented. The efficiency of personnel-role matching saw substantial improvement, leading to bidirectional enhancement in both management effectiveness and operational efficiency. Breakthrough progress was achieved in the strategic emerging businesses. The integrated energy business saw multiple successful initiatives, with benchmark projects such as the Wuhan Photovoltaic Charging Station and the Xinyi Steam Sales Project commencing operations successfully. Reserved projects progressed in an orderly manner, preliminarily forming a “Gas + N” multi-energy complementary development model, leading to a notable improvement in operational quality. Digital transformation and capital operation synergised to drive development. The three core digital platforms for operational management, customer service, and production safety were comprehensively upgraded and launched, achieving 100% digital coverage of core business processes. The asset acquisition project for Shandong Shengli Co., Ltd. was successfully initiated. Through the “equity acquisition + supporting financing” approach, the project aims to expand and strengthen the gas market scale, enhance business growth, and optimise the capital structure. Risk prevention and the internal control system underwent iterative upgrades. Key area risks were accurately identified, while compliance management and audit oversight capabilities were continuously strengthened to safeguard the development of the Group’s domestic and overseas operations.

### ***Financial Review***

For the year ended 31 December 2025, the Group recorded revenue of HK\$15,159 million, representing a decrease of 14.1% from HK\$17,655 million for the year ended 31 December 2024.

The total revenue combined by four segments, namely (1) sales and distribution of natural gas and other related product, (2) gas pipeline construction and connection, (3) exploitation and production of crude oil and natural gas and (4) production and sales of coal-derived clean energy and other related products, amounted to HK\$12,797 million, HK\$500 million, HK\$459 million and HK\$1,403 million respectively (2024: HK\$14,022 million, HK\$532 million, HK\$462 million and HK\$2,639 million).

The Group's overall gross profit amounted to HK\$2,062 million (2024: HK\$2,184 million), representing a decrease of 5.6%; total comprehensive income for the year attributable to the owners of the Company was HK\$367 million, turning from a loss to a profit compared to the last year. As at 31 December 2025, the Group has net impairment losses on financial and contract assets of HK\$39 million; net impairment losses on property, plant and equipment of HK\$253 million. The Group counted the above as one-off items and these will not affect the ordinary operation and cash-flow of the Group.

Administrative expenses were HK\$570 million (2024: HK\$554 million), representing an increase of 2.9% as compared to the same period last year, the proportion of administrative expenses to revenue increased to 3.8% (2024: 3.1%) with selling and distribution costs recorded an increase of 1.9%.

Finance costs (net of capitalization) slightly decreased from last year's HK\$465 million to HK\$430 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the year ended 31 December 2025 was 4.7% (2024: 5.6%).

#### ***Liquidity, Financial and Capital Resources***

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to expand business. As at 31 December 2025, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$9,295 million (2024: HK\$8,542 million).

As at 31 December 2025, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$5,071 million (2024 : HK\$4,348 million). Total assets were HK\$22,073 million (2024 : HK\$20,696 million), in which current assets were HK\$7,331 million (2024 : HK\$6,515 million). Total liabilities of the Group were HK\$14,315 million (2024 : HK\$13,484 million), in which current liabilities were HK\$8,527 million (2024 : HK\$5,432 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and term deposits, divided by total assets was 19.1% (2024 : 20.3%). The Group's financial and liquidity remain stable, and well prepared for the development in 2026.

#### ***Significant Investments***

As at 31 December 2025, the Group did not have any significant investment held.

***Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures***

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

***Employees and Remuneration Policy***

As at 31 December 2025, the Group employed a total of 4,689 (2024: 4,814) full-time employees, most of whom were stationed in the PRC. Total staff cost for the year ended 31 December 2025 amounted to HK\$560 million (2024: HK\$534 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consists of basic salary, cash bonus and share-based incentives. The Company has also adopted a share option scheme and a share award scheme.

***Pledge of Assets***

As at 31 December 2025, senior notes issued by the Company and certain facilities were guaranteed by certain subsidiaries of the Company.

The Group has interests in 195,027,219 shares of Shengli Share, being approximately 22.16% of the entire share capital of Shengli Share, of which 17.51% of the issued shares of Shengli Share were pledged to a bank to secure the banking facilities granted to the Group.

The aforementioned interests in shengli Share and certain other assets are pledged for bank borrowings of HK\$259 million.

***Contingent Liabilities***

The Group has no material contingent liability as at 31 December 2025.

***Financial Management and Treasury Policy***

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars, Renminbi and United States dollars, and the Group's offshore bank loans and senior notes are denominated in Renminbi, Canadian dollars and United States dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

#### *Litigation*

As at 31 December 2025, the Group has no material litigation.

#### *Capital Structure*

As at 31 December 2025, the issued share capital of the Company was HK\$56,368,038.34 divided into 5,636,803,834 shares of the Company with a nominal value of HK\$0.01 each.

**A. FINANCIAL INFORMATION OF THE TARGET GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2023, 2024 AND 2025**

For the purpose of this section only, unless the context requires otherwise, references to the “Company” are to Shandong Shengli and references to the “Group” are to the Shandong Shengli together with its subsidiaries (the “**Shandong Shengli Group**”), and references to “we”, “us” and “our” shall be construed accordingly. The following is an extract of the audited consolidated financial statements of the Shandong Shengli Group for the years ended 31 December 2023, 2024 and 2025, which were prepared in accordance with China Accounting Standards for Business Enterprise (“**CAS**”), as extracted from the respective annual reports and consolidated financial statements of the Shandong Shengli Group for the years ended 31 December 2023, 2024 and 2025. These financial statements were issued in chinese and the english translated version is provided for information purposes only. In case of discrepancies between the two versions, the chinese version shall prevail.

The annual reports and consolidated financial statements of the Shandong Shengli Group for the three years ended 31 December 2023, 2024 and 2025 are available at the website of the Shenzhen Stock Exchange (<http://www.szse.cn>).

The Directors wish to emphasise that the extracts reproduced below are not prepared for incorporation into this circular and the Company has not participated in their preparation. As such, the Directors do not express any view as to their truth, accuracy or completeness, and the shareholders and investors should exercise caution and should not place undue reliance on such information.

# Shandong Shengli Co., Ltd.

## Audit Report

Da Xin Shen Zi [2024] No. 3-00188

大信會計師事務所（特殊普通合夥）  
WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.



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## AUDIT REPORT

Da Xin Shen Zi [2024] No. 3-00188

**To the shareholders of Shandong Shengli Co., Ltd.:**

### I. AUDIT OPINION

We have audited the financial statements of Shandong Shengli Co., Ltd. (the “**Company**”), which comprise the consolidated and parent company balance sheets as at 31 December 2023, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of the Company as at 31 December 2023, and its consolidated and parent company operating results and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled our other ethical responsibilities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period’s financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**(1) Goodwill Impairment*****1. Description of the Matter***

As described in Note V (18) to the financial statements, as of 31 December 2023, the original book value of the Company's goodwill was RMB 1,337,431,600, with an impairment provision of RMB 141,998,200. Goodwill is material to the financial statements as a whole. As described in Note III (22) to the financial statements, goodwill arising from a business combination shall be tested for impairment at least annually, regardless of whether there is any indication of impairment. Due to the complexity of the goodwill impairment testing process, which requires significant judgment and assumptions from management, particularly in determining parameters such as the discount rate, future sales growth rates, and gross profit margins, and considering the materiality of goodwill to the financial statements as a whole, we have identified the goodwill impairment test as a key audit matter.

***2. Audit Response***

Our main audit procedures regarding goodwill impairment included:

- (1) Understanding and evaluating the design and operating effectiveness of the Company's key internal controls related to goodwill impairment;
- (2) Assessing the appropriateness of the impairment testing method and evaluating the reasonableness of the assumptions and methods used by management in estimating the recoverable amount of each asset group;
- (3) In conjunction with an analysis of the industry in which the target asset group operates, evaluating and reviewing the reasonableness of the significant estimates and judgments used by management in forecasting the present value of future cash flows in the impairment test;
- (4) Evaluating the competence, professional qualifications, and objectivity of the external valuation firm engaged by the Company;
- (5) Verifying the computational accuracy of the goodwill impairment testing model;
- (6) Assessing the reliability and historical accuracy of management's forecasting process by comparing the previous year's performance forecasts with the current year's actual results.

**(2) Revenue Recognition****1. Description of the Matter**

As described in Note V (42) to the financial statements, the Company's operating revenue for 2023 was RMB 4,677,169,200, primarily including revenue from gas sales and equipment and material sales. Operating revenue is one of the company's key performance indicators, and the revenue recognition process is relatively complex. Therefore, we have identified revenue recognition as a key audit matter.

**2. Audit Response**

Our main audit procedures regarding revenue recognition included the following:

- (1) Understanding and testing the design and operating effectiveness of the Company's key internal controls related to the sales cycle;
- (2) Understanding and evaluating whether the principles, methods, and specific timing of revenue recognition comply with the provisions of the Accounting Standards for Business Enterprises, and assessing the reasonableness of the accounting policies related to revenue recognition;
- (3) Sampling significant sales contracts to identify contract terms related to the transfer of risks and rewards of ownership of goods, and evaluating whether the revenue recognition accounting policy complies with the requirements of the Accounting Standards for Business Enterprises;
- (4) Analyzing sales revenue, including gross profit margin analysis, gas loss analysis, and engineering cost analysis, to check for any anomalies in the current period's sales revenue;
- (5) Performing detailed tests on sales revenue, including examining gas contracts, gas volume settlement sheets, meter reading records, payment receipts, etc.; examining gas supporting engineering contracts, material requisition forms, engineering settlement sheets, engineering acceptance reports; conducting on-site visits for important projects; and checking customer receipts, among other procedures;
- (6) Performing confirmation procedures with major customers to assess the authenticity and completeness of revenue recognition.

**IV. OTHER INFORMATION**

The management of the Company (“Management”) is responsible for the other information. The other information comprises the information included in the Company’s 2023 annual report, but does not include the financial statements and our auditor’s report.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard, we have nothing to report.

**V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing, and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Governance is responsible for overseeing the Company’s financial reporting process.

**VI. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

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In conducting our audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following work:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of report users to the relevant disclosures in the financial statements in the audit report; if the disclosures are inadequate, we should issue a modified opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (5) Evaluate the overall presentation, structure, and content of the financial statements, and evaluate whether the financial statements fairly present the relevant transactions and events.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit and assume full responsibility for the audit opinion.

We communicate with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant internal control deficiencies that we identify during our audit.

We also provide governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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From the matters communicated with governance, we determine those matters that were of most significance in the audit of the current period's financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibits public disclosure of these matters, or in extremely rare circumstances, if we reasonably expect that the negative consequences of communicating a matter in our audit report would outweigh the public interest benefits, we determine that the matter should not be communicated in the audit report.

WUYIGE CERTIFIED PUBLIC  
ACCOUNTANTS LLP.

Beijing, China

Chinese Certified Public Accountant:  
Shen Wensheng (Engagement Partner)

Chinese Certified Public Accountant:  
Xiao Fujian

21 March 2024

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2023

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances	V, (1)	767,181,066.07	937,679,593.30
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	V, (2)	414,929,004.86	431,080,712.54
Receivables financing	V, (3)	61,560,493.21	60,489,417.37
Prepayments	V, (4)	183,604,269.00	255,823,089.15
Other receivables	V, (5)	18,120,364.53	26,805,646.34
Of which: Interest receivable			
Dividends receivable			
Inventories	V, (6)	395,096,881.45	378,348,100.94
Contract assets	V, (7)	15,132,983.21	43,790,254.70
Assets held for sale			
Non-current assets due within one year	V, (8)	1,681,928.76	14,259,050.50
Other current assets	V, (9)	11,135,669.10	20,197,472.53
<b>Total current assets</b>		<b>1,868,442,660.19</b>	<b>2,168,473,337.37</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables	V, (10)	90,601,523.95	103,125,293.59
Long-term equity investments	V, (11)	1,031,236,864.78	1,036,090,145.46
Investments in other equity instruments	V, (12)	259,662,189.07	147,788,207.58
Other non-current financial assets			
Investment properties	V, (13)	71,063,273.00	71,291,283.00
Fixed assets	V, (14)	1,968,645,841.31	1,952,938,630.69
Construction in progress	V, (15)	118,113,041.46	128,400,244.21
Productive biological assets			
Oil and gas properties			
Right-of-use assets	V, (16)	52,324,525.47	68,298,783.15

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Intangible assets	V, (17)	126,562,939.91	116,033,890.18
Development expenditures	VI, (2)	2,008,171.49	
Goodwill	V, (18)	1,195,433,322.60	1,198,342,453.12
Long-term deferred expenses	V, (19)	12,214,204.14	8,669,356.02
Deferred tax assets	V, (20)	145,616,965.03	153,635,080.70
Other non-current assets	V, (21)	16,163,502.74	19,705,546.06
<b>Total non-current assets</b>		<u>5,087,638,193.46</u>	<u>5,006,327,085.25</u>
<b>Total assets</b>		<u><u>6,956,080,853.65</u></u>	<u><u>7,174,800,422.62</u></u>
<b>Current liabilities:</b>			
Short-term borrowings	V, (23)	1,165,715,310.12	1,253,147,061.54
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	V, (24)	354,100,000.00	682,916,395.64
Accounts payable	V, (25)	394,518,654.51	367,603,617.65
Receipts in advance			
Contract liabilities	V, (26)	598,043,343.91	604,041,518.09
Employee benefits payable	V, (27)	46,150,806.94	43,249,147.03
Taxes payable	V, (28)	36,160,473.74	20,270,677.52
Other payables	V, (29)	43,847,420.14	56,192,251.14
Of which: Interest payable			
Dividends payable		5,215,429.86	9,080,514.72
Liabilities held for sale			
Non-current liabilities due within one year	V, (30)	320,391,956.98	343,790,628.42
Other current liabilities	V, (31)	<u>49,660,525.29</u>	<u>57,508,085.98</u>
<b>Total current liabilities</b>		<u><u>3,008,588,491.63</u></u>	<u><u>3,428,719,383.01</u></u>
<b>Non-current liabilities:</b>			
Long-term borrowings	V, (32)	429,976,827.72	383,644,754.91
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities	V, (33)	54,029,665.49	64,498,709.56
Long-term payables	V, (34)	60,000,000.00	60,000,000.00
Long-term employee benefits payable			

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Provisions			
Deferred income	V, (35)	10,807,487.21	11,490,718.73
Deferred tax liabilities	V, (20)	139,790,477.55	130,106,857.01
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>694,604,457.97</u>	<u>649,741,040.21</u>
<b>Total liabilities</b>		<u><u>3,703,192,949.60</u></u>	<u><u>4,078,460,423.22</u></u>
<b>Shareholders' equity:</b>			
Share capital	V, (36)	880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve	V, (37)	953,541,213.20	952,518,616.23
Less: Treasury shares			
Other comprehensive income	V, (38)	58,255,898.48	38,721,113.69
Special reserve	V, (39)	12,844,021.69	13,673,508.17
Surplus reserve	V, (40)	192,338,710.89	163,556,746.92
Retained earnings	V, (41)	786,884,239.23	679,874,941.43
<b>Total equity attributable to shareholders of the parent company</b>		<u><u>2,883,948,739.49</u></u>	<u><u>2,728,429,582.44</u></u>
Non-controlling interests		<u>368,939,164.56</u>	<u>367,910,416.96</u>
<b>Total shareholders' equity</b>		<u><u>3,252,887,904.05</u></u>	<u><u>3,096,339,999.40</u></u>
<b>Total liabilities and shareholders' equity</b>		<u><u>6,956,080,853.65</u></u>	<u><u>7,174,800,422.62</u></u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2023

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances		234,132,125.05	422,615,430.79
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVI, (1)	34,706,521.99	11,172,291.42
Receivables financing		17,793,283.43	23,478,395.78
Prepayments		202,045.92	495,680.35
Other receivables	XVI, (2)	843,818,263.65	722,117,903.26
Of which: Interest receivable			
Dividends receivable			60,254,882.79
Inventories		699,378.95	609,767.84
Contract assets			
Assets held for sale			
Non-current assets due within one year		1,681,928.76	14,259,050.50
Other current assets		1,155,313.50	388,397.25
<b>Total current assets</b>		1,134,188,861.25	1,195,136,917.19
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		77,980,943.27	92,253,062.02
Long-term equity investments	XVI, (3)	3,410,085,825.10	3,430,816,628.23
Investments in other equity instruments		293,017.01	366,418.08
Other non-current financial assets			
Investment properties			
Fixed assets		26,239,889.01	27,844,104.65
Construction in progress			197,389.38
Productive biological assets			
Oil and gas properties			
Right-of-use assets			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Item	<i>Notes</i>	Closing Balance	Opening Balance
Intangible assets		3,676,750.09	3,940,236.66
Development expenditures			
Goodwill			
Long-term deferred expenses		676,561.01	1,180,239.72
Deferred tax assets		100,187,262.91	103,681,153.77
Other non-current assets			
<b>Total non-current assets</b>		<u>3,619,337,637.78</u>	<u>3,660,081,843.13</u>
<b>Total assets</b>		<u>4,753,526,499.03</u>	<u>4,855,218,760.32</u>
<b>Current liabilities:</b>			
Short-term borrowings		498,634,175.56	649,199,256.61
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		250,000,000.00	557,166,395.64
Accounts payable		79,698,909.17	53,102,818.18
Receipts in advance			
Contract liabilities		504,067.29	1,737,901.79
Employee benefits payable		1,717,967.60	910,020.03
Taxes payable		193,995.95	642,145.93
Other payables		915,474,738.60	686,006,428.31
Of which: Interest payable			
Dividends payable		1,497,902.15	1,497,902.15
Liabilities held for sale			
Non-current liabilities due within one year		87,020,033.46	288,009,265.82
Other current liabilities		45,875.09	225,927.23
<b>Total current liabilities</b>		<u>1,833,289,762.72</u>	<u>2,237,000,159.54</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		198,873,215.83	168,044,754.91
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		60,000,000.00	60,000,000.00
Long-term employee benefits payable			

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Item	<i>Notes</i>	Closing Balance	Opening Balance
Provisions			
Deferred income			
Deferred tax liabilities		8,757,915.85	8,814,918.35
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>267,631,131.68</u>	<u>236,859,673.26</u>
<b>Total liabilities</b>		<u>2,100,920,894.40</u>	<u>2,473,859,832.80</u>
<b>Shareholders' equity:</b>			
Share capital		880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve		1,032,019,651.93	1,030,997,054.96
Less: Treasury shares			
Other comprehensive income		-19,238,908.20	-19,165,507.13
Special reserve			79,534.62
Surplus reserve		191,913,701.19	163,131,737.22
Retained earnings		<u>567,746,969.09</u>	<u>326,310,986.47</u>
<b>Total shareholders' equity</b>		<u>2,652,605,604.63</u>	<u>2,381,358,927.52</u>
<b>Total liabilities and shareholders' equity</b>		<u>4,753,526,499.03</u>	<u>4,855,218,760.32</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Income Statement

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	V, (42)	4,677,169,179.62	4,645,247,339.60
Less: Operating cost	V, (42)	3,927,519,991.93	3,966,491,011.15
Taxes and surcharges	V, (43)	14,159,629.03	13,928,878.53
Selling expenses	V, (44)	236,362,916.43	230,812,509.82
Administrative expenses	V, (45)	130,350,437.11	124,424,862.14
R&D expenses	V, (46)	51,543,248.72	21,841,649.38
Finance costs	V, (47)	108,014,743.50	112,303,121.23
Of which: Interest expense		115,285,993.49	130,560,784.63
Interest income		18,521,852.38	28,909,992.67
Add: Other income	V, (48)	25,190,317.54	16,248,181.41
Investment income (loss is indicated by “-”)	V, (49)	42,650,470.16	44,629,733.54
Of which: Investment income from associates and joint ventures		20,974,494.22	37,129,733.54
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “-”)			
Gain on changes in fair value (loss is indicated by “-”)	V, (50)	-228,010.00	-152,007.00
Credit impairment loss (loss is indicated by “-”)	V, (51)	2,022,505.52	-434,867.68
Asset impairment loss (loss is indicated by “-”)	V, (52)	-1,428,031.30	-3,951,695.17
Gain on disposal of assets (loss is indicated by “-”)	V, (53)	5,396,547.28	3,543,891.68
<b>II. Operating Profit (loss is indicated by “-”)</b>		282,822,012.10	235,328,544.13
Add: Non-operating income	V, (54)	5,914,199.42	982,659.96
Less: Non-operating expenses	V, (55)	7,292,801.87	3,068,748.10
<b>III. Total Profit (total loss is indicated by “-”)</b>		281,443,409.65	233,242,455.99
Less: Income tax expense	V, (56)	67,805,134.41	50,300,156.28
<b>IV. Net Profit (net loss is indicated by “-”)</b>		213,638,275.24	182,942,299.71
(1) By operating continuity:			
1. Net profit from continuing operations (net loss is indicated by “-”)		213,638,275.24	182,942,299.71
2. Net profit from discontinued operations (net loss is indicated by “-”)			
(2) By ownership:			
1. Net profit attributable to shareholders of the parent company (net loss is indicated by “-”)		153,392,954.89	152,748,702.92
2. Profit or loss attributable to non-controlling interests (net loss is indicated by “-”)		60,245,320.35	30,193,596.79

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		20,505,856.81	-4,282,475.59
(1) Other comprehensive income, net of tax, attributable to shareholders of the parent company		19,534,784.79	-4,095,249.97
1. Other comprehensive income that cannot be reclassified to profit or loss		19,534,784.79	-4,095,249.97
(1) Changes arising from the remeasurement of defined benefit plans			
(2) Other comprehensive income under the equity method that will not be reclassified to profit or loss			
(3) Changes in fair value of investments in other equity instruments	V, (57)	19,534,784.79	-4,095,249.97
(4) Changes in fair value attributable to own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income under the equity method that may be reclassified to profit or loss			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
(6) Currency translation differences			
(7) Others			
(2) Other comprehensive income, net of tax, attributable to non-controlling interests		971,072.02	-187,225.62
<b>VI. Total Comprehensive Income</b>		234,144,132.05	178,659,824.12
(1) Total comprehensive income attributable to shareholders of the parent company		172,927,739.68	148,653,452.95
(2) Total comprehensive income attributable to non-controlling shareholders		61,216,392.37	30,006,371.17
<b>VII. Earnings per share</b>			
(1) Basic earnings per share		0.17	0.17
(2) Diluted earnings per share		0.17	0.17

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Income Statement

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	XVI, (4)	93,192,567.39	82,476,289.02
Less: Operating cost	XVI, (4)	82,026,037.26	65,419,286.00
Taxes and surcharges		629,686.99	215,305.05
Selling expenses			
Administrative expenses		29,617,879.44	25,183,460.80
R&D expenses			
Finance costs		38,588,441.32	50,437,364.02
Of which: Interest expense		48,042,025.88	62,892,131.13
Interest income		17,716,458.62	19,958,003.89
Add: Other income		285,818.17	133,837.06
Investment income (loss is indicated by “-”)	XVI, (5)	339,462,750.80	104,238,729.22
Of which: Investment income from associates and joint ventures		21,019,060.66	37,767,390.21
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “-”)			
Gain on changes in fair value (loss is indicated by “-”)			
Credit impairment loss (loss is indicated by “-”)		7,955,945.91	15,916,166.57
Asset impairment loss (loss is indicated by “-”)			
Gain on disposal of assets (loss is indicated by “-”)		36,391.58	57,007.77
<b>II. Operating Profit (loss is indicated by “-”)</b>		290,071,428.84	61,566,613.77
Add: Non-operating income		3,437,913.67	8.35
Less: Non-operating expenses		2,252,814.44	43,792.68
<b>III. Total Profit (total loss is indicated by “-”)</b>		291,256,528.07	61,522,829.44
Less: Income tax expense		3,436,888.36	3,941,039.88
<b>IV. Net Profit (net loss is indicated by “-”)</b>		287,819,639.71	57,581,789.56
(1) Net profit from continuing operations (net loss is indicated by “-”)		287,819,639.71	57,581,789.56
(2) Net profit from discontinued operations (net loss is indicated by “-”)			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		-73,401.07	-102,509.93
(1) Other comprehensive income that cannot be reclassified to profit or loss		-73,401.07	-102,509.93
1. Changes arising from the remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		-73,401.07	-102,509.93
4. Changes in fair value attributable to own credit risk			
(2) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provision for other debt investments			
5. Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
6. Foreign currency financial statement translation differences			
7. Others			
<b>VI. Total Comprehensive Income</b>		287,746,238.64	57,479,279.63

### Consolidated Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		5,010,874,700.11	5,237,873,079.30
Tax refunds received		11,806,276.19	30,033,673.32
Cash received relating to other operating activities	V, (58)	43,773,056.02	33,029,765.60
<b>Subtotal of cash inflows from operating activities</b>		5,066,454,032.32	5,300,936,518.22
Cash paid for goods and services		4,095,509,844.31	4,539,880,807.08
Cash paid to and on behalf of employees		224,533,769.79	233,144,255.59
Taxes and levies paid		120,522,703.18	130,133,579.83
Cash paid relating to other operating activities	V, (58)	149,958,518.67	128,670,016.37

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	Notes	Current Period Amount	Prior Period Amount
<b>Subtotal of cash outflows from operating activities</b>		4,590,524,835.95	5,031,828,658.87
Net cash flows from operating activities		475,929,196.37	269,107,859.35
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments			
Cash received from investment income		36,616,871.87	29,284,228.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,655,856.61	1,885,320.47
Net cash received from disposal of subsidiaries and other business units			6,162,803.27
Cash received relating to other investing activities	V, (58)	47,393,338.41	38,977,745.38
<b>Subtotal of cash inflows from investing activities</b>		99,828,870.16	70,147,294.31
Cash paid to acquire fixed assets, intangible assets and other long-term assets		121,127,908.17	152,193,099.89
Cash paid for investments		84,485,900.00	80,531.20
Net cash paid to acquire subsidiaries and other business units		43,625,000.00	44,225,000.00
Cash paid relating to other investing activities			
<b>Subtotal of cash outflows from investing activities</b>		249,238,808.17	196,498,631.09
Net cash flows from investing activities		-149,409,938.01	-126,351,336.78
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Of which: Cash received by subsidiaries from investments by non-controlling shareholders			
Cash received from borrowings		2,228,542,447.06	1,769,574,524.34
Cash received relating to other financing activities	V, (58)	93,427,971.72	5,412,844.00
<b>Subtotal of cash inflows from financing activities</b>		2,321,970,418.78	1,774,987,368.34
Cash paid to repay debts		2,246,277,635.56	1,573,423,180.23
Cash paid for distribution of dividends, profits or payment of interest		192,389,214.13	194,028,407.64
Of which: Dividends and profits paid by subsidiaries to non-controlling shareholders		58,963,309.36	37,809,832.48
Cash paid relating to other financing activities	V, (58)	18,066,608.37	214,485,322.66
<b>Subtotal of cash outflows from financing activities</b>		2,456,733,458.06	1,981,936,910.53
Net cash flows from financing activities		-134,763,039.28	-206,949,542.19
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		191,756,219.08	-64,193,019.62
Add: Balance of cash and cash equivalents at the beginning of the period		357,790,443.57	421,983,463.19
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		549,546,662.65	357,790,443.57

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		389,593,065.38	463,527,849.35
Tax refunds received			
Cash received relating to other operating activities		534,187.18	4,755,363.72
<b>Subtotal of cash inflows from operating activities</b>		<b>390,127,252.56</b>	<b>468,283,213.07</b>
Cash paid for goods and services		367,018,453.66	409,419,502.77
Cash paid to and on behalf of employees		19,506,199.42	19,281,652.54
Taxes and levies paid		2,529,999.98	617,329.16
Cash paid relating to other operating activities		10,848,687.73	9,068,151.02
<b>Subtotal of cash outflows from operating activities</b>		<b>399,903,340.79</b>	<b>438,386,635.49</b>
Net cash flows from operating activities		-9,776,088.23	29,896,577.58
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments		14,443,349.02	5,768,349.66
Cash received from investment income		276,949,636.61	111,863,740.53
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		58,000.00	1,390,000.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		47,393,338.41	38,977,745.38
<b>Subtotal of cash inflows from investing activities</b>		<b>338,844,324.04</b>	<b>157,999,835.57</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		303,910.90	538,350.60
Cash paid for investments		46,625,000.00	84,309,239.93
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>46,928,910.90</b>	<b>84,847,590.53</b>
Net cash flows from investing activities		291,915,413.14	73,152,245.04

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Cash received from borrowings		1,142,300,000.00	1,076,690,000.00
Cash received relating to other financing activities			174,005,886.63
<b>Subtotal of cash inflows from financing activities</b>		1,316,305,886.63	1,076,690,000.00
Cash paid to repay debts		1,369,514,301.04	1,047,363,180.23
Cash paid for distribution of dividends, profits or payment of interest		58,151,005.62	86,972,852.26
Cash paid relating to other financing activities		130,283,573.63	68,429,720.36
<b>Subtotal of cash outflows from financing activities</b>		1,557,948,880.29	1,202,765,752.85
Net cash flows from financing activities		-241,642,993.66	-126,075,752.85
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		40,496,331.25	-23,026,930.23
Add: Balance of cash and cash equivalents at the beginning of the period		92,345,581.06	115,372,511.29
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		132,841,912.31	92,345,581.06

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Current Period												
	Equity attributable to shareholders of the parent company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others									
<b>I. Balance at the end of the previous year</b>	880,084,656.00			952,518,616.23		38,721,113.69	13,673,508.17	163,556,746.92	678,841,985.44	2,727,396,626.45	368,120,579.09	3,095,517,205.54	
Add: Changes in accounting policies									1,032,955.99	1,032,955.99	-210,162.13	822,793.86	
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			952,518,616.23		38,721,113.69	13,673,508.17	163,556,746.92	679,874,941.43	2,728,429,582.44	367,910,416.96	3,096,339,999.40	
<b>III. Increase/decrease in the current period (decrease is indicated by "-")</b>				1,022,596.97		19,534,784.79	-829,486.48	28,781,963.97	107,009,297.80	155,519,157.05	1,028,747.60	156,547,904.65	
(1) Total comprehensive income						19,534,784.79				153,392,954.89	172,927,739.68	234,144,132.05	
(2) Capital contributed and reduced by shareholders											8,138,163.38	8,138,163.38	
1. Ordinary shares contributed by shareholders											7,600,000.00	7,600,000.00	
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others											538,163.38	538,163.38	
(3) Profit distribution								28,781,963.97	-46,383,657.09	-17,601,693.12	-66,070,724.49	-83,672,417.61	
1. Appropriation to surplus reserve								28,781,963.97	-28,781,963.97				
2. Distribution to shareholders										-17,601,693.12	-17,601,693.12	-83,672,417.61	
3. Others													
(4) Internal transfer of shareholders' equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(5) Special reserve							-829,486.48			-829,486.48	-2,255,083.66	-3,084,570.14	
1. Appropriation for the current period								24,820,415.49		24,820,415.49	10,155,076.29	34,975,491.78	
2. Use in the current period								25,649,901.97		25,649,901.97	12,410,159.95	38,060,061.92	
(6) Others				1,022,596.97						1,022,596.97		1,022,596.97	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			953,541,213.20		58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Prior Period												
	Equity attributable to shareholders of the parent company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others									
<b>I. Balance at the end of the previous year</b>	880,084,656.00			952,654,654.65		42,816,363.66	16,305,482.89	157,798,567.96	563,687,380.43	2,613,347,105.59	408,327,167.55	3,021,674,273.14	
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			952,654,654.65		42,816,363.66	16,305,482.89	157,798,567.96	563,687,380.43	2,613,347,105.59	408,327,167.55	3,021,674,273.14	
<b>III. Increase/decrease in the current period</b> (decrease is indicated by "-")				-136,038.42		-4,095,249.97	-2,631,974.72	5,758,178.96	116,187,561.00	115,082,476.85	-40,416,750.59	74,665,726.26	
(1) Total comprehensive income						-4,095,249.97				152,748,702.92	148,653,452.95	30,193,596.79	
(2) Capital contributed and reduced by shareholders				-1,573,551.34							-1,573,551.34	-38,430,157.39	
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others				-1,573,551.34						-1,573,551.34	-38,430,157.39	-40,003,708.73	
(3) Profit distribution								5,758,178.96	-36,561,141.92	-30,802,962.96	-30,855,658.44	-61,658,621.40	
1. Appropriation to surplus reserve								5,758,178.96	-5,758,178.96				
2. Distribution to shareholders										-30,802,962.96	-30,855,658.44	-61,658,621.40	
3. Others													
(4) Internal transfer of shareholders' equity											-187,225.62	-187,225.62	
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others											-187,225.62	-187,225.62	
(5) Special reserve							-2,631,974.72			-2,631,974.72	-1,137,305.93	-3,769,280.65	
1. Appropriation for the current period							22,064,816.11			22,064,816.11	7,986,568.53	30,051,384.64	
2. Use in the current period							24,696,790.83			24,696,790.83	9,123,874.46	33,820,665.29	
(6) Others				1,437,512.92						1,437,512.92		1,437,512.92	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			952,518,616.23		38,721,113.69	13,673,508.17	163,556,746.92	679,874,941.43	2,728,429,582.44	367,910,416.96	3,096,339,999.40	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Current Period										
	Other equity instruments				Capital reserve	Less:	Other	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual bonds	Others		Treasury shares	comprehensive income				
<b>I. Balance at the end of the previous year</b>	880,084,656.00			1,030,997,054.96		-19,165,507.13		163,131,737.22	326,310,986.47	2,381,358,927.52	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			1,030,997,054.96		-19,165,507.13		163,131,737.22	326,310,986.47	2,381,358,927.52	
<b>III. Increase/decrease in the current period (decrease is indicated by "-")</b>				1,022,596.97		-73,401.07	79,534.62	28,781,963.97	241,435,982.62	271,246,677.11	
(1) Total comprehensive income						-73,401.07			287,819,639.71	287,746,238.64	
(2) Capital contributed and reduced by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											
(3) Profit distribution								28,781,963.97	-46,383,657.09	-17,601,693.12	
1. Appropriation to surplus reserve								28,781,963.97	-28,781,963.97		
2. Distribution to shareholders										-17,601,693.12	-17,601,693.12
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve							79,534.62			79,534.62	
1. Appropriation for the current period							182,955.34			182,955.34	
2. Use in the current period							103,420.72			103,420.72	
(6) Others				1,022,596.97						1,022,596.97	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2023

Unit: RMB

Item	Prior Period										
	Other equity instruments				Capital reserve	Less:		Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual bonds	Others		Treasury shares	Other comprehensive income				
<b>I. Balance at the end of the previous year</b>	880,084,656.00			1,029,559,542.04		-19,062,997.20		157,373,558.26	305,290,338.83	2,353,245,097.93	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			1,029,559,542.04		-19,062,997.20		157,373,558.26	305,290,338.83	2,353,245,097.93	
<b>III. Increase/decrease in the current period (decrease is indicated by "-")</b>				1,437,512.92		-102,509.93		5,758,178.96	21,020,647.64	28,113,829.59	
(1) Total comprehensive income						-102,509.93			57,581,789.56	57,479,279.63	
(2) Capital contributed and reduced by shareholders								5,758,178.96	-36,561,141.92	-30,802,962.96	
1. Ordinary shares contributed by shareholders								5,758,178.96	-5,758,178.96		
2. Capital contributed by holders of other equity instruments									-30,802,962.96	-30,802,962.96	
3. Amount of share-based payments included in owners' equity											
4. Others											
(3) Profit distribution											
1. Appropriation to surplus reserve											
2. Distribution to shareholders											
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve											
1. Appropriation for the current period											
2. Use in the current period											
(6) Others				1,437,512.92						1,437,512.92	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			1,030,997,054.96		-19,165,507.13		163,131,737.22	326,310,986.47	2,381,358,927.52	

**Notes to the Financial Statements of Shandong Shengli Co., Ltd.**

(Unless otherwise specified, the amounts in these notes are denominated in RMB)

**I. BASIC INFORMATION OF THE ENTERPRISE****(1) Registered and Head Office Address of the Enterprise**

Shandong Shengli Co., Ltd. (“**the Company**”) was established as a joint-stock limited company exclusively initiated by Shandong Shengli Group Corporation, approved by the Shandong Provincial Commission for Economic Restructuring on 8 February 1994 with document Lu Ti Gai Sheng Zi (1994) No. 39, and formally founded on 26 April 1994 with the reply document Lu Ti Gai Sheng Zi (1994) No. 103. The Company’s A-shares were listed on the Shenzhen Stock Exchange on 3 July 1996, with the stock abbreviation “Shandong Shengli”, a share capital of 880,084,656.00 shares, and the stock code 000407.

The Company’s unified social credit code is 91370000163074944M.

Registered and head office address: 32nd Floor, Block B, Building 1, Jinan Pharma Valley, North Section of Gangxing 3rd Road, High-tech Zone, Jinan City, Shandong Province.

**(2) Main Business Activities Actually Engaged in by the Enterprise**

The Company’s principal industry and key development focus is the natural gas industry, supplemented by its business in natural gas equipment manufacturing. The natural gas industry is actively developing in areas such as urban gas, transportation, mid- and upstream business, and innovative value-added services, providing clean energy services such as natural gas to industrial, commercial, and residential customers. The company’s natural gas equipment manufacturing business focuses on the research, production, sales, and installation of plastic products. It is one of the earliest polyethylene pipe manufacturers in China and a participant in the formulation of national standards for PE pipes. Its polyethylene pipe products are widely used in many national key projects or major projects.

**(3) These financial statements were approved for issue by the Company’s Board of Directors on 21 March 2024.****II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****(1) Basis of Preparation**

The Company’s financial statements are prepared on a going concern basis, in accordance with actual transactions and events, and in compliance with the “Accounting Standards for Business Enterprises — Basic Standard” and specific accounting standards issued by the Ministry of Finance (the “**Accounting Standards for Business Enterprises**”), and based on the significant accounting policies and accounting estimates formulated.

**(2) Going Concern**

The Company has the ability to continue as a going concern for at least 12 months from the end of this reporting period, with no significant matters affecting its going concern ability.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES****(1) Statement of Compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company comply with the requirements of the “Accounting Standards for Business Enterprises” and truly and completely reflect the financial position as of 31 December 2023, and the operating results and cash flows for the year 2023 and other relevant information.

**(2) Accounting Period**

The Company’s accounting year is the calendar year, from 1 January to 31 December each year.

**(3) Operating Cycle**

The Company uses a 12-month period as its normal operating cycle and uses the operating cycle as the standard for classifying the liquidity of assets and liabilities.

**(4) Functional Currency**

The Company’s functional currency is RMB.

**(5) Method and Basis for Determining Materiality Standards*****1. Materiality of Financial Statement Items***

The Company determines the materiality of financial statement items based on the principle of whether it affects the economic decisions of financial statement users, considering both the nature and the amount. The materiality of the amount of a financial statement item is based on a certain percentage of the relevant item to total assets, total liabilities, total owners’ equity, operating revenue, or net profit; the materiality of the nature of a financial statement item is based on factors that have a significant impact on the financial position and operating results, such as whether it is part of daily operating activities, whether it causes changes in profit or loss, and whether it affects regulatory indicators.

**2. Materiality of Detailed Items in the Notes to the Financial Statement Items**

The Company determines the materiality of detailed items in the notes to the financial statement items based on the materiality of the parent financial statement item, by reference to a certain percentage of the specific item to the parent item, or in combination with the amount, while also considering the nature of the specific item. Certain items may not be material to the financial statements but may be material to the notes and still require separate disclosure in the notes. The relevant materiality standards for the notes to the financial statement items are as follows:

<b>Item</b>	<b>Materiality Standard</b>
Receivables with significant individual provision for bad debts	RMB10 million
Significant recovery or reversal of bad debt provision for receivables	RMB10 million
Significant write-off of receivables	RMB10 million
Significant construction in progress projects	The detailed amount of a single construction in progress project exceeds 0.5% of total assets
Subsidiaries with material non-controlling interests	Non-controlling interests account for more than 5% of the equity, and the subsidiary's total assets, net assets, operating revenue, and net profit account for more than 10% of the corresponding items in the consolidated financial statements.
Material joint ventures or associates	The book value accounts for more than 10% of long-term equity investments, or the investment income (loss calculated in absolute terms) from joint ventures or associates accounts for more than 10% of the net profit in the consolidated financial statements

**(6) Business Combination**

**1. Business combination under common control**

In a business combination under common control, if the consideration paid by the combining party is in the form of cash, transfer of non-cash assets or assumption of liabilities, the initial investment cost of the long-term equity investment shall be measured at the combining party's share of the carrying amount of the combined party's net assets in the consolidated financial statements of the ultimate controlling party at the combination date. If the combining party issues equity instruments as consideration for the combination, the total par value of the issued shares shall be recorded as share capital. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration for the combination (or the total par value of the issued shares) shall be adjusted against capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted.

**2. Business combination not under common control**

For a business combination not under common control, the cost of the combination is the sum of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to obtain control of the acquiree. In a business combination not under common control, the identifiable assets, liabilities, and contingent liabilities of the acquiree that meet the recognition criteria are measured at fair value on the acquisition date. The excess of the cost of the combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognised as goodwill. If the cost of the combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference, after review, is recognised in non-operating income for the current period.

**(7) Criteria for Determining Control and Method for Preparing Consolidated Financial Statements****1. Criteria for Determining Control**

The scope of consolidation for consolidated financial statements is determined on the basis of control. An investee is considered to be controlled if the following three elements are present: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

**2. Method for Preparing Consolidated Financial Statements****(1) Unifying the accounting policies of the parent and subsidiary companies, and unifying their balance sheet dates and accounting periods**

If a subsidiary uses accounting policies or accounting periods that are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements in accordance with the Company's accounting policies or accounting periods when preparing the consolidated financial statements.

**(2) Elimination Items in Consolidated Financial Statements**

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and internal transactions between the parent company and its subsidiaries, as well as between subsidiaries, have been eliminated. The portion of a subsidiary's owners' equity that is not attributable to the Company is presented as non-controlling interests under the shareholders' equity section of the consolidated balance sheet. A subsidiary's long-term equity investment in the parent company is treated as the parent company's treasury stock, presented as a deduction from shareholders' equity under the "Less: Treasury Stock" item in the consolidated balance sheet.

*(3) Accounting Treatment for the Acquisition of a Subsidiary in a Combination*

For a subsidiary acquired in a business combination under common control, the combination is deemed to have occurred when the ultimate controlling party began to exercise control, and its assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the current period of the combination; for a subsidiary acquired in a business combination not under common control, its individual financial statements are adjusted based on the fair value of its identifiable net assets on the acquisition date when preparing the consolidated financial statements.

*(4) Accounting Treatment for the Disposal of a Subsidiary*

In the case of a partial disposal of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal proceeds and the share of the subsidiary's net assets continuously calculated from the acquisition date or combination date corresponding to the disposed long-term equity investment is adjusted to capital reserve in the consolidated financial statements. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted. If control over an investee is lost due to a partial disposal of an equity investment or other reasons, the remaining equity is remeasured at its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, and the share of the former subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio, is recognised as investment income in the period of loss of control, and goodwill is simultaneously written off. Other comprehensive income and other items related to the original subsidiary's equity investment are transferred to investment income for the current period upon loss of control.

**(8) Classification of Joint Arrangements and Accounting Treatment for Joint Operations**

**1. Classification of Joint Arrangements**

Joint arrangements are classified as either joint operations or joint ventures. A joint arrangement that is not structured through a separate entity is classified as a joint operation. A separate entity is an entity with a separately identifiable financial structure, including separate legal entities and entities that are not legal entities but are legally recognised. A joint arrangement structured through a separate entity is usually classified as a joint venture. If changes in relevant facts and circumstances cause a change in the rights and obligations of the joint venturers in the joint arrangement, the joint venturers shall reassess the classification of the joint arrangement.

**2. Accounting Treatment for Joint Operations**

As a participant in a joint operation, the Company recognizes the following items related to its interest in the joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises: recognizes the assets or liabilities it holds individually, and recognizes its share of the jointly held assets or liabilities; recognizes the revenue generated from the sale of its share of the output of the joint operation; recognizes its share of the revenue generated by the joint operation from the sale of its output; recognizes the expenses it incurs individually, and recognizes its share of the expenses incurred by the joint operation.

If the Company is a participant in a joint operation but does not have joint control, and if it has rights to the assets and obligations for the liabilities relating to the joint operation, it shall account for them in accordance with the provisions for participants in a joint operation; otherwise, it shall account for them in accordance with the relevant Accounting Standards for Business Enterprises.

### **3. *Accounting Treatment for Joint Ventures***

As a joint venturer in a joint venture, the Company accounts for its investment in the joint venture in accordance with the provisions of “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments”; as a non-joint venturer, the Company accounts for its investment based on the degree of its influence over the joint venture.

### **(9) *Criteria for Determining Cash and Cash Equivalents***

The cash determined by the Company when preparing the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. The cash equivalents determined when preparing the cash flow statement refer to investments that are held for a short term, are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

### **(10) *Foreign Currency Transactions and Translation of Foreign Currency Financial Statements***

#### **1. *Translation of Foreign Currency Transactions***

The Company records foreign currency transactions by converting them into the functional currency at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange differences arising from the difference between the spot exchange rate on that day and the spot exchange rate at initial recognition or on the previous balance sheet date are recognised in profit or loss for the current period, except for exchange differences on foreign currency specific borrowings that meet the capitalization conditions, which are capitalized and included in the cost of the relevant asset during the capitalization period. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and their functional currency amounts are not changed. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a change in fair value (including exchange rate changes) and is recognised in profit or loss for the current period or as other comprehensive income.

## **2. Translation of Foreign Currency Financial Statements**

If the subsidiaries, joint ventures, associates, etc., of the Company use a functional currency different from that of the Company, their foreign currency financial statements must be translated before accounting and preparation of consolidated financial statements. In the balance sheet, asset and liability items are translated at the spot exchange rate on the balance sheet date. Owners' equity items, except for the "retained earnings" item, are translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The translation differences arising from the translation of foreign currency financial statements are presented under other comprehensive income in the owners' equity section of the balance sheet. Foreign currency cash flows shall be translated at the spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash is presented separately in the cash flow statement. Upon disposal of a foreign operation, the translation differences arising from the translation of foreign currency financial statements related to that foreign operation are transferred to profit or loss for the period of disposal, either in full or in proportion to the disposal of the foreign operation.

### **(11) Financial Instruments**

#### **1. Classification, Recognition, and Measurement of Financial Instruments**

##### **(1) Financial assets**

Based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Company classifies financial assets into the following three categories:

- ① Financial assets measured at amortised cost. The business model for managing such financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement, i.e., the cash flows generated on specific dates are solely payments of principal and interest on the outstanding principal amount. Such financial assets are subsequently recognised for interest income using the effective interest method.
- ② Financial assets measured at fair value with changes recognised in other comprehensive income. The business model for managing such financial assets is to both collect contractual cash flows and sell the financial assets, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement. Such financial assets are subsequently measured at fair value, and their changes are recognised in other comprehensive income, but interest income calculated using the effective interest method, impairment losses or gains, and exchange gains and losses are recognised in profit or loss for the current period.
- ③ Financial assets measured at fair value with changes recognized in profit or loss for the current period. Financial assets held that are not classified as measured at amortised cost or at fair value with changes recognised in other comprehensive income are measured at fair value, and the resulting gains or losses (including interest and dividend income) are recognised in profit or loss for the current period. At initial recognition, a financial asset may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. Once made, this designation cannot be revoked.

For non-trading equity instrument investments, the Company may, at initial recognition, irrevocably designate them as financial assets measured at fair value with changes recognised in other comprehensive income. This designation is made on an individual investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective. Such financial assets are subsequently measured at fair value. Except for dividends received (excluding those that are a recovery of investment cost), which are recognised in profit or loss for the current period, other related gains and losses are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

(2) *Financial liabilities*

Financial liabilities are classified at initial recognition as:

- ① Financial liabilities measured at fair value with changes recognised in profit or loss for the current period. Such financial liabilities are subsequently measured at fair value, and the resulting gains or losses are recognised in profit or loss for the current period.
- ② Financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or from continued involvement in the transferred financial assets.
- ③ Financial liabilities measured at amortised cost. Such financial liabilities are measured at amortised cost using the effective interest method.

**2. *Method for Determining the Fair Value of Financial Instruments***

For financial instruments with an active market, their fair value is determined by the quoted price in the active market; if no active market exists, valuation techniques are used to determine their fair value. In limited circumstances, if recent information to determine fair value is insufficient, or if the possible estimated amounts of fair value are widely distributed, and the cost represents the best estimate of fair value within that range, then that cost may represent an appropriate estimate of fair value within that range. The Company uses all information available after the initial recognition date regarding the performance and operations of the investee to determine whether the cost can represent the fair value.

**3. *Derecognition of Financial Instruments***

A financial asset is derecognised when one of the following conditions is met: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred and meets the conditions for derecognition.

If the current obligation of a financial liability is fully or partially discharged, the discharged portion is derecognised. If an existing liability is replaced by another financial liability with substantially different terms from the same creditor, or if the terms of an existing liability are substantially modified, the existing financial liability is derecognised and a new financial liability is recognised simultaneously. Financial assets bought or sold in a conventional manner are recognised and derecognised on a trade date basis.

**(12) Method for Determining and Accounting for Expected Credit Losses****1. Scope of Expected Credit Losses**

The Company, on the basis of expected credit losses, performs impairment accounting and recognizes a provision for bad debts for financial assets measured at amortised cost (including receivables, such as notes receivable and accounts receivable), receivables financing, lease receivables, and other receivables.

**2. Method for Determining Expected Credit Losses**

The general method for expected credit losses means that the Company assesses on each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition, dividing the process of credit impairment of financial instruments into three stages, and applying different accounting treatments for impairment of financial instruments at different stages: (1) Stage 1, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss provision at an amount equal to the 12-month expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount (i.e., without deducting the impairment provision) and the effective interest rate; (2) Stage 2, if the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount and the effective interest rate; (3) Stage 3, if credit impairment has occurred after initial recognition, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its amortised cost (gross carrying amount less the impairment provision already made) and the effective interest rate.

The simplified method for expected credit losses is to always measure the loss provision at an amount equal to the lifetime expected credit losses.

**3. Accounting Method for Expected Credit Losses**

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase or reversal of the loss provision shall be recognised as an impairment loss or gain in profit or loss for the current period and, depending on the type of financial instrument, shall reduce the carrying amount of the financial asset presented in the balance sheet or be recognised as a provision (for loan commitments or financial guarantee contracts).

**4. Method for Measuring Bad Debt Provision for Receivables and Lease Receivables**

(1) *Receivables that do not contain a significant financing component. For receivables arising from transactions governed by “Accounting Standards for Business Enterprises No. 14 – Revenue” that do not contain a significant financing component, the Company adopts a simplified method, which is to always measure the loss provision at an amount equal to the lifetime expected credit losses.*

- ① Portfolio categories and basis for determining the provision for bad debts based on credit risk characteristics

For receivables other than those individually assessed, the Company groups accounts receivable based on credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Aging Portfolio	Grouped by the aging of accounts receivable
Related Party Portfolio	Accounts receivable within the scope of the consolidated financial statements

For accounts receivable classified into portfolios, the Company calculates expected credit losses by preparing a provision matrix of accounts receivable against their lifetime expected credit loss rates, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

- ② Aging calculation method for the aging-based credit risk portfolio

For the aging-based portfolio, the aging of a receivable is calculated from the date the receivable arises. For customers with multiple transactions, the aging for each transaction is calculated separately based on its respective date of occurrence.

- ③ Criteria for making individual provisions for bad debts

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

*(2) Receivables and lease receivables that contain a significant financing component.*

For receivables and lease receivables that contain a significant financing component, the loss provision is measured using the general method, i.e., the “three-stage” model. The credit risk characteristic portfolios, the aging calculation method for the aging-based portfolio, and the criteria for making individual provisions are consistent with the standards applicable to receivables that do not contain a financing component.

**5. Method for Measuring Loss Provision for Other Financial Assets**

For financial assets other than the above, such as debt investments, other debt investments, other receivables, and long-term receivables other than lease receivables, the loss provision is measured using the general method, i.e., the “three-stage” model.

When measuring the credit impairment of a financial instrument, the Company assesses whether the credit risk has increased significantly by considering the following factors: (1) whether there has been a significant change in internal price indicators due to a change in credit risk; (2) if the existing financial instrument were originated or issued as a new financial instrument on the reporting date, whether the interest rate or other terms of the financial instrument would have changed significantly; (3) whether there has been a significant change in external market indicators of credit risk for the same financial instrument or for similar financial instruments with the same expected term; (4) whether there has been a significant actual or expected change in the external credit rating of the financial instrument; (5) whether the actual or expected internal credit rating of the debtor has been downgraded; (6) adverse changes in business, financial, or economic conditions that are expected to cause a significant change in the debtor’s ability to meet its debt obligations; (7) whether there has been a significant actual or expected change in the operating results of the debtor; (8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly; (9) whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates; (10) whether there has been a significant change in the value of collateral securing the debt or in the quality of guarantees or credit enhancements provided by third parties; (11) whether there has been a significant change in economic factors that is expected to reduce the debtor’s incentive to make payments on the contractual due date; (12) expected changes in the loan contract, including expected breaches of contract that may lead to the waiver or modification of contractual obligations, granting of interest-free periods, interest rate increases, requests for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument; (13) whether there has been a significant change in the expected performance and repayment behavior of the debtor; (14) whether the Company’s credit management methods for the financial instrument have changed.

*(1) Portfolio categories based on credit risk characteristics and the basis for their determination*

The Company groups other receivables into several credit risk characteristic portfolios based on the nature of the amounts, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Security deposits, deposits	Security deposits and deposits paid as required by customers
Portfolio 2: Petty cash	Employee petty cash
Portfolio 3: Other portfolios	Receivables other than security deposits, deposits, and petty cash

(2) *Criteria for making individual provisions for bad debts*

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

**(13) Inventories**

**1. *Classification of Inventories***

Inventories refer to finished goods or commodities held for sale in the Company's daily activities, work-in-progress in the production process, and materials and supplies consumed in the production process or in providing services, etc., mainly including raw materials, packaging materials, low-value consumables, work-in-progress, finished goods (inventory goods), etc.

**2. *Costing Method for Inventories Issued***

When inventories are issued, their actual cost is determined using the weighted average method.

**3. *Inventory System***

The inventory system is a perpetual inventory system.

**4. *Amortisation Method for Low-Value Consumables and Packaging Materials***

Low-value consumables and packaging materials are amortised using the one-time charge-off method.

**5. *Recognition Criteria and Provision Method for Inventory Write-downs***

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than cost, a provision for inventory write-down is made. Such provision is made on an individual inventory item basis, but for large quantities of inventories with low unit prices, the provision is made by inventory category. If the factors that previously caused the inventory to be written down have disappeared, the amount of the write-down is reversed (but the reversal is limited to the amount of the original write-down).

The determination of the net realisable value of inventories is based on conclusive evidence obtained, and takes into account the purpose for which the inventories are held and the impact of events after the balance sheet date.

**(14) Contract Assets and Contract Liabilities****1. Contract assets**

The Company presents as a contract asset the right to consideration for goods or services that have been transferred to a customer (where that right is conditional on something other than the passage of time). The provision for impairment of contract assets is made by reference to the method for determining expected credit losses in the notes. Contract assets are classified into the following portfolios based on credit risk characteristics:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Retention money	Retention money as stipulated in the contract

**2. Contract liabilities**

The Company presents as a contract liability the obligation to transfer goods or provide services to a customer for which it has received or is due to receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

**(15) Non-current Assets or Disposal Groups Held for Sale****1. Recognition Criteria and Accounting Treatment for Non-current Assets or Disposal Groups Classified as Held for Sale**

If the Company primarily recovers the carrying amount of a non-current asset or disposal group through a sale rather than through continuing use, it is classified as held for sale and meets the following conditions: first, it is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups; second, the sale is highly probable, meaning the enterprise has made a resolution on a sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year. If relevant regulations require approval from the relevant authorities or regulatory bodies of the enterprise before the sale can be made, such approval should have been obtained.

When initially measuring or remeasuring a non-current asset or disposal group held for sale on the balance sheet date, if its carrying amount is higher than its fair value less costs to sell, the carrying amount shall be written down to its fair value less costs to sell. The amount of the write-down shall be recognised as an asset impairment loss in profit or loss for the current period, and a provision for impairment of assets held for sale shall be made at the same time.

For the amount of asset impairment loss recognised for a disposal group held for sale, such loss shall first be allocated to reduce the carrying amount of goodwill in the disposal group, and then to the other non-current assets in the disposal group pro rata based on the carrying amount of each non-current asset that is within the scope of the measurement requirements of “Accounting Standards for Business Enterprises — Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations”.

## **2. *Criteria for Determining and Presenting Discontinued Operations***

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and: represents a separate major line of business or geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; is a subsidiary acquired exclusively with a view to resale.

The Company presents profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. Impairment losses and reversal amounts of discontinued operations, as well as other operating gains and losses and disposal gains and losses, are presented as profit or loss from discontinued operations. The notes shall disclose the revenue, expenses, total profit, income tax expense (income), and net profit of the discontinued operation; the impairment loss and its reversal amount recognised for the assets or disposal group of the discontinued operation; the total gain or loss on disposal, income tax expense (income), and net gain or loss on disposal of the discontinued operation; the net cash flows from operating, investing, and financing activities of the discontinued operation; and the profit or loss from continuing operations and discontinued operations attributable to the owners of the parent company.

### **(16) Long-term equity investments**

#### **1. *Criteria for Determining Joint Control and Significant Influence***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities, which are activities that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control, including the sale and purchase of goods or services, management of financial assets, purchase and disposal of assets, research and development activities, and financing activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is presumed to exist when holding 20% or more but less than 50% of the voting power of the investee, or when holding less than 20% but meeting one of the following conditions: representation on the board of directors or equivalent governing body of the investee; participation in the policy-making processes of the investee; dispatch of management personnel to the investee; the investee is dependent on the technical or technological information of the investing company; significant transactions occur between the investee and the investing company.

#### **2. *Determination of Initial Investment Cost***

For a long-term equity investment acquired through a business combination, if it is a business combination under common control, the initial investment cost of the long-term equity investment shall be the share of the book value of the combined party's owners' equity in the ultimate controlling party's consolidated financial statements on the combination date; for a business combination not under common control, the initial investment cost of the long-term equity investment shall be the cost of the combination determined on the acquisition date; for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired through a debt restructuring, its initial investment cost is determined in accordance with the relevant provisions of the debt restructuring standards; for a long-term equity investment acquired through a non-monetary asset exchange, the initial investment cost is determined in accordance with the relevant provisions of the non-monetary asset exchange standards.

**3. *Subsequent Measurement and Profit or Loss Recognition Method***

The Company uses the cost method to account for long-term equity investments where it can exercise control over the investee, and the equity method to account for long-term equity investments in associates and joint ventures. For an equity investment in an associate, if a portion of it is held indirectly through venture capital organizations, mutual funds, trust companies, or similar entities including investment-linked insurance funds, regardless of whether these entities have significant influence over that portion of the investment, it is treated in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments,” and the remaining portion is accounted for using the equity method.

**(17) Investment properties**

The Company’s categories of investment properties include leased land use rights, leased buildings, and land use rights held for capital appreciation and subsequent transfer. Investment properties are initially measured at cost and subsequently measured using the fair value model.

The basis for the Company to estimate the fair value of investment properties is its ability to obtain market prices and other relevant information for similar or comparable properties from the real estate market.

**(18) Fixed assets****1. *Recognition Criteria for Fixed Assets***

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, leasing, or for administrative purposes, with a useful life of more than one accounting year. They are recognised when the following conditions are met simultaneously: it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; the cost of the fixed asset can be reliably measured.

**2. *Depreciation Method for Fixed Assets***

The Company’s fixed assets are mainly classified into: buildings and structures, machinery and equipment, transportation equipment, gas transmission facilities, and others; the depreciation method used is the straight-line method. The useful life and estimated net residual value of fixed assets are determined based on the nature and usage of each category of fixed assets. At the end of the year, the useful life, estimated net residual value, and depreciation method of fixed assets are reviewed. If there are differences from the original estimates, corresponding adjustments are made. All fixed assets are depreciated, except for fully depreciated fixed assets that are still in use and land that is accounted for separately.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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<b>Asset Class</b>	<b>Estimated Useful Life</b>	<b>Estimated Net Residual Value Rate</b>	<b>Annual Depreciation Rate</b>
	<i>(Years)</i>	<i>(%)</i>	<i>(%)</i>
Buildings and structures (Note)	30-70	3	1.39-3.23
Machinery and equipment	8-20	3	4.85-12.13
Transportation equipment	6-10	3	9.70-16.17
Gas transmission facilities	14-30	3	3.23-6.93
Others	3-5	3	19.40-32.33

Note: For buildings of the Company's natural gas business located on leased land where the Company cannot obtain the property ownership certificate, they are depreciated over the lease term as stipulated in the signed land lease contract, with an estimated net residual value of 0.

**(19) Construction in progress**

The Company's construction in progress is mainly built through self-construction and outsourcing. The standard and timing for transferring construction in progress to fixed assets are based on when the construction in progress reaches its intended useable state. The criteria for determining the intended useable state should meet one of the following conditions: the physical construction (including installation) of the fixed asset has been fully or substantially completed; trial production or trial operation has been conducted, and the results indicate that the asset can operate normally or can stably produce qualified products, or the trial operation results indicate that it can operate normally or be used in business; the expenditure on the constructed fixed asset is minimal or has almost ceased; the purchased or constructed fixed asset has met the design or contract requirements, or is substantially consistent with the design or contract requirements.

**(20) Borrowing Costs*****1. Recognition Principle for Capitalisation of Borrowing Costs***

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of the relevant asset; other borrowing costs are recognised as an expense in the period in which they are incurred and are charged to profit or loss for the current period. A qualifying asset is an asset, such as a fixed asset, investment property, or inventory, that necessarily takes a substantial period of time to get ready for its intended use or sale.

## **2. Method for Calculating the Capitalised Amount**

The capitalization period is the period from the time when capitalization of borrowing costs begins to the time when capitalization ceases, excluding periods when capitalization of borrowing costs is suspended. If an abnormal interruption occurs during the acquisition, construction, or production process, and the interruption period lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended.

For specific borrowings, the amount is determined by the actual interest expense incurred on the specific borrowings for the current period, less any interest income earned from depositing the unused borrowing funds in a bank or any investment income earned from temporary investments; for general borrowings, the amount is determined by multiplying the weighted average of the asset expenditures in excess of the specific borrowings by the capitalization rate of the general borrowings used, where the capitalization rate is the weighted average interest rate of the general borrowings; if the borrowing has a discount or premium, the amount of discount or premium to be amortised in each accounting period is determined using the effective interest method, and the interest amount for each period is adjusted accordingly.

The effective interest method is a method of calculating the amortised discount or premium or interest expense of a borrowing based on its effective interest rate. The effective interest rate is the rate that exactly discounts the future cash flows of a borrowing over its expected term to its current carrying amount.

### **(21) Intangible assets**

#### **1. Valuation Method for Intangible Assets**

The Company's intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actual price paid and related expenditures. For intangible assets contributed by investors, the actual cost is determined by the value stipulated in the investment contract or agreement, but if the stipulated value is not fair, the actual cost is determined by the fair value. For self-developed intangible assets, their cost is the total expenditure incurred before they reach their intended use.

#### **2. Useful Life and its Determination Basis, Estimation, Amortisation Method, or Review Procedures**

Intangible assets with a finite useful life are amortised as shown in the table below. At the end of the year, the useful life and amortisation method of the intangible assets are reviewed, and if there are differences from the original estimates, corresponding adjustments are made. Intangible assets with an indefinite useful life are not amortised, but their useful life is reviewed at the end of each year. When there is conclusive evidence that their useful life is finite, their useful life is estimated.

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The useful life, its determination basis, and amortisation method for intangible assets with a finite useful life are as follows:

<b>Asset Class</b>	<b>Useful Life (Years)</b>	<b>Basis for Determining Useful Life</b>	<b>Amortisation Method</b>
Land use rights	40-50	Statutory period	Straight-line method
Software, patented technology	3-20	The period during which the asset is expected to bring economic benefits to the Company.	Straight-line method

The Company classifies an intangible asset as having an indefinite useful life when it cannot foresee the period over which the asset is expected to generate economic benefits for the Company, or when the useful life is uncertain. The basis for determining an indefinite useful life is: it arises from contractual rights or other legal rights, but the contract or law does not specify a clear useful life; or after considering the industry situation or expert opinions, it is still not possible to determine the period over which the intangible asset will generate economic benefits for the Company.

At the end of each year, the useful life of intangible assets with an indefinite useful life is reviewed, primarily using a bottom-up approach. The relevant departments using the intangible assets conduct a basic review to evaluate whether there have been any changes in the basis for determining the indefinite useful life.

### **3. Scope of R&D Expenditures and Related Accounting Treatment Methods**

The scope of the Company's R&D expenditures is primarily determined based on the Company's research and development projects, and mainly includes: employee compensation for R&D personnel, direct input costs, depreciation and long-term deferred expenses, design fees, amortisation of intangible assets, fees for outsourced research and development, and other expenses.

Expenditures in the research phase of an internal research and development project are recognised in profit or loss for the current period when they are incurred; expenditures in the development phase are capitalized if the following conditions are met simultaneously: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use or sell it; (3) the way in which the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or that the intangible asset itself has a market, and if the intangible asset will be used internally, its usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to complete the development of the intangible asset and to use or sell it; (5) the expenditure attributable to the development phase of the intangible asset can be reliably measured.

Specific criteria for dividing the research phase and development phase of an internal research and development project: The planned investigation phase for acquiring new technology and knowledge, etc., should be identified as the research phase, which is characterized by planning and exploration; the phase in which research findings or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use, should be identified as the development phase, which is characterized by specificity and a high probability of achieving results.

**(22) Impairment of long-term assets**

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, productive biological assets measured using the cost model, oil and gas assets, intangible assets, and other long-term assets are tested for impairment on the balance sheet date if there are indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment provision is made for the difference and is recognised as an impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The asset impairment provision is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflows independently.

Goodwill presented separately in the financial statements is tested for impairment at least annually, regardless of whether there is any indication of impairment. When testing for impairment, the carrying amount of goodwill is allocated to the asset group or group of asset groups that is expected to benefit from the synergies of the business combination. If the test result indicates that the recoverable amount of the asset group or group of asset groups including the allocated goodwill is less than its carrying amount, a corresponding impairment loss is recognised. The amount of the impairment loss is first applied to reduce the carrying amount of the goodwill allocated to the asset group or group of asset groups, and then to the other assets of the group or group of asset groups pro rata on the basis of the carrying amount of each asset in the group or group of asset groups.

Once the above asset impairment loss is recognised, the portion of the value that is subsequently recovered will not be reversed in future periods.

**(23) Long-term deferred expenses**

The Company's long-term deferred expenses refer to various expenses that have been incurred but have a benefit period of more than one year (excluding one year). Long-term deferred expenses are amortised over the benefit period of the expense item. If a long-term deferred expense item can no longer benefit future accounting periods, the unamortised balance of that item is fully charged to profit or loss for the current period.

**(24) Employee Benefits**

Employee benefits are all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for the termination of employment. Employee benefits consist primarily of short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

***1. Accounting Treatment for Short-term Employee Benefits***

During the accounting period in which an employee provides services to the Company, the actual short-term remuneration incurred is recognised as a liability and charged to profit or loss for the current period, unless the Accounting Standards for Business Enterprises require or permit it to be included in the cost of an asset. Staff welfare expenses incurred by the Company are recognised in profit or loss for the current period or in the cost of relevant assets based on the actual amount incurred. If staff welfare expenses are non-monetary, they are measured at fair value. During the accounting period in which employees provide services, the Company calculates and determines the corresponding amount of employee remuneration for medical insurance, work-related injury insurance, maternity insurance, and other social insurance premiums and housing provident funds paid for employees, as well as trade union funds and employee education funds accrued in accordance with regulations, based on the prescribed accrual basis and accrual ratio, and recognizes the corresponding liability, which is included in profit or loss for the current period or the cost of relevant assets.

***2. Accounting Treatment for Post-employment Benefits***

During the accounting period in which an employee provides services, the Company recognizes the amount to be contributed calculated according to the defined contribution plan as a liability and includes it in profit or loss for the current period or the cost of relevant assets. The benefit obligation arising from a defined benefit plan is attributed to the periods in which employees render services using the formula determined by the projected unit credit method, and is recognised in profit or loss for the current period or the cost of relevant assets.

***3. Accounting Treatment for Termination Benefits***

When the Company provides termination benefits to employees, it recognizes the employee remuneration liability arising from the termination benefits on the earlier of the following two dates and includes it in profit or loss for the current period: when the Company cannot unilaterally withdraw the termination benefits provided due to a plan to terminate the employment relationship or a redundancy proposal; when the Company recognizes the costs or expenses related to a restructuring that involves the payment of termination benefits.

***4. Accounting Treatment for Other Long-term Employee Benefits***

For other long-term employee benefits provided by the Company to its employees, if they meet the conditions of a defined contribution plan, they shall be treated in accordance with the relevant provisions for defined contribution plans; otherwise, the net liability or net asset of other long-term employee benefits shall be recognised and measured in accordance with the relevant provisions for defined benefit plans.

**(25) Provisions**

An obligation related to a contingent matter is recognised as a provision when it is a present obligation of the company, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably measured. The Company initially measures the provision at the best estimate of the expenditure required to settle the relevant present obligation. If the required expenditure falls within a continuous range and all outcomes within that range are equally likely, the best estimate is determined by the midpoint of that range; if multiple items are involved, the best estimate is determined by weighting all possible outcomes by their related probabilities.

On the balance sheet date, the carrying amount of the provision shall be reviewed. If there is conclusive evidence that the carrying amount does not truly reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

## **(26) Revenue**

The Company recognizes revenue when it has fulfilled its performance obligations in the contract, i.e., when the customer obtains control of the relevant goods or services, at the transaction price allocated to that performance obligation. Obtaining control of the relevant goods means being able to direct the use of the goods and obtain substantially all of their economic benefits. A performance obligation is a promise in a contract for the Company to transfer a distinct good or service to a customer. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties and amounts the Company expects to refund to the customer.

Whether a performance obligation is satisfied over time or at a point in time depends on the terms of the contract and relevant laws and regulations. If a performance obligation is satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Company recognizes revenue at a point in time when the customer obtains control of the relevant asset.

The Company determines whether it is acting as a principal or an agent in a transaction based on whether it has control over the goods or services before they are transferred to the customer. If the Company has control over the goods or services before they are transferred to the customer, the Company is the principal and recognizes revenue at the gross amount of consideration received or receivable; otherwise, the Company is an agent and recognizes revenue at the amount of commission or fee it expects to be entitled to, which is determined either by the net amount of consideration received or receivable after deducting the price payable to other relevant parties, or by a predetermined commission amount or percentage.

The specific principles and measurement methods for revenue recognition determined by the Company according to business type are as follows:

The company's revenue mainly includes gas sales revenue, gas connection business revenue, equipment and material sales revenue, and trade revenue; Based on the sales contract or agreement, taking into account factors such as the current right to receive payment for the goods, the transfer of major risks and rewards of ownership of the goods, the transfer of legal title to the goods, the transfer of physical possession of the goods, and the customer's acceptance of the goods, the Company recognizes revenue from natural gas sales at its filling stations after the gas (i.e., CNG or LNG) is transferred to the customer at the filling station; for pipeline natural gas sales, revenue is recognised when the pipeline natural gas is delivered to and consumed by the customer, i.e., when the customer obtains control of the goods, and the volume of gas sold is measured by the gas meter installed at the customer's premises; for the gas connection business, revenue is recognised when the connection project is completed, reaches the condition for gas supply, and the project acceptance procedures are completed; for equipment and material sales revenue and trade revenue, revenue is recognised when the products are dispatched and a receipt of delivery is received from the customer.

**(27) Contract Costs**

Contract costs include the incremental costs of obtaining a contract and the costs to fulfill a contract. The incremental costs of obtaining a contract (“**contract acquisition costs**”) are costs that would not have been incurred if the contract had not been obtained. If these costs are expected to be recovered, the Company recognizes them as an asset for contract acquisition costs.

Costs incurred to fulfill a contract that are not within the scope of other accounting standards for business enterprises, such as inventory, and that meet all of the following conditions are recognised as an asset for contract fulfillment costs: the costs relate directly to a contract or an anticipated contract that the entity can specifically identify, including direct labor, direct materials, manufacturing overhead (or similar costs), costs that are explicitly chargeable to the customer, and other costs that are incurred only because the entity entered into the contract; the costs generate or enhance resources that will be used in satisfying performance obligations in the future; the costs are expected to be recovered.

The Company includes contract fulfillment costs recognised as an asset in the “Inventories” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company includes contract acquisition costs recognised as an asset in the “Other Current Assets” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company amortises assets recognised for contract acquisition costs and contract fulfillment costs on the same basis as the revenue recognition for the goods related to that asset, and charges it to profit or loss for the current period. If the amortisation period for an asset arising from the incremental costs of obtaining a contract is one year or less, the asset is expensed as incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two items, the Company shall make a provision for impairment for the excess amount and recognize it as an asset impairment loss: the remaining consideration expected to be received for the transfer of the goods related to that asset; the estimated costs to be incurred for the transfer of the related goods.

If the factors that caused the impairment in a previous period subsequently change, such that the difference between the two items mentioned above is higher than the carrying amount of the asset, the previously made provision for asset impairment shall be reversed and recognised in profit or loss for the current period, but the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the reversal date assuming no impairment provision had been made.

**(28) Government grants****1. Types and Accounting Treatment of Government Grants**

Government grants are monetary or non-monetary assets obtained by the Company from the government free of charge (but do not include capital invested by the government as an owner). If a government grant is a monetary asset, it shall be measured at the amount received or receivable. If a government grant is a non-monetary asset, it shall be measured at fair value; if the fair value cannot be reliably obtained, it shall be measured at a nominal amount.

Government grants related to daily activities are recognised in other income based on the substance of the economic transaction. Government grants not related to daily activities are recognised in non-operating income.

Government grants for which government documents clearly stipulate that they are for the acquisition, construction, or other formation of long-term assets are recognised as asset-related government grants. If government documents do not clearly specify the object of the grant, and if it can form a long-term asset, the portion of the government grant corresponding to the value of the asset is treated as an asset-related government grant, and the remaining portion is treated as a revenue-related government grant; if it is difficult to distinguish, the entire government grant is treated as a revenue-related government grant. Asset-related government grants are recognised as deferred income. The amount recognised as deferred income is recognised in profit or loss for the current period on a reasonable and systematic basis over the useful life of the related asset.

Government grants other than those related to assets are recognised as revenue-related government grants. Revenue-related government grants used to compensate for related expenses or losses in future periods are recognised as deferred income and are recognised in profit or loss for the current period in the periods in which the related expenses are recognised; those used to compensate for related expenses or losses already incurred by the enterprise are directly recognised in profit or loss for the current period.

If the Company obtains a policy-based preferential loan interest subsidy, and the finance department allocates the interest subsidy funds to the lending bank, which then provides the loan to the Company at a policy-based preferential interest rate, the loan is recorded at the actual amount of the loan received, and the related borrowing costs are calculated based on the loan principal and the policy-based preferential interest rate; if the finance department allocates the interest subsidy funds directly to the Company, the Company will offset the corresponding interest subsidy against the related borrowing costs.

**2. Timing of Recognition of Government Grants**

Government grants are recognised when the conditions attached to the government grant are met and the grant can be received. Government grants measured at the amount receivable are recognised at the end of the period when there is conclusive evidence that the relevant conditions stipulated in the fiscal support policy can be met and it is expected that the fiscal support funds can be received. Other government grants, except for those measured at the amount receivable, are recognised upon actual receipt of the grant funds.

**(29) Deferred tax assets and deferred tax liabilities****1. Recognition of Deferred Tax**

Based on the difference between the carrying amount of an asset or liability and its tax base (for items not recognised as assets or liabilities, if their tax base can be determined according to tax law, that tax base is used to determine the difference), a deferred tax asset or deferred tax liability is recognised by applying the applicable tax rate for the period in which the asset is expected to be recovered or the liability is expected to be settled.

**2. Measurement of Deferred Tax**

The recognition of a deferred tax asset is limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable profit will be available in future periods to utilize the deductible temporary differences, a previously unrecognised deferred tax asset from prior accounting periods is recognised. If it is probable that sufficient taxable profit will not be available in future periods to utilize the deferred tax asset, the carrying amount of the deferred tax asset is reduced.

For taxable temporary differences associated with investments in subsidiaries and associates, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with investments in subsidiaries and associates, a deferred tax asset is recognised when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

**(30) Leases**

On the contract inception date, the Company will assess whether the contract is, or contains, a lease. If a contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration, the contract is, or contains, a lease.

**1. Lessee's Accounting Treatment**

On the lease commencement date, the Company recognizes a right-of-use asset and a lease liability for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense separately during the lease term.

*(1) Right-of-use Asset*

On the lease commencement date, the right-of-use asset is initially measured at cost. This cost includes the initial measurement amount of the lease liability, lease payments made on or before the lease commencement date less any lease incentives received, initial direct costs, etc.

For leases where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the estimated remaining useful life of the leased asset; if it cannot be reasonably determined, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the carrying amount of the right-of-use asset, its carrying amount is written down to the recoverable amount.

*(2) Lease Liability*

The lease liability is initially measured at the present value of the lease payments that are not yet paid on the lease commencement date. Lease payments include fixed payments, as well as amounts payable when it is reasonably certain that a purchase option or a termination option will be exercised. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss for the current period when they are actually incurred.

The Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate. The interest expense on the lease liability for each period during the lease term is calculated using a fixed periodic interest rate, which is the discount rate used by the Company or a revised discount rate, and is recognised in finance costs.

**2. *Judgment Basis and Accounting Treatment for Simplified Accounting of Short-term Leases and Low-value Asset Leases as a Lessee***

For short-term leases with a lease term of 12 months or less and low-value leases, the Company elects not to recognize a right-of-use asset and a lease liability, and recognizes the related rental expenses in profit or loss for the current period or the cost of relevant assets on a straight-line basis over the lease term.

**3. *Classification Criteria and Accounting Treatment for Leases as a Lessor***

On the lease commencement date, the Company classifies a lease as a finance lease if it substantially transfers all the risks and rewards incidental to ownership of the leased asset; otherwise, it is classified as an operating lease.

*(1) Accounting Treatment for Operating Leases*

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs are capitalised and are recognised as an expense over the lease term on the same basis as the lease income. Variable rents not included in the lease receivables are recognized as rental income when they are actually incurred.

*(2) Accounting Treatment for Finance Leases*

On the lease commencement date, the difference between the sum of the finance lease receivables and the unguaranteed residual value and their present value is recognised as unrealized finance income, which is recognised as lease income in the future periods when rent is received, and the finance lease asset is derecognised. Initial direct costs are included in the initial carrying amount of the finance lease receivable.

**(31) Changes in Significant Accounting Policies and Accounting Estimates**

***1. Changes in Significant Accounting Policies***

In 2022, the Ministry of Finance issued the “Notice on the Issuance of ‘Interpretation of Accounting Standards for Business Enterprises No. 16’”, which stipulates that for single transactions that are not business combinations, do not affect accounting profit or taxable income (or deductible losses) at the time of the transaction, and where the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences (including lease transactions where the lessee initially recognizes a lease liability and includes it in the right-of-use asset on the lease commencement date, and transactions where a provision is recognised for decommissioning obligations for fixed assets, etc., and included in the cost of the relevant asset), the exemption for initial recognition of deferred tax liabilities and deferred tax assets does not apply. The corresponding deferred tax liabilities and deferred tax assets should be recognised separately at the time of the transaction. The Company has implemented this provision from 1 January 2023, and has retrospectively adjusted the comparative statements for the cumulative effect of taxable and deductible temporary differences arising from lease liabilities and right-of-use assets on the date of initial application. The impact of this matter on the financial statements as at 31 December 2022 and for the year then ended is as follows:

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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<b>Consolidated Statement Item</b>	<b>Before Change As at 31 December 2022/ For the year 2022</b>	<b>After Change As at 31 December 2022/ For the year 2022</b>	<b>Impact</b>
Assets:			
Deferred tax assets	136,820,443.44	153,635,080.70	16,814,637.26
Liabilities:			
Deferred tax liabilities	114,115,013.61	130,106,857.01	15,991,843.40
Shareholders' equity:			
Retained earnings	678,841,985.44	679,874,941.43	1,032,955.99
Non-controlling interests	368,120,579.09	367,910,416.96	-210,162.13
Profit:			
Income tax expense	51,122,950.14	50,300,156.28	-822,793.86
Profit or loss attributable to non-controlling interests	30,403,758.92	30,193,596.79	-210,162.13

No impact on the parent company's statement items.

**2. Significant Changes in Accounting Estimates**

None

**IV. TAXATION**

**(1) Main Tax Types and Rates**

<b>Tax Type</b>	<b>Tax Basis</b>	<b>Tax Rate</b>
Value-added tax	Output tax less deductible input tax	6%, 9%, 13%
Urban maintenance and construction tax	Actual turnover tax payable	5%, 7%
Education surcharge	Actual turnover tax payable	3%
Local education surcharge	Actual turnover tax payable	2%
Enterprise income tax	Taxable income	15%, 20%, 25%

<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Shandong Shengli Co., Ltd.	25%
Shandong Shengbang Plastic Co., Ltd.	15%
Chongqing Shengbang Pipeline Co., Ltd.	15%
Shaanxi Huashan Shengbang Plastic Co., Ltd.	15%
Chongqing Shengbang Gas Co., Ltd.	15%
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	15%
Shandong Lihuasheng Transportation Co., Ltd.	20%
Weihai Lanweimeirun Life Service Co., Ltd.	20%
Qingdao Shengli Meijiuhui Co., Ltd.	20%
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	20%
Dezhou Shengli Natural Gas Co., Ltd.	20%
Qingdao Shengli Runhao Energy Co., Ltd.	20%
Shandong Shengbang Industrial Co., Ltd.	20%
Binzhou Shengbang Pipeline Co., Ltd.	20%
Wenzhou Shengran Intelligent Technology Co., Ltd.	20%
Dong'e County Ruitai Trading Co., Ltd.	20%
Dong'e Sunshine Clean Energy Co., Ltd.	20%
Qingdao Longyu Shengli Energy Co., Ltd.	20%
Puyang Boyuan Energy Technology Co., Ltd.	20%
Puyang Shengli Clean Energy Co., Ltd.	20%
Anyang Beisheng New Energy Development Co., Ltd.	20%
Chongqing Zhongbang Gas Equipment Co., Ltd.	20%
Chongqing Libang Construction Labor Co., Ltd.	20%
Chongqing Zhongan Engineering Construction Co., Ltd.	20%

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Chongqing Lixing Pipe Industry Co., Ltd.	20%
Chongqing Zhongzhu Pipe Industry Co., Ltd.	20%
Bazhou Shengshun Gas Sales Co., Ltd.	20%
Bazhou Shengshun New Energy Development Co., Ltd.	20%
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	20%
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	20%
Heze Shenghong Gas Co., Ltd.	20%
Other companies	25%

**(2) Significant Tax Incentives and Approvals**

1. The subsidiary Shandong Shengbang Plastic Co., Ltd. has obtained a high-tech enterprise certificate, issued on 7 December 2023, with certificate number GR202337004185. Its enterprise income tax for 2023 is calculated and paid at a rate of 15%.
2. The subsidiaries Chongqing Shengbang Gas Co., Ltd., Chongqing Shengbang Pipeline Co., Ltd., Qinzhou Shengli Natural Gas Utilization Co., Ltd., and Shaanxi Huashan Shengbang Plastic Co., Ltd., after application and approval, enjoy the tax incentive policy for encouraged industries in the western region, and their enterprise income tax for 2023 is calculated and paid at a rate of 15%.
3. According to the “Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households with Relevant Tax and Fee Policies” (Ministry of Finance and State Taxation Administration Announcement [2023] No. 12), the policy of calculating the taxable income for small and micro-profit enterprises at a reduced 25% of the actual amount and levying enterprise income tax at a rate of 20% has been extended to 31 December 2027. The subsidiaries Shandong Lihuasheng Transportation Co., Ltd., Weihai Lanweimeirun Life Service Co., Ltd., Qingdao Shengli Meijiuhui Co., Ltd., Qingdao Shengli Petrochemical Products Sales Co., Ltd., Dezhou Shengli Natural Gas Co., Ltd., Qingdao Shengli Runhao Energy Co., Ltd., Shandong Shengbang Industrial Co., Ltd., Binzhou Shengbang Pipeline Co., Ltd., Wenzhou Shengran Intelligent Technology Co., Ltd., Dong’e County Ruitai Trading Co., Ltd., Dong’e Sunshine Clean Energy Co., Ltd., Qingdao Longyu Shengli Energy Co., Ltd., Puyang Boyuan Energy Technology Co., Ltd., Puyang Shengli Clean Energy Co., Ltd., Anyang Beisheng New Energy Development Co., Ltd., Chongqing Zhongbang Gas Equipment Co., Ltd., Chongqing Zhongan Engineering Construction Co., Ltd., Chongqing Libang Construction Labor Co., Ltd., Chongqing Lixing Pipe Industry Co., Ltd., Chongqing Zhongzhu Pipe Industry Co., Ltd., Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd., Zibo Lvchuan Photovoltaic New Energy Co., Ltd., Bazhou Shengshun Gas Sales Co., Ltd., and Bazhou Shengshun New Energy Co., Ltd., Heze Shenghong Gas Co., Ltd. are small and micro enterprises and are subject to the preferential enterprise income tax policy for small and micro enterprises.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**

**(1) Cash and bank balances**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Cash on hand	174,420.83	386,369.86
Bank deposits	549,372,241.82	357,404,073.71
Other cash and bank balances	217,634,403.42	579,889,149.73
<b>Total</b>	<b><u>767,181,066.07</u></b>	<b><u>937,679,593.30</u></b>

Other cash and bank balances

<b>Category</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Pledged deposits for bank acceptance bills	170,000,000.00	405,077,479.56
Pledged deposits for letters of credit	25,813,553.69	29,109,229.08
Bank certificate of deposit	15,450,000.00	135,550,000.00
Interest on bank time deposits and pledged deposits	2,019,963.94	5,991,577.62
Funds from third-party platforms such as POS machines, WeChat, and Alipay	4,350,885.79	4,160,863.47
<b>Total</b>	<b><u>217,634,403.42</u></b>	<b><u>579,889,149.73</u></b>

Note: Bank certificates of deposit in other cash and bank balances are used as collateral for bank borrowings.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Accounts receivable**

**1. Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	277,056,626.72	274,056,816.59
1 to 2 years	71,624,671.44	83,709,297.78
2 to 3 years	37,559,976.76	76,011,716.73
3 to 4 years	48,650,444.72	24,042,241.10
4 to 5 years	16,264,557.67	10,440,822.79
Over 5 years	121,338,414.14	114,913,775.41
<b>Subtotal</b>	<b>572,494,691.45</b>	<b>583,174,670.40</b>
Less: Provision for bad debts	<u>157,565,686.59</u>	<u>152,093,957.86</u>
<b>Total</b>	<b><u>414,929,004.86</u></b>	<b>431,080,712.54</b>

**2. Disclosure by bad debt provision method**

<b>Category</b>	<b>Closing Balance</b>				
	<b>Gross carrying amount</b>		<b>Provision for bad debts</b>		
	<b>Amount</b>	<b>Ratio (%)</b>	<b>Amount</b>	<b>Provision ratio (%)</b>	<b>Carrying amount</b>
Accounts receivable with provision for bad debts made on an individual basis	3,882,100.34	0.68	3,882,100.34	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	568,612,591.11	99.32	153,683,586.25	27.03	414,929,004.86
Of which: Aging portfolio	568,612,591.11	99.32	153,683,586.25	27.03	414,929,004.86
<b>Total</b>	<b><u>572,494,691.45</u></b>	<b><u>100.00</u></b>	<b><u>157,565,686.59</u></b>	<b><u>27.52</u></b>	<b><u>414,929,004.86</u></b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Category	Opening Balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Carrying amount
Accounts receivable with provision for bad debts made on an individual basis	13,861,697.04	2.38	13,861,697.04	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	569,312,973.36	97.62	138,232,260.82	24.28	431,080,712.54
Of which: Aging portfolio	569,312,973.36	97.62	138,232,260.82	24.28	431,080,712.54
<b>Total</b>	<b>583,174,670.40</b>	<b>100.00</b>	<b>152,093,957.86</b>	<b>26.08</b>	<b>431,080,712.54</b>

(1) *Accounts receivable with provision for bad debts made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Within 1 year	277,056,626.72	919,969.67	0.34	274,056,816.59	930,054.93	0.34
1 to 2 years	71,624,671.44	1,740,479.52	2.43	82,132,608.76	1,994,879.40	2.43
2 to 3 years	37,370,076.46	5,209,388.65	13.94	69,507,354.36	9,689,325.19	13.94
3 to 4 years	47,359,811.10	15,410,882.53	32.54	21,856,698.20	7,112,169.59	32.54
4 to 5 years	14,833,197.88	10,034,658.37	67.65	10,057,693.19	6,804,029.45	67.65
Over 5 years	120,368,207.51	120,368,207.51	100.00	111,701,802.26	111,701,802.26	100.00
<b>Total</b>	<b>568,612,591.11</b>	<b>153,683,586.25</b>		<b>569,312,973.36</b>	<b>138,232,260.82</b>	

**3. Provision for bad debts**

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Other changes	
Individual provision	13,861,697.04	-510,289.28	9,469,307.42		3,882,100.34
Portfolio provision	138,232,260.82	15,451,326.78		1.35	153,683,586.25
<b>Total</b>	<b>152,093,957.86</b>	<b>14,941,037.50</b>	<b>9,469,307.42</b>	<b>1.35</b>	<b>157,565,686.59</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Top five debtors by closing balance of accounts receivable and contract assets at the end of the period**

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82		60,539,091.82	10.30	60,539,091.82
Bazhou Municipal People's Government	34,309,760.40		34,309,760.40	5.84	9,628,742.48
Zibo Zichuan District Housing and Urban-Rural Development Bureau	31,292,678.62	1,288,800.00	32,581,478.62	5.54	2,508,804.56
Rushan City Finance Bureau	17,889,484.06		17,889,484.06	3.04	38,801.42
Qingzhou China Resources Gas Co., Ltd.	10,694,883.22		10,694,883.22	1.82	130,936.92
<b>Total</b>	<b>154,725,898.12</b>	<b>1,288,800.00</b>	<b>156,014,698.12</b>	<b>26.54</b>	<b>72,846,377.20</b>

**(3) Receivables financing**

**1. Classification of receivables financing**

Item	Closing Balance	Opening Balance
Bank acceptance bill	61,560,493.21	60,489,417.37

**2. Receivables financing endorsed or discounted but not yet matured at the balance sheet date**

Item	Amount derecognized at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bill	109,760,706.59	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(4) Prepayments**

**1. Prepayments by aging**

Aging	Closing Balance		Opening Balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	165,991,683.89	90.41	249,573,022.26	97.56
1 to 2 years	16,603,904.81	9.04	4,457,530.19	1.74
2 to 3 years	494,550.87	0.27	1,334,955.17	0.52
Over 3 years	514,129.43	0.28	457,581.53	0.18
<b>Total</b>	<b>183,604,269.00</b>	<b>100.00</b>	<b>255,823,089.15</b>	<b>100.00</b>

**2. Top five prepayments by counterparty at the end of the period**

Name of Entity	Closing Balance	Percentage of the total closing balance of prepayments (%)
Sinopec Gas Company Henan Natural Gas Sales Center	34,251,458.51	18.66
Sinopec Gas Company Shandong Natural Gas Sales Center	21,437,856.35	11.68
Wenzhou Gas Group Longcang Co., Ltd.	12,515,560.32	6.82

Name of Entity	Closing Balance	Percentage of the total closing balance of prepayments (%)
Nantong Xuanneng Energy Trading Co., Ltd.	12,295,584.82	6.70
PetroChina Natural Gas Sales Chuanyu Branch Chongqing Sales Department	11,848,657.38	6.45
<b>Total</b>	<b>92,349,117.38</b>	<b>50.31</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(5) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Other receivables	18,120,364.53	26,805,646.34

**1. Other receivables**

*(1) Disclosure by aging*

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	14,716,260.33	3,386,207.47
1 to 2 years	385,106.48	4,217,207.54
2 to 3 years	863,577.60	2,272,294.48
3 to 4 years	894,100.32	1,974,747.53
4 to 5 years	239,232.88	4,685,501.69
Over 5 years	49,726,171.80	69,593,837.51
<b>Subtotal</b>	66,824,449.41	86,129,796.22
Less: Provision for bad debts	48,704,084.88	59,324,149.88
<b>Total</b>	18,120,364.53	26,805,646.34

*(2) Disclosure by nature*

<b>Nature of amount</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Loans to investee companies (Note 1)		11,498,756.80
Payments on behalf of guaranteed parties (Note 2)		20,065,391.67
Current accounts and others	66,824,449.41	54,565,647.75
<b>Subtotal</b>	66,824,449.41	86,129,796.22
Less: Provision for bad debts	48,704,084.88	59,324,149.88
<b>Total</b>	18,120,364.53	26,805,646.34

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Note 1: In January 2014, the Company transferred 55% of the equity in its wholly-owned subsidiary, Shandong Shengli Bioengineering Co., Ltd., to China Animal Husbandry Industry Co., Ltd. Pursuant to the equity transfer agreement, both parties provided financial support to Shandong Shengli Bioengineering Co., Ltd. in proportion to their shareholdings and charged a fee for the use of funds at the bank loan interest rate prevailing during the same period. The required decision-making and disclosure procedures were completed, and the remaining principal and interest were recovered during the current period; In addition, the Company provided financial support of RMB1,960,000.00 to PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd., an entity in which it holds a 49% stake. The Company completed the required decision-making and disclosure procedures for this matter in accordance with regulations, and the remaining principal and interest were recovered during the current period.

Note 2: The RMB 20,000,000.00 bank loan of Qingdao General Plastics Co., Ltd. (“**Qingdao General Plastics**”), for which the Company provided a guarantee, from China Merchants Bank matured on 10 April 2016. As Qingdao General Plastics failed to repay the loan upon maturity, the Company fulfilled its guarantee responsibility in accordance with the guarantee agreement and paid the principal and interest of the loan amounting to RMB 20,065,391.67. The agreement stipulated that Qingdao General Plastics would provide a mortgage counter-guarantee for the guarantee provided by the Company with its 30 mu of land use rights. The Company has pursued recovery of this debt through legal proceedings. After winning the second-instance lawsuit, the case entered the compulsory enforcement stage, and the Company holds a legally valid and due debt. During the reporting period, the Company signed a “Creditor’s Rights Transfer Agreement” with Qingdao Hangaotie Investment Co., Ltd. to transfer the creditor’s rights for a transfer price of RMB 20.5 million. The enforcement ruling from the People’s Court of Jinan High-tech Industrial Development Zone has been issued, and the applicant for enforcement of the creditor’s rights has been changed to Qingdao Hangaotie Investment Co., Ltd. As of the audit report date, the full amount has been recovered.

### (3) Provision for bad debts

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit impaired)	Lifetime expected credit losses (credit impaired)	
Balance as at 1 January 2023	59,324,149.88			59,324,149.88
Balance as at 1 January 2023 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-4,600,227.42			-4,600,227.42
Reversal in the current period				
Charge-off in the current period	6,019,617.50			6,019,617.50
Write-off in the current period				
Other changes	220.08			220.08
Balance as at 31 December 2023	<u>48,704,084.88</u>			<u>48,704,084.88</u>

Note: The charge-off in the current period of RMB 6,019,617.50 represents the bad debt provision related to the transferred creditor’s rights of Qingdao General Plastics Co., Ltd. Other changes of RMB 220.08 represent the bad debt provision related to the disposal of a subsidiary.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (4) Provision for bad debts

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Charge-off	
Petty cash	37,368.18	-13,868.08			23,280.02
Deposits, security deposits	369,609.60	444,616.56			814,226.16
Intercompany balances and others	58,917,172.10	-5,030,975.90		6,019,617.50	47,866,578.70
<b>Total</b>	<b>59,324,149.88</b>	<b>-4,600,227.42</b>		<b>6,019,617.50</b>	<b>48,704,084.88</b>

Note: The charge-off in the current period of RMB 6,019,617.50 represents the bad debt provision related to the transferred creditor's rights of Qingdao General Plastics Co., Ltd. Other changes of RMB 220.08 represent the bad debt provision related to the disposal of a subsidiary.

### (5) Top five other receivables at the end of the period, grouped by debtor

Name of Entity	Nature of amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Qingdao Hanggaotie Investment Co., Ltd.	Current account	6,000,000.00	Within 1 year	8.98	
Qingzhou Xinneng Natural Gas Co., Ltd.	Equity transfer receivable	1,994,773.01	Over 5 years	2.99	1,994,773.01
Shandong Huachang New Energy Co., Ltd.	Current account	1,913,870.72	Within 5 years	2.86	1,913,870.72
Rushan Binhai New Area Management Committee	Current account	1,701,580.55	Within 5 years	2.55	1,701,580.55
Shenyang Gas Co., Ltd.	Security deposit	1,310,096.25	Within 1 year	1.96	65,504.81
<b>Total</b>		<b>12,920,320.53</b>		<b>19.34</b>	<b>5,675,729.09</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(6) Inventories**

**1. Classification of Inventories**

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for write-down	Carrying amount	Gross carrying amount	Provision for write-down	Carrying amount
Raw materials	170,197,989.21	11,855,653.11	158,342,336.10	179,725,142.30	13,129,945.84	166,595,196.46
Low-value consumables	113,967.40		113,967.40	274,610.83		274,610.83
Work-in-progress	126,073,473.16		126,073,473.16	112,263,451.74		112,263,451.74
Inventory goods	123,163,591.77	13,193,995.24	109,969,596.53	112,155,163.19	13,498,417.66	98,656,745.53
Packaging materials	597,508.26		597,508.26	558,096.38		558,096.38
<b>Total</b>	<b>420,146,529.80</b>	<b>25,049,648.35</b>	<b>395,096,881.45</b>	<b>404,976,464.44</b>	<b>26,628,363.50</b>	<b>378,348,100.94</b>

**2. Changes in the provision for inventory write-downs**

**(1) Classification of inventory write-down provision**

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Charge-off	Others	
Raw materials	13,129,945.84			1,274,292.73		11,855,653.11
Inventory goods	13,498,417.66			304,422.42		13,193,995.24
<b>Total</b>	<b>26,628,363.50</b>			<b>1,578,715.15</b>		<b>25,049,648.35</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Specific basis for determining net realisable value and reasons for reversing or charging off the provision for inventory write-downs in the current period:

Item	Specific basis for determining net realisable value	Reason for reversing the provision for inventory write-downs in the current period	Reason for charging off the provision for inventory write-downs in the current period
Raw materials	The estimated sales proceeds from the continued production and sale of finished goods, less the additional costs required to complete production and the relevant taxes and expenses to be incurred to make the sale.		Sold
Inventory goods	The net proceeds from the sale of inventory goods, after deducting the taxes and fees to be incurred during the sales process.		Sold

### (7) Contract assets

#### 1. Classification of contract assets

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Retention money	15,472,514.84	339,531.63	15,132,983.21	44,580,942.73	790,688.03	43,790,254.70

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Disclosure by method of providing for impairment**

Category	Closing Balance				
	Gross carrying amount		Impairment provision		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Carrying amount
Contract assets with provision for impairment made on a portfolio basis	15,472,514.84	100.00	339,531.63	2.19	15,132,983.21
Of which: Aging portfolio	15,472,514.84	100.00	339,531.63	2.19	15,132,983.21
<b>Total</b>	<b>15,472,514.84</b>	<b>100.00</b>	<b>339,531.63</b>	<b>2.19</b>	<b>15,132,983.21</b>

Category	Opening Balance				
	Gross carrying amount		Impairment provision		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Carrying amount
Contract assets with provision for impairment made on a portfolio basis	44,580,942.73	100.00	790,688.03	1.77	43,790,254.70
Of which: Aging portfolio	44,580,942.73	100.00	790,688.03	1.77	43,790,254.70
<b>Total</b>	<b>44,580,942.73</b>	<b>100.00</b>	<b>790,688.03</b>	<b>1.77</b>	<b>43,790,254.70</b>

*(1) Contract assets with provision for impairment made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Provision ratio (%)	Gross carrying amount	Impairment provision	Provision ratio (%)
Within 1 year	14,542,093.01	49,443.12	0.34	34,734,059.04	118,095.83	0.34
1 to 2 years	111,150.35	2,700.95	2.43	6,468,840.64	157,192.82	2.43
2 to 3 years	339,803.43	47,368.60	13.94	3,138,794.80	437,548.00	13.94
3 to 4 years	240,219.80	78,167.52	32.54	239,248.25	77,851.38	32.54
4 to 5 years	239,248.25	161,851.44	67.65			
<b>Total</b>	<b>15,472,514.84</b>	<b>339,531.63</b>		<b>44,580,942.73</b>	<b>790,688.03</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Movement in impairment provision for contract assets**

Item	Opening Balance	Change in the current period		Closing Balance
		Provision	Recovery or reversal	
Retention money	790,688.03	-451,156.40		339,531.63

**(8) Non-current assets due within one year**

Item	Closing Balance	Opening Balance
Long-term receivables due within one year	1,681,928.76	14,259,050.50

**(9) Other current assets**

Item	Closing Balance	Opening Balance
Input tax to be deducted	9,235,123.31	16,039,436.80
Prepaid taxes	1,900,545.79	4,158,035.73
<b>Total</b>	<b>11,135,669.10</b>	<b>20,197,472.53</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (10) Long-term receivables

#### 1. Long-term receivables

Item	Closing Balance			Opening Balance			Discount rate range
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount	
Finance lease receivables	18,824,966.74		18,824,966.74	17,410,091.74		17,410,091.74	5.5%
Of which: Unrealized finance income	6,204,386.06		6,204,386.06	6,537,860.17		6,537,860.17	5.5%
Loan receivable from Shandong Shengbang Lvye Chemical Co., Ltd. (Note)	85,000,000.00	7,019,056.73	77,980,943.27	102,166,126.93	9,913,064.91	92,253,062.02	
<b>Total</b>	<b>97,620,580.68</b>	<b>7,019,056.73</b>	<b>90,601,523.95</b>	<b>113,038,358.50</b>	<b>9,913,064.91</b>	<b>103,125,293.59</b>	

Note: On 23 January 2017, the Company transferred the equity interest in its subsidiary, Shandong Shengbang Lvye Chemical Co., Ltd., and the related other receivables are being recovered in instalments; on 10 September 2021, as approved at the 21st (provisional) meeting of the Company's ninth Board of Directors, the Company entered into a "Package Agreement for Debt Settlement" with Shandong Shengbang Lvye Chemical Co., Ltd. Under the agreement, Lvye Chemical is to settle the outstanding debt balance with the Company, for which the Company agreed to extend the repayment period, and Lvye Chemical shall pay the corresponding interest for the extension period. In 2023, RMB 35,640,663.93 of principal and interest was recovered, and the remaining total balance of principal and interest at the end of the period was RMB 86,681,928.76. Of this amount, interest of RMB 1,681,928.76 due in 2024 is presented under non-current assets due within one year. The Company has completed the required decision-making and disclosure procedures for this matter in accordance with the relevant regulations.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Bad debt provision for long-term receivables

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12 months expected credit losses	Lifetime expected credit losses (not credit impaired)	Lifetime expected credit losses (credit impaired)	
Balance as at 1 January 2023	9,913,064.91			9,913,064.91
Balance as at 1 January 2023 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-2,894,008.18			-2,894,008.18
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2023	7,019,056.73			7,019,056.73

### (11) Long-term equity investments

Investee	Increase/decrease in the current period				Closing Balance
	Opening Balance	Investment income/loss recognised under the equity method	Other equity changes	Cash dividends or profits declared	
Associates					
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	518,269,617.58	-314,788.12			517,954,829.46
Shandong Shengli Bioengineering Co., Ltd.	250,830,815.91	5,486,790.29	402,261.90	13,931,952.91	242,787,915.19
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	54,001,280.23	5,485,084.59	1,213,961.67		60,700,326.49
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	54,502,224.25	2,710,915.55		3,240,000.00	53,973,139.80
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	143,524,598.74	7,480,902.61	-593,626.60	9,678,418.96	140,733,455.79
Shenxian PetroChina Kunlun Gas Co., Ltd.	14,961,608.75	125,589.30			15,087,198.05
<b>Total</b>	<b>1,036,090,145.46</b>	<b>20,974,494.22</b>	<b>1,022,596.97</b>	<b>26,850,371.87</b>	<b>1,031,236,864.78</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (12) Investments in other equity instruments

Item	Increase/decrease in the current period						Closing Balance
	Opening Balance	Additional investment	Reduced investment	Gains included in other comprehensive income for the current period	Losses included in other comprehensive income for the current period	Others	
Bank of Qingdao	366,418.08				73,401.07		293,017.01
Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.	3,150,985.74				216,529.54		2,934,456.20
PipeChina Group Tianjin LNG Co., Ltd.	144,270,803.76	84,485,900.00		27,678,012.10			256,434,715.86
<b>Total</b>	<b>147,788,207.58</b>	<b>84,485,900.00</b>		<b>27,678,012.10</b>	<b>289,930.61</b>		<b>259,662,189.07</b>

### (13) Investment properties

Investment properties measured at fair value

Item	Total
I. Opening balance	71,291,283.00
II. Change in the current period	-228,010.00
Add: Change in fair value	-228,010.00
III. Closing balance	71,063,273.00

Note: The Company accounts for the property located at Haikou Road, Shinan District, Qingdao City as an investment property. The fair value of this asset is determined based on the real estate appraisal report (2024) Qing Heng Fang Gu Zi No. 027 issued by Qingdao Hengyuan De Real Estate Appraisal Co., Ltd.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(14) Fixed assets**

<b>Category</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Fixed assets	<u>1,968,645,841.31</u>	<u>1,952,938,630.69</u>

**I. Fixed assets**

**(1) Fixed assets**

<b>Item</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Transportation equipment</b>	<b>Gas transmission facilities</b>	<b>Others</b>	<b>Total</b>
<b>I. Gross carrying amount</b>						
1. Opening Balance	277,926,623.61	614,526,994.66	84,081,316.79	1,736,117,272.92	23,682,556.91	2,736,334,764.89
2. Increase in the current period	41,481,423.02	17,116,588.34	-14,966,180.77	71,701,160.31	14,379,239.52	129,712,230.42
(1) Purchase	9,043,980.91	6,253,675.22	749,951.83	199,425.11	1,813,929.07	18,060,962.14
(2) Transfer from construction in progress	2,933,192.36	3,980,698.22		104,737,377.70		111,651,268.28
(3) Reclassifications	29,504,249.75	6,882,214.90	-15,716,132.60	-33,235,642.50	12,565,310.45	
3. Decrease in the current period	9,294,678.68	22,727,353.22	6,981,659.81	114,013.34	391,832.43	39,509,537.48
(1) Disposal or write-off	5,165,249.43	18,223,353.07	6,981,659.81	114,013.34	157,861.23	30,642,136.88
(2) Disposal of subsidiary	4,129,429.25	4,504,000.15	0.00	0.00	233,971.20	8,867,400.60
4. Closing Balance	310,113,367.95	608,916,229.78	62,133,476.21	1,807,704,419.89	37,669,964.00	2,826,537,457.83
<b>II. Accumulated depreciation</b>						
1. Opening Balance	70,942,272.21	314,422,044.51	53,072,678.09	297,535,006.64	23,213,360.09	759,185,361.54
2. Increase in the current period	12,473,485.41	36,725,016.07	-3,880,141.77	56,842,469.98	4,614,542.21	106,775,371.90
(1) Provision	9,089,601.49	27,146,714.84	5,570,040.08	61,223,106.30	3,745,909.19	106,775,371.90
(2) Reclassifications	3,383,883.92	9,578,301.23	-9,450,181.85	-4,380,636.32	868,633.02	
3. Decrease in the current period	3,909,635.79	16,967,616.39	6,549,628.56	34,824.85	240,819.08	27,702,524.67
(1) Disposal or write-off	2,418,942.75	14,922,170.83	6,549,628.56	34,824.85	90,316.35	24,015,883.34
(2) Disposal of subsidiary	1,490,693.04	2,045,445.56			150,502.73	3,686,641.33
4. Closing Balance	79,506,121.83	334,179,444.19	42,642,907.76	354,342,651.77	27,587,083.22	838,258,208.77

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Gas transmission facilities	Others	Total
<b>III. Impairment provision</b>						
1. Opening Balance	5,718,965.69	15,045,870.37		3,379,987.20	65,949.40	24,210,772.66
2. Increase in the current period	2,540,249.78	-1,070,790.58	38,274.97	-1,507,734.17		
(1) Provision						
(2) Reclassifications	2,540,249.78	-1,070,790.58	38,274.97	-1,507,734.17		
3. Decrease in the current period	2,284,673.93	2,246,412.12	1,911.62	3,848.46	40,518.78	4,577,364.91
(1) Disposal or write-off	2,284,673.93	2,246,412.12	1,911.62	3,848.46	40,518.78	4,577,364.91
(2) Disposal of subsidiary						
4. Closing Balance	5,974,541.54	11,728,667.67	36,363.35	1,868,404.57	25,430.62	19,633,407.75
<b>IV. Carrying amount</b>						
1. Closing carrying amount	224,632,704.58	263,008,117.92	19,454,205.10	1,451,493,363.55	10,057,450.16	1,968,645,841.31
2. Opening carrying amount	201,265,385.71	285,059,079.78	31,008,638.70	1,435,202,279.08	403,247.42	1,952,938,630.69

(2) Fully depreciated fixed assets still in use as of 31 December 2023

Category	Gross carrying amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings and structures	46,043,061.22	44,660,166.86	1,032,155.59	350,738.77
Machinery and equipment	96,880,348.03	93,974,040.18		2,906,307.85
Transportation equipment	18,347,429.56	17,760,896.12		586,533.44
Gas transmission facilities	10,402,921.68	9,984,956.62		417,965.06
Others	18,898,750.17	18,332,838.43		565,911.74
<b>Total</b>	<b>190,572,510.66</b>	<b>184,712,898.21</b>	<b>1,032,155.59</b>	<b>4,827,456.86</b>

(15) Construction in progress

Category	Closing Balance	Opening Balance
Construction in progress	118,113,041.46	128,400,244.21

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**1. Construction in progress**

*(1) Basic information of construction in progress projects*

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Construction in progress	<u>120,042,803.99</u>	<u>1,929,762.53</u>	<u>118,113,041.46</u>	<u>130,330,006.74</u>	<u>1,929,762.53</u>	<u>128,400,244.21</u>

*(2) Impairment provision for construction in progress projects*

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Linyi Shengli Project	<u>1,929,762.53</u>			<u>1,929,762.53</u>
<b>Total</b>	<u><u>1,929,762.53</u></u>			<u><u>1,929,762.53</u></u>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(16) Right-of-use assets**

<b>Item</b>	<b>Land and buildings thereon</b>
<b>I. Gross carrying amount</b>	
1. Opening Balance	88,713,292.25
2. Increase in the current period	
(1) New lease	
3. Decrease in the current period	17,149,385.48
(1) Disposal of subsidiary	5,008,340.18
(2) Lease expiration	5,936,357.49
(3) Sublease	933,333.61
(4) Lease termination	5,271,354.20
4. Closing Balance	71,563,906.77
<b>II. Accumulated depreciation</b>	
1. Opening Balance	20,414,509.10
2. Increase in the current period	6,920,540.40
(1) Provision	6,920,540.40
3. Decrease in the current period	8,095,668.20
(1) Disposal of subsidiary	876,301.24
(2) Lease expiration	5,936,357.49
(3) Sublease	297,341.93
(4) Lease termination	985,667.54
4. Closing Balance	19,239,381.30
<b>III. Carrying amount</b>	
1. Closing carrying amount	52,324,525.47
2. Opening carrying amount	68,298,783.15

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(17) Intangible assets**

Item	Land use rights	Software	Patented technology	Others	Total
<b>I. Gross carrying amount</b>					
1. Opening Balance	137,598,706.75	9,794,538.53	54,800.00		147,448,045.28
2. Increase in the current period	8,646,796.60	5,288,176.92		408,070.97	14,343,044.49
(1) Purchase	8,646,796.60	88,525.63		408,070.97	9,143,393.20
(2) Internal R&D		5,199,651.29			5,199,651.29
3. Decrease in the current period					
(1) Disposal					
4. Closing Balance	146,245,503.35	15,082,715.45	54,800.00	408,070.97	161,791,089.77
<b>II. Accumulated amortisation</b>					
1. Opening Balance	24,422,682.50	6,984,108.30	7,364.30		31,414,155.10
2. Increase in the current period	3,076,031.81	726,231.31	3,230.16	8,501.48	3,813,994.76
(1) Provision	3,076,031.81	726,231.31	3,230.16	8,501.48	3,813,994.76
3. Decrease in the current period					
(1) Disposal					
4. Closing Balance	27,498,714.31	7,710,339.61	10,594.46	8,501.48	35,228,149.86
<b>III. Carrying amount</b>					
1. Closing carrying amount	118,746,789.04	7,372,375.84	44,205.54	399,569.49	126,562,939.91
2. Opening carrying amount	113,176,024.25	2,810,430.23	47,435.70		116,033,890.18

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(18) Goodwill**

**1. Gross carrying amount of goodwill**

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Arising from business combination	Others	Disposal	Others	
Dong'e County Dongtai Gas Co., Ltd.	191,676,567.67					191,676,567.67
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	37,961,916.33					37,961,916.33
Jinan Tianchen Energy Investment Co., Ltd.	701,558.75			701,558.75		
Shandong Longyu Shengli Energy Co., Ltd.	5,961,571.56					5,961,571.56
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00					4,900,000.00
Puyang Boyuan Natural Gas Co., Ltd.	63,180,188.59					63,180,188.59
Shandong Qinglin Taifeng Trading Co., Ltd.	2,592,000.00					2,592,000.00
Bazhou Shengli Shunda Gas Co., Ltd.	95,681,106.01					95,681,106.01
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Zibo Lvchuan Gas Co., Ltd.	72,927,861.05					72,927,861.05
Anyang Beifang Shengli Gas Co., Ltd.	43,195,836.86					43,195,836.86
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	132,745,684.23					132,745,684.23
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	94,749,476.27					94,749,476.27
Chongqing Shengbang Gas Co., Ltd.	477,021,251.91					477,021,251.91
Weihai Shengli Huachang Gas Co., Ltd.	14,773,471.28					14,773,471.28
Puyang County Boyuan Natural Gas Co., Ltd.	69,548,160.04					69,548,160.04
<b>Total</b>	<b>1,338,133,117.65</b>			<b>701,558.75</b>		<b>1,337,431,558.90</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Goodwill impairment provision

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Disposal	Others	
Shandong Longyu Shengli Energy Co., Ltd.	801,939.30					801,939.30
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Shandong Qinglin Taifeng Trading Co., Ltd.	2,592,000.00					2,592,000.00
Jinan Tianchen Energy Investment Co., Ltd.	701,558.75			701,558.75		
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	40,044,169.36					40,044,169.36
Chongqing Shengbang Gas Co., Ltd.	8,489,766.22					8,489,766.22
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00					4,900,000.00
Anyang Beifang Shengli Gas Co., Ltd.	31,526,019.26					31,526,019.26
Puyang County Boyuan Natural Gas Co., Ltd.	20,218,744.54	1,641,929.31				21,860,673.85
Weihai Shengli Huachang Gas Co., Ltd.		1,267,201.21				1,267,201.21
<b>Total</b>	<b>139,790,664.53</b>	<b>2,909,130.52</b>		<b>701,558.75</b>		<b>141,998,236.30</b>

### 3. Information on the asset group or group of asset groups to which goodwill is allocated

The Company's goodwill was formed upon the acquisition of the equity of the above-mentioned companies. The cash flows generated by each company are independent of other assets or asset groups. Therefore, each company is identified as an asset group. The asset group to which goodwill is allocated at the end of the period is consistent with the asset group determined at the acquisition date and in previous years' goodwill impairment tests.

### 4. Status of significant goodwill impairment testing

The Company performed an impairment test on the goodwill of each asset group as of 31 December 2023. The asset groups are consistent with the asset group combinations identified at the acquisition date, and their scope includes the fixed assets, intangible assets, and other related operating assets that make up the asset groups. The recoverable amount of the asset groups was determined by reference to the "Asset Valuation Report on the Assessment Project of the Recoverable Amount of Asset Groups of 12 Companies, including Anyang Beifang Shengli Gas Co., Ltd., in relation to the Goodwill Impairment Test for Financial Reporting Purposes of Shandong Shengli Co., Ltd." (Zhe Zhong Qi Hua Ping Bao Zi (2024) No. 0062) issued by Zhejiang Zhongqi Hua Asset Appraisal Co., Ltd.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(1) The main parameters of each asset group are as follows:

Company to which the asset group belongs	Forecast period	Stable period	Stable period growth rate	Profit margin	Discount rate % (pre-tax weighted average cost of capital)
Anyang Beifang Shengli Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.12,10.17
Bazhou Shengli Shunda Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.14,10.17
Dong'e County Dongtai Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.17
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.98,10.17
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.17
Puyang Boyuan Natural Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.07,10.17
Puyang County Boyuan Natural Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.84,10.17
Shandong Longyu Shengli Energy Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.17
Weihai Shengli Huachang Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.93,10.17
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.16,10.17
Chongqing Shengbang Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.94, 9.01,10.17
Zibo Lvchuan Gas Co., Ltd.	2024 to 2028	2029 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	10.14,10.17

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Goodwill impairment calculation process

Company to which the asset group belongs	Company's shareholding ratio (1)	Carrying amount of goodwill (2)	Recoverable amount of the asset group (3)	Carrying amount of the goodwill-related asset group (4)	Goodwill appreciation amount (5): Positive value of (3)-(4) multiplied by (1)	Goodwill impairment amount (6): Positive value of (4)-(3) multiplied by (1)
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	55.00%	92,701,514.87	308,296,259.23	272,991,889.15	19,417,403.54	
Anyang Beifang Shengli Gas Co., Ltd.	60.00%	11,669,817.60	195,899,622.75	191,881,713.72	2,410,745.42	
Bazhou Shengli Shunda Gas Co., Ltd.	51.00%	95,681,106.01	880,577,341.09	475,433,658.12	206,623,278.31	
Dong'e County Dongtai Gas Co., Ltd.	100.00%	191,676,567.67	395,693,903.22	347,812,255.01	47,881,648.21	
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	100.00%	37,961,916.33	58,701,030.04	49,799,072.33	8,901,957.71	
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	100.00%	94,749,476.27	167,779,881.38	162,511,081.41	5,268,799.97	
Puyang Boyuan Natural Gas Co., Ltd.	51.00%	63,180,188.59	243,570,318.64	222,026,114.03	10,987,544.35	
Puyang County Boyuan Natural Gas Co., Ltd.	51.00%	49,329,415.50	153,840,686.97	157,060,156.21		1,641,929.31
Shandong Longyu Shengli Energy Co., Ltd.	50.00%	5,159,632.26	50,369,051.16	42,710,947.12	3,829,052.02	
Weihai Shengli Huachang Gas Co., Ltd.	94.50%	14,773,471.28	57,784,205.85	59,125,159.51		1,267,201.21
Chongqing Shengbang Gas Co., Ltd.	100.00%	468,531,485.69	926,196,762.48	880,246,646.98	45,950,115.50	
Zibo Lvchuan Gas Co., Ltd.	62.704%	72,927,861.05	424,178,612.55	320,395,138.71	65,076,389.44	

### (19) Long-term deferred expenses

Category	Opening Balance	Increase in the current period	Amortisation for the current period	Closing Balance
Building renovation fees, etc.	8,669,356.02	5,083,145.39	3,414,494.19	10,338,007.22
Gas meters and ancillary equipment		1,931,189.72	54,992.80	1,876,196.92
<b>Total</b>	<b>8,669,356.02</b>	<b>7,014,335.11</b>	<b>3,469,486.99</b>	<b>12,214,204.14</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(20) Deferred tax assets, deferred tax liabilities**

**1. Deferred tax assets and deferred tax liabilities are not presented on a net basis**

Item	Closing Balance		Opening Balance	
	Deferred tax asset/liability	Deductible/taxable temporary differences	Deferred tax asset/liability	Deductible/taxable temporary differences
Deferred tax assets:				
Provision for bad and doubtful debts and inventory write-downs	46,818,886.23	215,910,876.35	47,638,090.56	234,673,152.41
Deductible losses	77,143,798.51	308,575,194.04	81,562,052.57	326,248,210.26
Unrealised profit from internal sales	5,680,203.61	22,720,814.44	6,088,133.67	25,211,247.93
Deferred income	1,104,353.61	5,331,719.68	1,178,059.05	5,686,442.44
Changes in fair value of investments in other equity instruments	391,385.94	1,565,543.80	354,107.59	1,416,430.37
Lease liabilities	14,478,337.13	67,144,048.01	16,814,637.26	83,069,364.30
<b>Subtotal</b>	<b>145,616,965.03</b>	<b>621,248,196.32</b>	<b>153,635,080.70</b>	<b>676,304,847.71</b>
Deferred tax liabilities:				
Gain or loss on changes in fair value of investment properties	8,757,915.85	35,031,663.39	8,814,918.35	35,259,673.39
One-off pre-tax deduction for depreciation of fixed assets	83,405,146.36	356,662,348.24	77,694,233.51	314,442,747.03
Revaluation surplus on assets from business combinations not under common control	6,360,777.59	25,443,110.36	7,075,873.31	28,303,493.31
Changes in fair value of investments in other equity instruments	27,449,491.47	109,797,965.88	20,529,988.44	82,119,953.76
Right-of-use assets (including subleases)	13,817,146.28	65,385,605.95	15,991,843.40	79,171,014.72
<b>Subtotal</b>	<b>139,790,477.55</b>	<b>592,320,693.82</b>	<b>130,106,857.01</b>	<b>539,296,882.21</b>

**2. Details of unrecognised deferred tax assets**

Item	Closing Balance	Opening Balance
Provision for bad and doubtful debts and inventory write-downs	22,767,131.83	14,077,071.77
Impairment provision for fixed assets and construction in progress	21,563,170.28	26,140,535.19
Changes in fair value of other equity instruments	35,492,885.28	35,663,014.54
Impairment provision for long-term equity investments	30,387,267.77	30,387,267.77
Deductible losses	338,389,868.19	324,588,819.07
<b>Total</b>	<b>448,600,323.35</b>	<b>430,856,708.34</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Expiry of deductible losses for which no deferred tax asset has been recognised**

<b>Year</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
2023		25,589,910.16
2024	38,908,012.13	39,241,675.03
2025	38,167,273.97	38,190,922.18
2026	89,239,301.75	115,895,193.66
2027	45,095,322.32	105,671,118.04
2028	126,979,958.02	
<b>Total</b>	<b>338,389,868.19</b>	<b>324,588,819.07</b>

**(21) Other non-current assets**

<b>Item</b>	<b>Closing Balance</b>			<b>Opening Balance</b>		
	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>
Prepayments for equipment and engineering	16,163,502.74		16,163,502.74	19,705,546.06		19,705,546.06

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**(22) Assets with restricted ownership or use**

Item	Status at the end of the period			
	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	15,450,000.00	15,450,000.00	Pledge	Pledge of time deposits
Cash and bank balances	170,000,000.00	170,000,000.00	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	25,813,553.69	25,813,553.69	Security deposit	Pledged deposits for letters of credit
Cash and bank balances	4,350,885.79	4,350,885.79	Cannot be withdrawn on the same day	Funds from third-party platforms such as POS machines, WeChat, and Alipay, which cannot be used on the same day
Unmatured interest	2,019,963.94	2,019,963.94		Unusable
Long-term equity investments	1,143,057,912.63	1,143,057,912.63	Pledge	Equity pledge loan
Fixed assets	702,719,772.28	602,936,916.01	Mortgage	Mortgage loan
Intangible assets	32,890,647.32	26,575,515.87	Mortgage	Mortgage loan
<b>Total</b>	<b>2,096,302,735.65</b>	<b>1,990,204,747.93</b>	—	—

Item	At the beginning of the period			
	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	135,550,000.00	135,550,000.00	Pledge	Pledge of time deposits
Cash and bank balances	405,077,479.56	405,077,479.56	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	29,109,229.08	29,109,229.08	Security deposit	Pledged deposits for letters of credit
Cash and bank balances	4,160,863.47	4,160,863.47	Cannot be withdrawn on the same day	Funds from third-party platforms such as POS machines, WeChat, and Alipay, which cannot be used on the same day
Unmatured interest	5,991,577.62	5,991,577.62		
Long-term equity investments	524,360,285.21	524,360,285.21	Pledge	Equity pledge loan
Fixed assets	735,291,424.55	633,868,928.10	Mortgage	Mortgage loan
Intangible assets	27,974,310.84	23,999,931.91	Mortgage	Mortgage loan
<b>Total</b>	<b>1,867,515,170.33</b>	<b>1,762,118,294.95</b>	—	—

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**(23) Short-term borrowings**

*1. Classification of short-term borrowings*

<b>Borrowing conditions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Pledged loans	10,000,000.00	123,000,000.00
Mortgage loan	8,500,000.00	6,000,000.00
Guaranteed loans	771,457,542.00	1,075,711,733.00
Unsecured loans	373,800,000.00	46,000,000.00
Loan interest	1,957,768.12	2,435,328.54
<b>Total</b>	<b>1,165,715,310.12</b>	<b>1,253,147,061.54</b>

*2. Overdue and unpaid short-term borrowings: None*

**(24) Notes payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Bank acceptance bill	354,100,000.00	610,750,000.00
Letter of credit		72,166,395.64
<b>Total</b>	<b>354,100,000.00</b>	<b>682,916,395.64</b>

**(25) Accounts payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	217,066,972.32	198,187,109.13
Over 1 year	177,451,682.19	169,416,508.52
<b>Total</b>	<b>394,518,654.51</b>	<b>367,603,617.65</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(26) Contract liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Advances received for natural gas and initial installation fees	<u>598,043,343.91</u>	<u>604,041,518.09</u>

**(27) Employee benefits payable**

**1. Employee benefits payable by category**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Short-term remuneration	42,208,019.83	210,091,099.54	207,058,734.55	45,240,384.82
Post-employment benefits – defined contribution plan	1,041,127.20	19,921,503.28	20,052,208.36	910,422.12
Termination benefits		1,366,088.93	1,366,088.93	
<b>Total</b>	<u>43,249,147.03</u>	<u>231,378,691.75</u>	<u>228,477,031.84</u>	<u>46,150,806.94</u>

**2. Short-term employee benefits**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Salaries, bonuses, allowances, and subsidies	16,739,828.02	177,510,534.44	169,204,626.43	25,045,736.03
Staff welfare expenses	2,080.00	8,541,377.34	8,543,457.34	
Social insurance premiums	1,865,129.23	11,803,731.36	11,962,320.79	1,706,539.80
Of which: Medical insurance premiums	1,835,534.11	10,945,000.36	11,115,009.86	1,665,524.61
Work-related injury insurance premiums	29,595.12	858,731.00	847,310.93	41,015.19
Housing provident fund	172,120.00	9,433,815.25	9,585,992.37	19,942.88
Trade union funds and employee education funds	23,428,862.58	2,801,641.15	7,762,337.62	18,468,166.11
<b>Total</b>	<u>42,208,019.83</u>	<u>210,091,099.54</u>	<u>207,058,734.55</u>	<u>45,240,384.82</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Defined contribution plan**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Basic pension insurance	1,020,314.94	19,222,880.55	19,344,826.70	898,368.79
Unemployment insurance premiums	20,812.26	698,622.73	707,381.66	12,053.33
<b>Total</b>	<b>1,041,127.20</b>	<b>19,921,503.28</b>	<b>20,052,208.36</b>	<b>910,422.12</b>

**(28) Taxes payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Value-added tax	10,662,915.89	5,825,205.44
Enterprise income tax	22,015,069.54	10,533,004.84
Urban maintenance and construction tax	873,816.79	489,976.48
Education surcharge	648,776.71	405,374.15
Property tax	369,458.24	486,221.29
Land use tax	734,485.09	635,886.82

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Individual income tax	229,438.28	1,091,567.89
Water conservancy construction fund	201.87	
Stamp duty	622,589.93	799,011.24
Other taxes and fees	3,923.27	4,227.50
<b>Total</b>	<b>36,160,473.74</b>	<b>20,270,677.52</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(29) Other payables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends payable	5,215,429.86	9,080,514.72
Other payables	38,631,990.28	47,111,736.42
<b>Total</b>	<b>43,847,420.14</b>	<b>56,192,251.14</b>

**1. Dividends payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Ordinary share dividends	1,497,902.15	1,497,902.15
Dividends payable to non-controlling shareholders of the subsidiary Zibo Lvchuan Gas Co., Ltd.	3,717,527.71	7,582,612.57
<b>Total</b>	<b>5,215,429.86</b>	<b>9,080,514.72</b>

**2. Other payables**

**(1) By nature**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Security deposit	9,014,619.15	10,218,669.05
Equity purchase consideration payable	16,980,300.00	16,980,300.00
Others	12,637,071.13	19,912,767.37
<b>Total</b>	<b>38,631,990.28</b>	<b>47,111,736.42</b>

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**(30) Non-current liabilities due within one year**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Equity purchase consideration payable	600,000.00	44,225,000.00
Payable for preferred shares of Shaanxi Financial Holding Group Co., Ltd.		2,000,000.00
Long-term borrowings due within one year	306,511,256.45	282,119,564.86
Interest on long-term borrowings with installment interest payments and principal due at maturity	4,097,815.94	5,510,980.28
Lease liabilities due within one year	9,182,884.59	9,935,083.28
<b>Total</b>	<b>320,391,956.98</b>	<b>343,790,628.42</b>

**(31) Other current liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Output tax to be carried forward	49,660,525.29	57,508,085.98

**(32) Long-term borrowings**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Interest rate range</b>
Guaranteed loans	255,125,557.25	358,916,722.38	3.65%-4.7%
Mortgage loan	151,476,550.38	282,358,577.67	4.6%-5.5%
Pledged loans	333,983,792.48	30,000,000.00	5.5%-6.5%
<b>Subtotal</b>	<b>740,585,900.11</b>	<b>671,275,300.05</b>	
Less: Long-term borrowings and interest due within one year	310,609,072.39	287,630,545.14	
<b>Total</b>	<b>429,976,827.72</b>	<b>383,644,754.91</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(33) Lease liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Lease payments	82,827,815.62	100,414,220.17
Less: Unrealized finance charges	19,615,265.54	25,980,427.33
Less: Lease liabilities due within one year	9,182,884.59	9,935,083.28
<b>Total</b>	<b>54,029,665.49</b>	<b>64,498,709.56</b>

**(34) Long-term payables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Related party borrowings	60,000,000.00	60,000,000.00

**(35) Deferred income**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>	<b>Reason</b>
Government grants	11,490,718.73		683,231.52	10,807,487.21	Asset-related government grants

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Government grant projects:

Item	Opening Balance	New grant amount for the current period	Amount included in other income for the current period	Closing Balance	Asset-related/Revenue-related
Reward funds for fixed asset investment projects	2,452,051.68		163,470.12	2,288,581.56	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	760,000.00		47,500.00	712,500.00	Asset-related
Special funds for supporting facilities for clean heating and village-to-village natural gas supply in Dong'e County	1,722,222.23		133,333.32	1,588,888.91	Asset-related
National subsidy from the central budget for infrastructure investment	2,093,749.96		125,000.04	1,968,749.92	Asset-related
Special funds for the PE new material pipe project	1,675,515.76		102,252.67	1,573,263.09	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	798,875.00		41,499.97	757,375.03	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	1,988,304.10		70,175.40	1,918,128.70	Asset-related
<b>Total</b>	<b>11,490,718.73</b>		<b>683,231.52</b>	<b>10,807,487.21</b>	

### (36) Share capital

Item	Opening Balance	Increase/decrease for the period (+, -)				Subtotal	Closing Balance
		Issuance of new shares	Bonus shares	Conversion of capital reserve	Others		
Total number of shares	880,084,656.00					880,084,656.00	

### (37) Capital reserve

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Capital premium (share premium)	950,383,092.10			950,383,092.10
Other capital reserves	2,135,524.13	1,022,596.97		3,158,121.10
<b>Total</b>	<b>952,518,616.23</b>	<b>1,022,596.97</b>		<b>953,541,213.20</b>

Note: The increase in other capital reserves is due to the change in the special reserve of an associate company.

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**(38) Other comprehensive income**

Item	Current Period Amount					Closing Balance
	Opening Balance	Amount incurred before income tax for the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to non-controlling interests after tax	
Other comprehensive income that cannot be reclassified to profit or loss	38,721,113.69	27,388,081.49	6,882,224.68	19,534,784.79	971,072.02	58,255,898.48
Of which: Changes in fair value of investments in other equity instruments	38,721,113.69	27,388,081.49	6,882,224.68	19,534,784.79	971,072.02	58,255,898.48

**(39) Special reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Safety production fees	13,673,508.17	24,820,415.49	25,649,901.97	12,844,021.69

**(40) Surplus reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Statutory surplus reserve	163,185,256.22	28,781,963.97		191,967,220.19
Discretionary surplus reserve	371,490.70			371,490.70
<b>Total</b>	<b>163,556,746.92</b>	<b>28,781,963.97</b>		<b>192,338,710.89</b>

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**(41) Retained earnings**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Retained earnings at the end of the previous period before adjustment	678,841,985.44	563,687,380.43
Total adjustment to opening retained earnings (increase +, decrease -)	1,032,955.99	
Retained earnings at the beginning of the period after adjustment	679,874,941.43	563,687,380.43
Add: Net profit attributable to owners of the parent company for the current period	153,392,954.89	152,748,702.92
Less: Appropriation to statutory surplus reserve	28,781,963.97	5,758,178.96
Ordinary share dividends payable	17,601,693.12	30,802,962.96
Retained earnings at the end of the period	786,884,239.23	679,874,941.43

Note: The increase in opening retained earnings is due to the adjustment made in accordance with “Interpretation of Accounting Standards for Business Enterprises No. 16,” as detailed in III (31).

**(42) Operating revenue and operating cost**

**1. Operating revenue and operating cost**

<b>Item</b>	<b>Current Period Amount</b>		<b>Prior Period Amount</b>	
	<b>Revenue</b>	<b>Cost</b>	<b>Revenue</b>	<b>Cost</b>
Main business revenue	4,675,692,522.82	3,926,722,872.82	4,640,684,965.46	3,966,248,457.78
Other business revenue	1,476,656.80	797,119.11	4,562,374.14	242,553.37
<b>Total</b>	<b>4,677,169,179.62</b>	<b>3,927,519,991.93</b>	<b>4,645,247,339.60</b>	<b>3,966,491,011.15</b>

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### 2. Breakdown of operating revenue and operating cost

Revenue classification	Natural gas business segment		Equipment and material manufacturing business segment		Trading and other business segment		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
By business type								
Vehicle gas sales business	404,288,276.33	364,872,890.73					404,288,276.33	364,872,890.73
Pipeline gas sales business	3,274,599,459.86	2,621,547,212.33					3,274,599,459.86	2,621,547,212.33
Equipment and material manufacturing business			990,688,117.01	934,520,557.98			990,688,117.01	934,520,557.98
Commodity trading and other businesses					7,593,326.42	6,579,330.89	7,593,326.42	6,579,330.89
<b>Total</b>	<b>3,678,887,736.19</b>	<b>2,986,420,103.06</b>	<b>990,688,117.01</b>	<b>934,520,557.98</b>	<b>7,593,326.42</b>	<b>6,579,330.89</b>	<b>4,677,169,179.62</b>	<b>3,927,519,991.93</b>
By timing of transfer of goods								
Revenue recognised at a point in time	3,678,887,736.19	2,986,420,103.06	990,688,117.01	934,520,557.98	7,116,062.01	6,579,330.89	4,676,691,915.21	3,927,519,991.93
Revenue recognized over a period of time					477,264.41		477,264.41	
<b>Total</b>	<b>3,678,887,736.19</b>	<b>2,986,420,103.06</b>	<b>990,688,117.01</b>	<b>934,520,557.98</b>	<b>7,593,326.42</b>	<b>6,579,330.89</b>	<b>4,677,169,179.62</b>	<b>3,927,519,991.93</b>

### (43) Taxes and surcharges

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	3,629,971.48	3,655,769.78
Land use tax	3,149,007.33	2,697,057.75
Education surcharge	2,705,067.00	2,782,838.86
Stamp duty	2,661,928.48	2,564,523.94
Property tax	1,863,141.91	2,061,153.88
Vehicle and vessel tax	101,793.58	101,437.29
Water conservancy construction fund	2,007.31	14,610.19
Others	46,711.94	51,486.84
<b>Total</b>	<b>14,159,629.03</b>	<b>13,928,878.53</b>

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**(44) Selling expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	98,952,879.88	99,043,897.03
Depreciation and amortisation expenses	79,176,081.24	82,281,764.44
Safety production fees	29,129,414.49	22,276,400.40
Entertainment expenses	4,844,208.30	4,221,216.09
Lease expenses	3,369,896.02	3,912,679.26
Travel expenses	1,300,825.37	1,005,678.98
Advertising expenses	169,731.42	287,912.97
Others	19,419,879.71	17,782,960.65
<b>Total</b>	<b>236,362,916.43</b>	<b>230,812,509.82</b>

**(45) Administrative expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	76,510,237.89	74,303,541.63
Entertainment expenses	11,878,598.29	12,540,488.84
Depreciation expense	6,130,955.38	7,050,269.52
Lease expenses	4,181,217.17	3,115,379.63
Amortisation of intangible assets	2,495,657.88	2,296,481.46
Fuel costs	1,803,629.58	2,301,475.59
Repair costs	1,778,850.97	1,499,110.02
Consulting fees	1,281,304.17	1,155,461.03
Travel expenses	1,119,445.17	1,016,386.98
Property management fees	893,257.84	812,312.75
Vehicle miscellaneous expenses	394,430.09	806,595.18
Others	21,882,852.68	17,527,359.51
<b>Total</b>	<b>130,350,437.11</b>	<b>124,424,862.14</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(46) R&D expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Material costs	29,220,848.25	13,461,018.05
Employee Benefits	17,590,730.84	6,944,919.89
Depreciation expense	3,922,281.20	715,162.46
Others	809,388.43	720,548.98
<b>Total</b>	<b>51,543,248.72</b>	<b>21,841,649.38</b>

**(47) Finance costs**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest expenses	115,285,993.49	130,560,784.63
Less: Interest income	18,521,852.38	28,909,992.67
Exchange loss		-1,055.95
Handling fee expenses	11,250,602.39	10,653,385.22
<b>Total</b>	<b>108,014,743.50</b>	<b>112,303,121.23</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(48) Other income**

Category	Current Period Amount	Prior Period Amount	Asset-related/ Revenue-related
National energy conservation and emission reduction subsidy funds		7,041,666.67	Asset-related
National subsidy from the central budget for infrastructure investment	125,000.04	125,000.04	Asset-related
Fixed asset investment project rewards	163,470.09	163,470.12	Asset-related
Special funds for supporting facilities for clean heating and natural gas supply to every village in Dong'e County	133,333.32	133,333.33	Asset-related
Special funds for the PE new material pipe project	102,252.67	102,252.64	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	47,500.00	47,500.00	Asset-related
Municipal special funds for energy conservation		352,083.33	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	41,500.00	31,125.00	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	70,175.40	11,695.90	Asset-related
Tax subsidies	292,230.23	50,529.56	Revenue-related
Tax and fee reductions	2,259,963.38	1,151,338.51	Revenue-related
Job stabilization subsidies	491,572.07	668,519.35	Revenue-related
Individual income tax handling fee refund	80,005.31	86,424.23	Revenue-related
Emergency supply guarantee subsidy	20,405,299.00	34,872.03	Revenue-related
Subsidy for the policy of replacing old growth drivers with new ones		301,400.00	Revenue-related
Business contribution award and annual factory rent subsidy	366,635.00	4,680,757.87	Revenue-related
Others	611,381.03	1,266,212.83	Revenue-related
<b>Total</b>	<b>25,190,317.54</b>	<b>16,248,181.41</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(49) Investment income**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment income from long-term equity investments accounted for using the equity method	20,974,494.22	37,129,733.54
Dividend income from investments in other equity instruments during the holding period	9,766,500.00	7,500,000.00
Investment income from the disposal of long-term equity investments	5,455,250.11	
Investment income from the transfer of creditor's rights	6,454,225.83	
<b>Total</b>	<b>42,650,470.16</b>	<b>44,629,733.54</b>

**(50) Gain on changes in fair value**

<b>Source of gain on changes in fair value</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment properties measured at fair value	-228,010.00	-152,007.00

**(51) Credit impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Credit impairment loss on accounts receivable	-5,471,730.08	-16,422,035.13
Credit impairment loss on other receivables	4,600,227.42	15,987,167.45
Credit impairment loss on long-term receivables	2,894,008.18	
<b>Total</b>	<b>2,022,505.52</b>	<b>-434,867.68</b>

**(52) Asset impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Inventory write-down loss	1,029,942.82	-136,260.14
Impairment provision for contract assets	451,156.40	-391,253.94
Impairment provision for fixed assets		-468,780.37
Goodwill impairment loss	-2,909,130.52	-2,955,400.72
<b>Total</b>	<b>-1,428,031.30</b>	<b>-3,951,695.17</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(53) Gain on disposal of assets**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Gain or loss on disposal of long-term assets not classified as held for sale	5,396,547.28	3,543,891.68

**(54) Non-operating income**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Government grants not related to ordinary activities	1,000.00	120,000.00	1,000.00
Others	5,913,199.42	862,659.96	5,913,199.42
<b>Total</b>	<b>5,914,199.42</b>	<b>982,659.96</b>	<b>5,914,199.42</b>

**(55) Non-operating expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Loss on damage and write-off of non-current assets	64,781.81	11,119.04	64,781.81
Penalty expenses	474,837.94	866,036.38	474,837.94
External donations	1,624,000.00	523,975.00	1,624,000.00
Others	5,129,182.12	1,667,617.68	5,129,182.12
<b>Total</b>	<b>7,292,801.87</b>	<b>3,068,748.10</b>	<b>7,292,801.87</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(56) Income tax expense**

*1. Details of income tax expense*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Current income tax expense	56,991,279.79	45,047,847.89
Deferred income tax expense	10,813,854.62	5,252,308.39
<b>Total</b>	<b>67,805,134.41</b>	<b>50,300,156.28</b>

*2. Reconciliation between accounting profit and income tax expense*

<b>Item</b>	<b>Amount</b>
Total profit	281,443,409.65
Income tax expense calculated at the statutory/applicable tax rate	70,360,852.46
Impact of different tax rates applicable to subsidiaries	-13,431,337.31
Impact of adjustments to prior period income tax	495,378.91
Impact of non-taxable income	-9,126,543.29
Impact of non-deductible costs, expenses, and losses	2,648,447.68
Impact of using deductible temporary differences or deductible losses for which no deferred tax asset was recognised in prior periods	-2,367,659.46
Impact of deductible temporary differences or deductible losses for which no deferred tax asset was recognised in the current period	29,283,171.07
Impact of additional deductions for R&D expenses and wages for disabled employees	-9,925,779.83
Impact of changes in tax rates	-131,395.82
Income tax expense	67,805,134.41

**(57) Other comprehensive income**

For details, see Note V, (38).

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(58) Statement of cash flows**

**1. Cash flows relating to operating activities**

*(1) Other cash receipts from operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest received	18,521,852.38	16,139,118.40
Government grants received	22,630,498.91	10,038,715.87
Others	2,620,704.73	6,851,931.33
<b>Total</b>	<b>43,773,056.02</b>	<b>33,029,765.60</b>

*(2) Other cash payments for operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash expenses in selling expenses	59,097,600.00	49,026,719.60
Cash expenses in administrative and R&D expenses	71,839,843.76	51,284,639.41
Others	19,021,074.91	28,358,657.36
<b>Total</b>	<b>149,958,518.67</b>	<b>128,670,016.37</b>

**2. Cash related to investing activities**

*(1) Cash received relating to other investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Recovery of principal and interest on the Lvye Chemical loan	35,640,663.93	14,817,447.00
Recovery of principal and interest on related party loans	11,752,674.48	24,160,298.38
<b>Total</b>	<b>47,393,338.41</b>	<b>38,977,745.38</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Cash related to financing activities**

*(1) Cash received relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash received related to financing, such as margin deposits and time deposits	78,806,759.32	
Cash received from the transfer of creditor's rights	10,946,212.40	
Rent received from subleasing	3,675,000.00	5,412,844.00
<b>Total</b>	<b>93,427,971.72</b>	<b>5,412,844.00</b>

*(2) Cash paid relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Lease payments made	6,043,984.51	12,236,026.93
Cash paid for financing-related margin deposits, time deposits, etc.	4,500,000.00	155,365,313.00
Payment of financing guarantee fees, handling fees, etc.	7,522,623.86	6,880,274.00
Cash paid to purchase minority interests in subsidiaries		40,003,708.73
<b>Total</b>	<b>18,066,608.37</b>	<b>214,485,322.66</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

*(3) Changes in various liabilities arising from financing activities*

Item	Opening Balance	Cash changes	Increase in the current period		Decrease in the current period		Closing Balance
			Non-cash changes	Cash changes	Non-cash changes	Non-financing cash flow (Note)	
Short-term borrowings	1,253,147,061.54	1,690,042,447.06	1,957,768.12	1,776,996,638.06	2,435,328.54		1,165,715,310.12
Non-current liabilities							
due within one year	343,790,628.42		306,511,256.45	283,624,326.76	2,660,601.13	43,625,000.00	320,391,956.98
Long-term borrowings	383,644,754.91	538,500,000.00		185,656,670.74	306,511,256.45		429,976,827.72
<b>Total</b>	<u>1,980,582,444.87</u>	<u>2,228,542,447.06</u>	<u>308,469,024.57</u>	<u>2,246,277,635.56</u>	<u>311,607,186.12</u>	<u>43,625,000.00</u>	<u>1,916,084,094.82</u>

Note: Non-financing cash flow refers to the payment of unpaid equity acquisition consideration from previous years, and is presented under “Net cash paid to acquire subsidiaries and other business units.”

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(59) Supplementary Information to the Cash Flow Statement**

**1. Supplementary Information to the Cash Flow Statement**

Item	Current Period Amount	Prior Period Amount
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	213,638,275.24	182,942,299.71
Add: Provision for asset impairment	1,428,031.30	3,951,695.17
Credit impairment loss	-2,022,505.52	434,867.68
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and depreciation of investment properties	106,775,371.90	106,211,411.44
Depreciation of right-of-use assets	6,920,540.40	11,069,496.54
Amortisation of intangible assets	3,677,855.04	3,545,145.12
Amortisation of long-term deferred expenses	3,469,486.99	3,623,804.85
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by “-”)	-5,396,547.28	-3,543,891.68
Loss on write-off of fixed assets (gain is indicated by “-”)	64,781.81	11,119.04
Loss on changes in fair value (gain is indicated by “-”)	228,010.00	152,007.00
Finance costs (gain is indicated by “-”)	122,308,617.31	123,170,184.36
Investment loss (gain is indicated by “-”)	-42,650,470.16	-44,629,733.54
Decrease in deferred tax assets (increase is indicated by “-”)	7,843,135.16	-19,892,257.19
Increase in deferred tax liabilities (decrease is indicated by “-”)	2,970,719.46	25,143,388.19
Decrease in inventories (increase is indicated by “-”)	-15,762,696.89	-2,035,662.79
Decrease in operating receivables (increase is indicated by “-”)	114,216,701.76	-46,485,098.37
Increase in operating payables (decrease is indicated by “-”)	-41,780,110.15	-74,560,916.18
Others		
Net cash flows from operating activities	475,929,196.37	269,107,859.35
2. Significant investing and financing activities that do not involve cash receipts and disbursements		
Debt converted to capital		
Convertible corporate bonds due within one year		
Leased-in fixed assets		
3. Net change in cash and cash equivalents		
Closing balance of cash	549,546,662.65	357,790,443.57
Less: Opening balance of cash	357,790,443.57	421,983,463.19
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	191,756,219.08	-64,193,019.62

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Net cash received from the disposal of subsidiaries in the current period**

<b>Item</b>	<b>Amount</b>
Cash or cash equivalents received in the current period from the disposal of subsidiaries in the current period	8,666,805.21
Of which: Binzhou Shengli Natural Gas Co., Ltd.	6,166,805.21
Jinan Shengli Natural Gas Co., Ltd.	1,000,000.00
Dezhou Shengli Luban Energy Co., Ltd.	1,500,000.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	2,504,001.94
Of which: Binzhou Shengli Natural Gas Co., Ltd.	2,502,090.08
Dezhou Shengli Luban Energy Co., Ltd.	1,911.86
Net cash received from the disposal of subsidiaries	<u>6,162,803.27</u>

**3. Cash and cash equivalents**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
<b>I. Cash</b>	549,546,662.65	357,790,443.57
Of which: Cash on hand	174,420.83	386,369.86
Bank deposits available for payment at any time	549,372,241.82	357,404,073.71
Other Cash and bank balances available for payment at any time		
<b>II. Cash equivalents</b>		
Of which: Bond investments maturing within three months		
<b>III. Closing balance of cash and cash equivalents</b>	549,546,662.65	357,790,443.57
Of which: Cash and cash equivalents of the parent company or subsidiaries within the group with restricted use		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Cash and bank balances not classified as cash and cash equivalents**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Reason</b>
Pledged deposits for bank acceptance bills	170,000,000.00	405,077,479.56	Frozen security deposit
Pledged deposits for letters of credit	25,813,553.69	29,109,229.08	Frozen security deposit
Time deposit	15,450,000.00	135,550,000.00	Pledge
Unmatured interest	2,019,963.94	5,991,577.62	Unusable
Funds from third-party platforms such as POS machines, WeChat, and Alipay	4,350,885.79	4,160,863.47	Cannot be withdrawn on the same day
<b>Total</b>	<b><u>217,634,403.42</u></b>	<b><u>579,889,149.73</u></b>	—

**(60) Leases**

**1. As a lessee**

<b>Item</b>	<b>Amount</b>
Short-term lease expenses under simplified treatment included in the cost of relevant assets or profit or loss for the current period	7,551,113.19
Total cash outflow related to leases	<b><u>13,595,097.70</u></b>

**2. As a lessor**

**(1) Operating lease**

<b>Item</b>	<b>Rental income</b>	<b>Of which: Income related to variable lease payments not included in the lease receivables</b>
Rent	477,264.41	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

(2) *Finance lease*

Item	Sales profit or loss	Finance income	Income related to variable lease payments not included in the net investment in the lease
Qingdao Runhao Hongfa Station		638,087.51	
Qingdao Runhao Chunchun Station	3,879,905.81	27,692.13	
<b>Total</b>	<b>3,879,905.81</b>	<b>665,779.64</b>	

Reconciliation of undiscounted lease receivables to net investment in the lease

Item	Amount
Undiscounted lease receivables	18,824,966.74
Less: Unrealized finance income	6,204,386.06
Net investment in the lease	<u>12,620,580.68</u>

Undiscounted lease receivables for the next five years

Item	Annual undiscounted lease receivables	
	Amount at the end of the period	Amount at the beginning of the period
Fourth year	5,596,330.28	
Fifth year	1,414,875.00	5,596,330.28
Total undiscounted lease receivables after five years	11,813,761.46	11,813,761.46

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**VI. R&D EXPENDITURES**

**(1) By nature of expense**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Material costs	29,858,016.42	13,461,018.05
Employee Benefits	17,590,730.84	6,944,919.89
Depreciation expense	3,922,281.20	715,162.46
Others	3,363,700.06	1,911,538.28
<b>Total</b>	<b>54,734,728.52</b>	<b>23,032,638.68</b>
Of which: Expensed R&D expenditures	51,543,248.72	21,841,649.38
Capitalized R&D expenditures	<u>3,191,479.80</u>	<u>1,190,989.30</u>

**(2) Development expenditures for R&D projects eligible for capitalization**

<b>Item</b>	<u>Increase in the current period</u>			<u>Decrease in the current period</u>		<u>Closing Balance</u>
	<u>Opening Balance</u>	<u>Internal development expenditures</u>	<u>Others</u>	<u>Recognised as intangible assets</u>	<u>Transferred to profit or loss for the current period</u>	
Smart Gas Platform	2,008,171.49	3,191,479.80		5,199,651.29		

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Disposal of equity in subsidiaries

1. Transactions or events resulting in the loss of control over a subsidiary

Name of subsidiary	Date of loss of control	Disposal consideration at the date of loss of control	Disposal ratio (%) at the date of loss of control	Disposal method at the date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposed investment
Dezhou Shengli Luban Energy Co., Ltd.	19 April 2023	3,654,075.19	100.00	Disposal	Signing of the equity transfer contract, receipt of the full equity transfer payment, and completion of the business registration change	3,652,653.53
Jinan Shengli Natural Gas Co., Ltd.	27 June 2023	1,000,000.00	100.00	Disposal	Signing of the equity transfer contract, receipt of the full equity transfer payment, and completion of the business registration change	831,970.76
Binzhou Shengli Natural Gas Co., Ltd.	25 June 2023	6,166,805.21	100.00	Disposal	Signing of the equity transfer contract, receipt of the full equity transfer payment, and completion of the business registration change	970,625.82

(2) Other reasons for changes in the scope of consolidation

1. In April 2023, the Company deregistered Jinan Tianchen Energy Investment Co., Ltd.;
2. in April 2023, the Company invested in and established Chongqing Zhongan Engineering Construction Co., Ltd., Chongqing Lixing Pipe Industry Co., Ltd., and Chongqing Zhongzhu Pipe Industry Co., Ltd.; in August 2023, the Company invested in and established Shandong Shengbang Industrial Investment Co., Ltd. The above companies have been included in the scope of consolidation since their establishment.

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## VIII. INTERESTS IN OTHER ENTITIES

### (1) Interests in Subsidiaries

#### 1. Composition of the Enterprise Group

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Shandong Lihuasheng Transportation Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Transportation	100.00		Establishment
Qingdao Shengxin Hengchang Trading Co., Ltd.	Qingdao City, Shandong Province	90 million RMB	Qingdao City, Shandong Province	Trading	100.00		Establishment
Dong'e County Dongtai Gas Co., Ltd.	Dong'e County, Shandong Province	10 million RMB	Dong'e County, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Dong'e Sunshine Clean Energy Co., Ltd.	Dong'e County, Shandong Province	30 million RMB	Dong'e County, Shandong Province	Manufacturing		51.00	Business combination not under common control
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	Dong'e County, Shandong Province	45.4676 million RMB	Dong'e County, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Dong'e County Ruitai Trading Co., Ltd.	Dong'e County, Shandong Province	1 million RMB	Dong'e County, Shandong Province	Trading		100.00	Establishment
Qingdao Runhao Natural Gas Co., Ltd.	Qingdao City, Shandong Province	86.4 million RMB	Qingdao City, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Qingdao Shengli Runhao Energy Co., Ltd.	Qingdao City, Shandong Province	30 million RMB	Qingdao City, Shandong Province	Natural gas sales		100.00	Establishment
Weihai Shengli Huachang Gas Co., Ltd.	Weihai City, Shandong Province	45 million RMB	Weihai City, Shandong Province	Natural gas sales	94.50		Business combination not under common control
Weihai Lanweimeirun Life Service Co., Ltd.	Weihai City, Shandong Province	1 million RMB	Weihai City, Shandong Province	Natural gas equipment sales		94.50	Establishment
Shandong Shengbang Plastic Co., Ltd.	Dongying City, Shandong Province	100 million RMB	Dongying City, Shandong Province	Manufacturing	100.00		Establishment
Shandong Shengbang Pipeline Technology Co., Ltd.	Dongying City, Shandong Province	50 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Chongqing Shengbang Pipeline Co., Ltd.	Chongqing City	50 million RMB	Chongqing City	Manufacturing		100.00	Establishment
Binzhou Shengbang Pipeline Co., Ltd.	Dongying City, Shandong Province	1 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Shaanxi Huashan Shengbang Plastic Co., Ltd.	Xi'an City, Shaanxi Province	58 million RMB	Xi'an City, Shaanxi Province	Manufacturing	51.00		Establishment
Qingdao Shengli Meijuhui Co., Ltd.	Qingdao City, Shandong Province	1 million RMB	Qingdao City, Shandong Province	Trading	100.00		Establishment
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	50 million RMB	Qingdao City, Shandong Province	Real estate	100.00		Business combination not under common control
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	Qingdao City, Shandong Province	5 million RMB	Qingdao City, Shandong Province	Trading	94.00		Establishment
Shandong Shengli Import & Export Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Trading	100.00		Establishment
Shandong Lihuasheng Energy Co., Ltd.	Jinan City, Shandong Province	100 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Huasheng Energy Co., Ltd.	Yanzhou City, Shandong Province	100 million RMB	Yanzhou City, Shandong Province	Natural gas sales		60.00	Establishment

**APPENDIX IV**
**FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Shandong Shengli Energy Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shengli Natural Gas Co., Ltd.	Heze City, Shandong Province	50 million RMB	Heze City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shenghong Gas Co., Ltd.	Heze City, Shandong Province	10 million RMB	Heze City, Shandong Province	Natural gas sales		100.00	Establishment
Shandong Shengbang Industrial Investment Co., Ltd.	Jinan City, Shandong Province	3 million RMB	Jinan City, Shandong Province	Investment	100.00		Establishment
Dezhou Shengli Natural Gas Co., Ltd.	Dezhou City, Shandong Province	25 million RMB	Dezhou City, Shandong Province	Natural gas sales	95.00	5.00	Establishment
Linyi Shengli Energy Co., Ltd.	Linyi City, Shandong Province	10 million RMB	Linyi City, Shandong Province	Natural gas sales	76.00		Establishment
Tai'an Shengli Energy Co., Ltd.	Tai'an City, Shandong Province	10 million RMB	Tai'an City, Shandong Province	Natural gas sales	51.00		Establishment
Chongqing Shengbang Gas Co., Ltd.	Dazu District, Chongqing City	280 million RMB	Dazu District, Chongqing City	Natural gas sales	100.00		Business combination not under common control
Chongqing Zhongbang Gas Equipment Co., Ltd.	Dazu District, Chongqing City	2 million RMB	Dazu District, Chongqing City	Natural gas equipment sales		100.00	Establishment
Chongqing Libang Construction Labor Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Engineering contracting		100.00	Establishment
Chongqing Lixing Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Chongqing Zhongzhu Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Chongqing Zhongan Engineering Construction Co., Ltd.	Dazu District, Chongqing City	40 million RMB	Dazu District, Chongqing City	Engineering construction		100.00	Establishment
Weifang Shengli Natural Gas Co., Ltd.	Weifang City, Shandong Province	10 million RMB	Weifang City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Longyu Shengli Energy Co., Ltd. (Note)	Jinan City, Shandong Province	25 million RMB	Jinan City, Shandong Province	Natural gas sales	50.00		Business combination not under common control
Qingdao Longyu Shengli Energy Co., Ltd.	Qingdao City, Shandong Province	30 million RMB	Qingdao City, Shandong Province	Natural gas sales		50.00	Establishment
Bazhou Shengli Shunda Gas Co., Ltd.	Bazhou City, Hebei Province	130 million RMB	Bazhou City, Hebei Province	Natural gas sales	51.00		Business combination not under common control
Bazhou Shengshun Gas Sales Co., Ltd.	Bazhou City, Hebei Province	15.38 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Bazhou Shunsheng New Energy Development Co., Ltd.	Bazhou City, Hebei Province	1 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Puyang Boyuan Natural Gas Co., Ltd.	Qingfeng County, Henan Province	24.11 million RMB	Qingfeng County, Henan Province	Natural gas sales		51.00	Business combination not under common control
Puyang Boyuan Energy Technology Co., Ltd.	Qingfeng County, Henan Province	1 million RMB	Qingfeng County, Henan Province	Natural gas equipment sales		51.00	Establishment
Dalian Shengyi New Energy Development Co., Ltd.	Dalian City, Liaoning Province	35 million RMB	Dalian City, Liaoning Province	Natural gas sales	100.00		Business combination not under common control
Puyang County Boyuan Natural Gas Co., Ltd.	Puyang County, Henan Province	20 million RMB	Puyang County, Henan Province	Natural gas sales	51.00		Business combination not under common control
Puyang Shengli Clean Energy Co., Ltd.	Puyang County, Henan Province	10 million RMB	Puyang County, Henan Province	Natural gas sales		30.600	Establishment
Zibo Lvchuan Gas Co., Ltd.	Zibo City, Shandong Province	50 million RMB	Zibo City, Shandong Province	Natural gas sales	62.704		Business combination not under common control
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	Zibo City, Shandong Province	2 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		62.704	Establishment

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	Zibo City, Shandong Province	1 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		62.704	Establishment
Anyang Beifang Shengli Gas Co., Ltd.	Anyang City, Henan Province	39 million RMB	Anyang City, Henan Province	Natural gas sales	60.00		Business combination not under common control
Anyang Beisheng New Energy Development Co., Ltd.	Anyang City, Henan Province	1 million RMB	Anyang City, Henan Province	Natural gas equipment sales		60.00	Establishment
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	Wenzhou City, Zhejiang Province	60 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales	55.00		Business combination not under common control
Wenzhou Shengran Intelligent Technology Co., Ltd.	Wenzhou City, Zhejiang Province	2 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales		55.00	Establishment
Chongqing Hengrongda Technology Co., Ltd. (formerly known as: Tianjin Hengrongda Technology Co., Ltd.)	Chongqing City	47.36785 million RMB	Tianjin City	Investment	95.00		Business combination not under common control
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	Nanchang City, Jiangxi Province	50 million RMB	Nanchang City, Jiangxi Province	Investment	100.00		Business combination not under common control
Pengze County Natural Gas Co., Ltd.	Jiujiang City, Jiangxi Province	30 million RMB	Jiujiang City, Jiangxi Province	Natural gas sales		85.00	Business combination not under common control
Shandong Qinglin Taifeng Trading Co., Ltd.	Liaocheng City, Shandong Province	14.4 million RMB	Liaocheng City, Shandong Province	Trading	60.00		Business combination not under common control
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	Qinzhou City, Guangxi Province	50 million RMB	Qinzhou City, Guangxi Province	Natural gas sales	81.00		Establishment

Note: The Company holds 50% of the equity of Shandong Longyu Shengli Resources Co., Ltd. According to its articles of association, the Company determines its production and operation and therefore has actual control over it. Accordingly, it is included in the scope of the Company's consolidated financial statements.

### 2. Significant non-wholly-owned subsidiaries

No.	Name of company	Non-controlling shareholding ratio (%)	Profit or loss attributable to non-controlling shareholders for the current period	Dividends declared and paid to minority shareholders for the current period	Cumulative non-controlling interests at the end of the period
1	Bazhou Shengli Shunda Gas Co., Ltd.	49.00	34,300,781.07	19,600,000.00	130,129,297.51
2	Zibo Lvchuan Gas Co., Ltd.	37.296	14,115,725.73	28,016,255.34	51,737,118.82
3	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	19.00	5,021,551.15	10,972,500.00	11,108,859.71

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 3. Key financial information of significant non-wholly-owned subsidiaries (excluding those classified as held for sale)

Name of subsidiary	Closing Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bazhou Shengli Shunda Gas Co., Ltd.	341,094,467.91	295,401,888.99	636,496,356.90	323,956,111.93	46,970,250.05	370,926,361.98
Zibo Lvchuan Gas Co., Ltd.	159,836,850.26	210,243,749.48	370,080,599.74	173,164,253.39	24,570,715.36	197,734,968.75
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	230,782,164.98	170,707,939.66	401,490,104.64	299,336,784.27	43,685,637.69	343,022,421.96

Name of subsidiary	Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bazhou Shengli Shunda Gas Co., Ltd.	289,840,874.30	305,035,047.70	594,875,922.00	304,749,269.73	50,422,388.50	355,171,658.23
Zibo Lvchuan Gas Co., Ltd.	188,303,471.36	202,892,032.12	391,195,503.48	179,793,452.65	34,531,323.77	214,324,776.42
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	138,357,840.80	129,974,618.46	268,332,459.26	133,045,504.88	53,658,884.13	186,704,389.01

Name of subsidiary	Current Period Amount			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Bazhou Shengli Shunda Gas Co., Ltd.	703,158,441.69	70,001,594.02	70,001,594.02	205,293,442.15
Zibo Lvchuan Gas Co., Ltd.	635,373,680.24	37,847,884.29	37,668,633.10	57,079,164.98
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	236,370,141.13	26,429,216.58	26,429,216.58	59,005,482.14

Name of subsidiary	Prior Period Amount			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Bazhou Shengli Shunda Gas Co., Ltd.	673,985,415.30	33,847,069.34	33,847,069.34	16,570,736.64
Zibo Lvchuan Gas Co., Ltd.	641,722,541.07	36,893,006.70	36,893,006.70	26,537,328.97
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	270,081,232.28	13,206,570.64	13,206,570.64	54,452,937.05

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Interests in joint ventures and associates

#### 1. Significant joint ventures and associates

Name of company	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for the investment
				Directly	Indirectly	
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Real estate	17.00	20.00	Equity method
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Natural Gas	49.00		Equity method
Shandong Shengli Bioengineering Co., Ltd.	Jining City, Shandong Province	Jining City, Shandong Province	Biopharmaceuticals	45.00		Equity method
Shengbang Plastic Pipeline System Group Co., Ltd.	Jinan City, Shandong Province	Jinan City, Shandong Province	Plastic pipeline engineering	40.00		Equity method
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Rizhao City, Shandong Province	Rizhao City, Shandong Province	Natural Gas	49.00		Equity method
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Linyi City, Shandong Province	Linyi City, Shandong Province	Natural Gas	30.00		Equity method
Shenxian PetroChina Kunlun Gas Co., Ltd.	Shenxian County, Shandong Province	Shenxian County, Shandong Province	Natural Gas		40.00	Equity method

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Key financial information of significant associates**

Item	Closing balance/Amount for the current period			Opening balance/Amount for the prior period		
	Qingdao	Qingdao	Shandong	Qingdao	Qingdao	Shandong
	Shengtong Coast Real Estate Development Co., Ltd.	PetroChina Kunlun Shengli Gas Co., Ltd.	Shengli Bioengineering Co., Ltd.	Shengtong Coast Real Estate Development Co., Ltd.	PetroChina Kunlun Shengli Gas Co., Ltd.	Shengli Bioengineering Co., Ltd.
Current assets	1,401,169,493.66	10,326,770.84	411,392,287.44	1,619,413,814.15	32,008,900.52	441,757,325.50
Of which: Cash and cash equivalents	1,824,117.38	12,662.07	41,950,165.42	1,401,727.88	13,990.41	125,505,612.41
Non-current assets	162,841.20	220,573,205.81	409,680,031.67	162,841.20	211,449,827.92	410,477,594.91
Total assets	1,401,332,334.86	230,899,976.65	821,072,319.11	1,619,576,655.35	243,458,728.44	852,234,920.41
Current liabilities	1,454,417.41	17,252,012.48	238,497,991.78	218,847,959.19	19,598,186.00	286,851,631.95
Non-current liabilities		37,445,974.56	48,242,315.72		41,962,342.74	13,178,164.16
Total liabilities	1,454,417.41	54,697,987.04	286,740,307.50	218,847,959.19	61,560,528.74	300,029,796.11
Non-controlling interests						-
Equity attributable to shareholders of the parent company	1,399,877,917.45	176,201,989.61	534,332,011.61	1,400,728,696.16	181,898,199.70	552,205,124.30
Share of net assets calculated based on shareholding ratio	517,954,829.46	86,338,974.90	240,449,405.21	518,269,617.58	89,130,117.85	248,492,305.93
Adjustments		54,394,480.89	2,338,509.98		54,394,480.89	2,338,509.98
Of which: Goodwill		54,394,480.89	2,338,509.98		54,394,480.89	2,338,509.98
Carrying amount of equity investments in associates	517,954,829.46	140,733,455.79	242,787,915.19	518,269,617.58	143,524,598.74	250,830,815.91
Operating revenue		315,606,685.88	414,370,320.11		424,376,708.21	534,921,721.26
Finance costs	-117,667.58	280,316.60	2,279,004.99	-52,915.43	4,852,107.37	1,480,052.48
Income tax expense	-2,276,228.89	5,354,725.76	3,399,490.50		7,453,169.88	6,164,440.05
Net profit	-850,778.71	15,267,148.18	12,192,867.32	-8,574,709.62	21,767,570.60	41,687,262.41
Total comprehensive income	-850,778.71	15,267,148.18	12,192,867.32	-8,574,709.62	21,767,570.60	41,687,262.41
Dividends received from associates in the current period		9,678,418.96	13,931,952.91		8,100,004.78	13,684,223.68

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Aggregated financial information of insignificant joint ventures and associates**

Item	Closing balance/Amount for the current period	Opening balance/Amount for the prior period
Associates:		
Total carrying amount of investments	129,760,664.34	123,465,113.23
Total of the following items calculated based on shareholding ratio:		
Net profit	<u>14,646,858.35</u>	<u>10,876,998.43</u>
Total comprehensive income	<u><u>14,646,858.35</u></u>	<u><u>10,876,998.43</u></u>

**4. Excess losses incurred by joint ventures or associates**

Name of the joint venture or associate	Cumulative unrecognised losses from prior periods	Unrecognised loss for the current period (or share of net profit for the current period)	Cumulative unrecognised loss at the end of the current period
Shengbang Plastic Pipeline System Group Co., Ltd.	13,611,700.42	201.00	13,611,901.42

**IX. GOVERNMENT GRANTS**

**(1) Liability items involving government grants**

Financial statement item	Opening Balance	New grant amount for the current period	Amount included in non-operating income for the current period	Transferred to other income in the current period	Other changes in the current period	Closing Balance	Asset-related/ Revenue-related
Deferred income	11,490,718.73			683,231.52		10,807,487.21	Asset-related

**(2) Government grants recognised in profit or loss for the current period**

<b>Type</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Other income	25,110,312.23	16,161,757.18
Non-operating income	1,000.00	120,000.00
<b>Total</b>	<b>25,111,312.23</b>	<b>16,281,757.18</b>

**X. RISKS RELATED TO FINANCIAL INSTRUMENTS**

**(1) Risks of Financial Instruments**

In its ordinary course of business, the Company is exposed to various financial risks, including market risk, credit risk and liquidity risk. The Company’s goal in risk management is to achieve an appropriate balance between risk and return, to minimize the negative impact of risks on the Company’s operating performance, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company’s fundamental risk management strategy is to identify and analyse the various risks to which it is exposed, establish appropriate risk tolerance levels, manage such risks, and monitor them in a timely and reliable manner to ensure they are controlled within predefined limits.

**1. Market Risk**

*(1) Foreign exchange risk — Cash flow fluctuation risk*

The Company promptly settles its foreign currency funds, maintaining a small foreign currency balance and thus has low exposure to foreign exchange risk.

*(2) Interest Rate Risk*

The Company’s borrowings are at fixed interest rates, resulting in low interest rate risk.

*(3) Other Price Risks*

The Company is exposed to price fluctuation risk for its raw materials and finished products. It mitigates this risk by maintaining a reasonable level of inventory for both.

**2. Credit Risk**

To mitigate credit risk, the Company’s finance department is responsible for setting credit limits, conducting credit approvals, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Company reviews the recoverability of each individual receivable as at each balance sheet date to ensure that an adequate provision for bad debts is made for unrecoverable amounts.

**3. Liquidity Risk**

It is the Company’s policy to regularly review its current and expected liquidity requirements and its compliance with loan agreements, to ensure that it maintains sufficient cash reserves and has secured adequate committed standby funds from major financial institutions to meet its short- and long-term liquidity needs.

**(2) Transfer of Financial Assets**

**1. Classification of Transfer Methods**

<b>Transfer Method</b>	<b>Nature of the transferred financial asset</b>	<b>Amount of the transferred financial asset</b>	<b>Derecognition</b>	<b>Basis for determining derecognition</b>
Endorsed or discounted notes in receivables financing	Bank acceptance bills that have been endorsed or discounted but have not yet matured in receivables financing	109,760,706.59	Derecognition	The credit risk and deferred payment risk are minimal, and the risks and rewards of ownership of the notes have been transferred

**2. Financial assets derecognised due to transfer**

<b>Category of financial asset</b>	<b>Method of transfer</b>	<b>Amount of the derecognised financial asset</b>	<b>Gains and losses related to derecognition</b>
Bank acceptance bills that have not yet matured in receivables financing	Endorsement, discounting	109,760,706.59	

**XI. FAIR VALUE**

**(1) Fair Value Hierarchy for Assets Measured at Fair Value**

Item	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Closing Balance
I. Recurring Fair Value Measurement				
(1) Receivables financing			61,560,493.21	61,560,493.21
(2) Investments in other equity instruments	293,017.01		259,369,172.06	259,662,189.07
1. Equity investment held in Bank of Qingdao	293,017.01			293,017.01
2. Equity investment held in Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.			2,934,456.20	2,934,456.20
3. Holding in PipeChina Group Tianjin LNG Co., Ltd.			256,434,715.86	256,434,715.86
(3) Investment properties	71,063,273.00			71,063,273.00
1. Leased land use rights	71,063,273.00			71,063,273.00
Total assets continuously measured at fair value	71,356,290.01		320,929,665.27	392,285,955.28

**(2) Basis for determining the market price of Level 1 items continuously measured at fair value**

The Company's investment properties are subsequently measured at fair value, as unadjusted quoted prices are available in an active market with sufficient trading volume and frequency to provide continuous pricing information.

The Company's equity investment in Bank of Qingdao has an unadjusted market price with sufficient trading volume and frequency to provide continuous pricing information, as the Company is a listed company.

**(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for items continuously measured at Level 3 fair value**

The carrying amount of receivables financing approximates its fair value due to its short remaining term, and thus its face value is used as its fair value. Other equity instrument investments represent unlisted equity investments held by the Company, and their fair value is determined based on an appraisal report from an independent professional valuer engaged by the Company.

**XII. Related Party Relationships and Transactions**

**(1) The Company’s Parent Company**

Name of the parent company	Place of registration	Nature of business	Registered capital	Parent company’s shareholding ratio (%) in the Company	Parent company’s voting rights ratio (%) in the Company
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China Oil and Gas Investment Group Co., Ltd.	Zhuhai City	Investment	75 million USD	22.16	25.16
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Note 1: Shandong Shengli Investment Co., Ltd. has entrusted 3% of its voting rights to China Oil and Gas Investment Group Co., Ltd.

Note 2: The actual controller of the Company is Mr. Xu Tieliang.

**(2) Information on the Company’s Subsidiaries**

For details, see Note “VIII. Interests in Other Entities”.

**(3) Information on the Company’s Joint Ventures and Associates**

Significant joint ventures and associates are detailed in Note “VIII. Interests in Other Entities”. Other joint ventures and associates that had related party transactions with the Company during the current period, or had outstanding balances from related party transactions in prior periods, are as follows:

Name of the joint venture or associate	Relationship with the Company
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Associates
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Associates
Shandong Shengli Bioengineering Co., Ltd.	Associates
Shengbang Plastic Pipeline System Group Co., Ltd.	Associates
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Associates
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Associates
Shenxian PetroChina Kunlun Gas Co., Ltd.	Associates

**(4) Information on Other Related Parties**

<b>Name of the other related party</b>	<b>Relationship with the Company</b>
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Under the same actual controller as the Company
CCNG Logistics (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
CCNG Energy (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Qinghai China Oil Gas Engineering Co., Ltd.	Under the same actual controller as the Company
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Under the same actual controller as the Company
Xining China Oil Gas Co., Ltd.	Under the same actual controller as the Company
Xining Zhuoran Trading Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as “Nailer Technology (Zhuhai) Co., Ltd.”]	Under the same actual controller as the Company
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Under the same actual controller as the Company
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Under the same actual controller as the Company

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(5) Related Party Transactions**

**1. Related party transactions for the purchase and sale of goods, and the provision and receipt of services**

Purchase of goods/receipt of services

<u>Name of the related party</u>	<u>Content of the related party transaction</u>	<u>Current Period Amount</u>	<u>Approved transaction limit</u>	<u>Whether the transaction limit was exceeded</u>	<u>Prior Period Amount</u>
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Natural Gas				38,491,594.84
CCNG Logistics (Zhuhai) Co., Ltd.	Natural Gas	11,182,062.68	RMB59 million	No	869,374.13
CCNG Energy (Zhuhai) Co., Ltd.	Natural Gas				45,334,504.81
Qinghai China Oil Gas Engineering Co., Ltd.	Design services	436,926.30			9,981.13
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Gas equipment	6,998,321.73			926,193.66
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Gas equipment	8,246,491.31			1,101,350.91
Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as “Nailer Technology (Zhuhai) Co., Ltd.”]	Gas equipment	2,233,849.71			1,510,127.06
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Gas equipment				75,471.70

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Sale of goods/provision of services

Name of the related party	Content of the related party transaction	Current Period Amount	Prior Period Amount
CCNG Logistics (Zhuhai) Co., Ltd.	Transportation revenue	672,291.23	
CCNG Logistics (Zhuhai) Co., Ltd.	Natural Gas	10,182,906.23	
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Gas equipment	1,441,743.24	
Shenxian PetroChina Kunlun Gas Co., Ltd.	Natural Gas	3,975,318.77	
Xining China Oil Gas Co., Ltd.	Red wine	8,483.17	
Xining Zhuoran Trading Co., Ltd.	Red wine	18,846.53	
Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as "Nailer Technology (Zhuhai) Co., Ltd."]	Red wine	70,129.70	102,577.80
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Red wine		1,400.00
Shenxian PetroChina Kunlun Gas Co., Ltd.	Natural Gas		691,743.12
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE raw materials	8,460,171.48	30,305,684.11
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE pipes and other goods	289,229.35	1,069,938.09
Qinghai China Oil Gas Engineering Co., Ltd.	Design services	283.02	

### 2. Related Party Leases

#### The Company as a lessor

Name of the lessee	Type of leased asset	Lease income recognised in the current period	Lease income recognised in the prior period
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Property	245,413.76	254,763.00
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Property		111,752.84
Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as "Nailer Technology (Zhuhai) Co., Ltd."]	Property	90,242.39	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 3. Related Party Guarantees

#### (1) Guarantees for subsidiaries and investee companies

For details, see Note “XIII. Commitments and Contingencies” under “(II) Guarantees for External Parties and Subsidiaries”.

#### (2) Guarantees from related parties to the Company

Guarantor	Guaranteed party	Lending bank	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Ping An Bank Co., Ltd. Jinan Branch	1,000.00	2024/1/27	2027/1/26	No
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Ping An Bank Co., Ltd. Jinan Branch	4,000.00	2024/1/28	2027/1/27	No
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Laishang Bank Co., Ltd. Jinan High-tech Zone Branch	4,000.00	2024/9/1	2027/8/31	No
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Bank of Rizhao Co., Ltd. Shizhong Branch	5,000.00	2024/2/22	2027/2/21	No
<b>Total</b>			<b>14,000.00</b>			

### 4. Related Party Fund Lending

Related party	Borrowed/Lent	Amount	Start date	Maturity date	Description
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Borrowed	60,000,000.00			Interest-free loan

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**5. Key Management Personnel Remuneration**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Key Management Personnel Remuneration	<u>RMB3.6777 million</u>	<u>RMB2.7907 million</u>

**6. Other Related Party Transactions**

*(1) Interest income*

<b>Related party</b>	<b>Content of the related party transaction</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Shandong Shengli Bioengineering Co., Ltd.	Interest income	194,141.60	831,260.36
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Interest income	79,452.92	93,549.42

*(2) Guarantee fees charged by the controlling shareholder to the Company*

<b>Related party</b>	<b>Content of the related party transaction</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
China Oil and Gas Investment Group Co., Ltd.	Guarantee fee	7,096,814.98	5,075,730.21

Note: The Company entered into a “Guarantee Cooperation Framework Agreement” with its controlling shareholder, China Oil and Gas Investment Group Co., Ltd., which agreed to provide guarantees for the Company’s loans from financial institutions during the term of the agreement. The guarantee fee is set at an annual rate of 1.5%, with the total fee amounting to RMB7.0968 million. The necessary decision-making and disclosure procedures for this matter have been completed by the Company.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(6) Unsettled receivables from and payables to related parties**

**1. Receivables**

Item name	Related party	Closing Balance		Opening Balance	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82	60,539,091.82	60,539,091.82	60,539,091.82
Accounts receivable	Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	1,456,161.00	4,950.95		
Accounts receivable	Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as "Nailer Technology (Zhuhai) Co., Ltd."]			30,436.80	103.49
Accounts receivable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.			57,073.04	194.05
Accounts receivable	Qingdao Shengtong Coast Real Estate Development Co., Ltd.			254,763.00	866.19
Other receivables	Shandong Shengli Bioengineering Co., Ltd.			9,538,756.80	6,260,952.78
Other receivables	PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.			1,960,000.00	1,960,000.00
<b>Total</b>		<u>61,995,252.82</u>	<u>60,544,042.77</u>	<u>72,380,121.46</u>	<u>68,761,208.33</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Payables**

<b>Item name</b>	<b>Related party</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Contract liabilities	Shenxian PetroChina Kunlun Gas Co., Ltd.	1,900,002.88	
Contract liabilities	Xining Zhuoran Trading Co., Ltd.	61,946.90	
Contract liabilities	Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.		2,012.95
Contract liabilities	Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as “Nailer Technology (Zhuhai) Co., Ltd.”]		51,848.57
Accounts payable	China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	80,000.00	
Accounts payable	Qingdao Shengtong Coast Real Estate Development Co., Ltd.	29,700,000.00	29,700,000.00
Accounts payable	Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.		1,213.00
Accounts payable	Qizhi Zhijia Technology (Zhuhai) Co., Ltd. [formerly known as “Nailer Technology (Zhuhai) Co., Ltd.”]	428,033.40	1,491,610.50
Accounts payable	Qinghai China Oil Gas Engineering Co., Ltd.	236,254.00	9,981.13
Accounts payable	Shandong Qizhi Energy Equipment Technology Co., Ltd.	7,878,073.48	989,661.04
Accounts payable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	5,597,129.70	648,358.96
Other payables	Qingdao Shengtong Coast Real Estate Development Co., Ltd.		671,328.89
Other payables	China Oil and Gas Investment Group Co., Ltd.	31,558.78	
Other payables	Qinghai China Oil Gas Engineering Co., Ltd.	1,000.00	
Long-term payables	Qingdao Shengtong Coast Real Estate Development Co., Ltd.	60,000,000.00	60,000,000.00

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### XIII.COMMITMENTS AND CONTINGENCIES

#### (1) Commitments

None

#### (2) Contingencies

##### 1. Guarantees provided to external parties

Guarantor	Guaranteed party	Lending bank	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Guarantee fulfilled
Shandong Shengli Co., Ltd.	Shandong Shengdi Landscape Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2024/10/8	2027/10/7	No
Shandong Shengli Co., Ltd.	Jinan Fanteng Trading Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2024/8/31	2027/8/30	No
Shandong Shengli Co., Ltd.	Shandong Pingtong Municipal Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	2,500.00	2024/10/17	2027/10/16	No
<b>Total</b>			<u>4,500.00</u>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Guarantees for subsidiaries

Guarantor	Guaranteed party	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	8,000.00	2024-10-19	2026-10-18	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	3,000.00	2024-2-23	2026-2-22	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	4,000.00	2024-2-29	2026-2-28	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,000.00	2024-6-27	2027-6-26	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	940.00	2025-6-21	2028-6-20	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	2,000.00	2024-3-2	2027-3-1	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	985.00	2024-3-21	2027-3-20	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	1,000.00	2024-11-29	2027-11-27	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	500.00	2024-5-28	2027-5-27	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2024-3-23	2027-3-22	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2024-5-31	2027-5-30	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2024-4-28	2027-4-27	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	600.00	2024-10-24	2027-10-23	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	2,000.00	2024-3-25	2027-3-24	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	1,000.00	2024-1-24	2027-1-23	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,000.00	2024-1-17	2027-1-16	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	12,000.00	2024-12-8	2027-12-7	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	1,500.00	2026-7-1	2029-6-30	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	5,000.00	2024-3-20	2027-3-19	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	5,000.00	2024-9-11	2027-9-10	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,300.00	2024-3-14	2027-3-13	No
Shandong Shengli Co., Ltd.	Shandong Lihuasheng Transportation Co., Ltd.	1,000.00	2024-8-1	2027-7-31	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2024-2-5	2027-2-4	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2024-12-5	2027-12-4	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,960.00	2024-10-14	2027-10-13	No

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Guarantor</b>	<b>Guaranteed party</b>	<b>Guaranteed amount (RMB0,000)</b>	<b>Guarantee start date</b>	<b>Guarantee maturity date</b>	<b>Fulfillment of Guarantee</b>
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	800.00	2024-10-22	2027-10-21	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	2,500.00	2024-1-17	2027-1-16	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	960.00	2025-9-8	2028-9-7	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	960.00	2024-12-6	2027-12-5	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,900.00	2026-12-27	2029-12-26	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	5,600.00	2024-3-17	2027-3-16	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,400.00	2024-9-12	2027-9-11	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	1,000.00	2024-9-29	2027-9-28	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	3,000.00	2024-7-13	2027-7-12	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	3,000.00	2024-7-22	2027-7-21	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,100.00	2026-7-1	2029-6-30	No
Shandong Shengli Co., Ltd.	Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	2,000.00	2024-1-12	2027-1-11	No
Shandong Shengli Co., Ltd.	Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	5,000.00	2024-12-6	2027-12-5	No
Shandong Shengli Co., Ltd.	Bazhou Shengli Shunda Gas Co., Ltd.	816.00	2025-7-16	2028-7-15	No
Shandong Shengli Co., Ltd.	Bazhou Shengli Shunda Gas Co., Ltd.	1,020.00	2025-7-16	2028-7-15	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	300.00	2024-12-13	2027-12-12	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	500.00	2024-5-23	2027-5-22	No
Shandong Shengli Co., Ltd.	Puyang County Boyuan Natural Gas Co., Ltd.	510.00	2024-10-18	2027-10-17	No

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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<b>Guarantor</b>	<b>Guaranteed party</b>	<b>Guaranteed amount (RMB0,000)</b>	<b>Guarantee start date</b>	<b>Guarantee maturity date</b>	<b>Fulfillment of Guarantee</b>
Shandong Shengli Co., Ltd.	Puyang Boyuan Natural Gas Co., Ltd.	510.00	2024-1-7	2027-1-6	No
<b>Total</b>		<u>98,061.00</u>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

**XIV. EVENTS AFTER THE BALANCE SHEET DATE****(1) Profit distribution**

Proposed profit or dividend: On 21 March 2024, the Company's Board of Directors resolved to propose the 2023 profit distribution plan: based on the Company's total share capital of 880,084,656 shares, a cash dividend of RMB0.55 (tax inclusive) per 10 shares will be distributed to all shareholders from retained earnings, amounting to a total cash dividend of RMB48,404,656.08 (tax inclusive). The above proposal is subject to approval by the shareholders at a general meeting before implementation.

## XV. OTHER IMPORTANT MATTERS

### Segment reporting

#### *1. Basis of determination and accounting policies for segment reporting*

Basic information on operating segments: The Company and its subsidiaries (collectively, the “**Group**”) are engaged in businesses including the natural gas business, equipment and material manufacturing and sales business, trading business, and other businesses. The Group is organised and managed separately based on the nature of the business and the products and services provided.

The classification and content of the Group’s operating segments are as follows:

- A. Natural gas business segment: Sale of natural gas;
- B. Equipment and material manufacturing business segment: Production and sale of equipment and materials, and sale of related raw materials;
- C. Trading and other business segment: Trading of refined oil products, investment and other businesses.

For the purposes of resource allocation and performance evaluation, management reviews the operating results of each business unit separately.

Segment reporting information is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management. These measurement bases are consistent with the accounting and measurement bases used in preparing the financial statements.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Financial information for segment reporting**

<b>Item</b>	<b>Natural gas business segment</b>	<b>Equipment and material manufacturing business segment</b>	<b>Trading and other business segment</b>	<b>Inter-segment elimination</b>	<b>Consolidated statement data</b>
I. Operating Revenue	3,678,887,736.19	990,782,175.96	23,651,769.46	-16,152,501.99	4,677,169,179.62
II. Operating cost	2,986,450,409.51	933,893,413.24	11,380,101.46	-4,203,932.28	3,927,519,991.93
III. Total profit	317,888,997.43	1,219,097.85	-26,491,701.21	-11,172,984.42	281,443,409.65
IV. Income tax expense	62,452,024.94	1,848,946.04	3,504,163.43		67,805,134.41
V. Net profit	255,436,972.49	-629,848.19	-29,995,864.64	-11,172,984.42	213,638,275.24
VI. Total assets	4,506,937,086.66	794,699,073.83	5,007,988,171.80	-3,353,543,478.64	6,956,080,853.65
VII. Total liabilities	2,663,435,405.85	795,619,673.98	2,042,011,536.06	-1,797,873,666.29	3,703,192,949.60

**XVI. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS**

**(1) Accounts receivable**

**1. Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	34,706,946.51	11,175,930.34
Over 5 years	31,635,967.91	31,635,967.91
<b>Subtotal</b>	<b>66,342,914.42</b>	<b>42,811,898.25</b>
Less: Provision for bad debts	31,636,392.43	31,639,606.83
<b>Total</b>	<b>34,706,521.99</b>	<b>11,172,291.42</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Disclosure by bad debt provision method**

Category	Closing Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	66,342,914.42	100.00	31,636,392.43	47.69
Of which: Portfolio 1: Related party portfolio	34,582,088.04	52.13		
Portfolio 2: Aging portfolio	31,760,826.38	47.87	31,636,392.43	99.61
<b>Total</b>	<b>66,342,914.42</b>	<b>100.00</b>	<b>31,636,392.43</b>	<b>47.69</b>

Category	Opening Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	42,811,898.25	100.00	31,639,606.83	73.90
Of which: Portfolio 1: Related party portfolio	10,105,658.89	23.60		
Portfolio 2: Aging portfolio	32,706,239.36	76.40	31,639,606.83	96.74
<b>Total</b>	<b>42,811,898.25</b>	<b>100.00</b>	<b>31,639,606.83</b>	<b>73.90</b>

(1) *Accounts receivable for which provision for bad debts is made on a portfolio basis based on credit risk characteristics*

① Portfolio 1: Related party portfolio

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision ratio %	Provision for bad debts	Gross carrying amount	Provision ratio %	Provision for bad debts
Within 1 year	34,582,088.04			10,105,658.89		

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### ② Portfolio 2: Aging portfolio

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Within 1 year	124,858.47	424.52	0.34	1,070,271.45	3,638.92	0.34
Over 5 years	31,635,967.91	31,635,967.91	100.00	31,635,967.91	31,635,967.91	100.00
<b>Total</b>	<b>31,760,826.38</b>	<b>31,636,392.43</b>		<b>32,706,239.36</b>	<b>31,639,606.83</b>	

### 3. Provision for bad debts

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Write-off	
Aging Portfolio	31,639,606.83	-3,214.40			31,636,392.43

### 4. Top five debtors by closing balance of accounts receivable and contract assets at the end of the period

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Shandong Shengbang Plastic Co., Ltd.	16,376,307.46		16,376,307.46	24.68	
Chongqing Shengbang Pipeline Co., Ltd.	5,651,276.88		5,651,276.88	8.52	
Anyang Beifang Shengli Gas Co., Ltd.	2,780,881.68		2,780,881.68	4.19	
Chongqing Shengbang Gas Co., Ltd.	2,682,309.41		2,682,309.41	4.04	
Oilfield Drilling Technology Research Institute	1,975,802.85		1,975,802.85	2.98	1,975,802.85
<b>Total</b>	<b>29,466,578.28</b>		<b>29,466,578.28</b>	<b>44.41</b>	<b>1,975,802.85</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends receivable	60,254,882.79	
Other receivables	783,563,380.86	722,117,903.26
<b>Total</b>	<b>843,818,263.65</b>	<b>722,117,903.26</b>

**1. Dividends receivable**

<b>Item (or investee)</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Zibo Lvchuan Gas Co., Ltd.	13,477,382.79	
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	46,777,500.00	
<b>Total</b>	<b>60,254,882.79</b>	

**2. Other receivables**

**(1) Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	783,555,820.05	705,757,402.43
1 to 2 years	7,900.00	1,498,739.94
2 to 3 years		1,680,694.65
3 to 4 years	7,969.00	3,602,823.58
Over 5 years	42,090,452.80	62,755,344.48
<b>Subtotal</b>	<b>825,662,141.85</b>	<b>775,295,005.08</b>
Less: Provision for bad debts	42,098,760.99	53,177,101.82
<b>Total</b>	<b>783,563,380.86</b>	<b>722,117,903.26</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(2) *By nature*

Nature of amount	<u>Closing Balance</u>	<u>Opening Balance</u>
Amounts due from internal related parties	777,328,937.90	704,719,026.15
Deposits, security deposits	7,969.00	7,969.00
Petty cash	91,545.95	66,771.00
Current accounts and others	48,233,689.00	70,501,238.93
<b>Subtotal</b>	<b>825,662,141.85</b>	<b>775,295,005.08</b>
Less: Provision for bad debts	<u>42,098,760.99</u>	<u>53,177,101.82</u>
<b>Total</b>	<b><u>783,563,380.86</u></b>	<b><u>722,117,903.26</u></b>

(3) *Provision for bad debts*

Provision for bad debts	<u>Stage 1 12-month expected credit losses</u>	<u>Stage 2 Lifetime expected credit losses (not credit impaired)</u>	<u>Stage 3 Lifetime expected credit losses (credit impaired)</u>	<u>Total</u>
Balance as at 1 January 2023	53,177,101.82			53,177,101.82
Balance as at 1 January 2023 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-5,058,723.33			-5,058,723.33
Reversal in the current period				
Charge-off in the current period	6,019,617.50			6,019,617.50
Write-off in the current period				
Other changes				
Balance as at 31 December 2023	42,098,760.99			42,098,760.99

Note: The charge-off during the period was for bad debts related to the transferred creditor's rights in Qingdao General Plastics Co., Ltd.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (4) Provision for bad debts

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Charge-off	
Deposits, security deposits	398.45				398.45
Petty cash	2,003.13	5,906.61			7,909.74
Current accounts and others	53,174,700.24	-5,064,629.94		6,019,617.50	42,090,452.80
<b>Total</b>	<b>53,177,101.82</b>	<b>-5,058,723.33</b>		<b>6,019,617.50</b>	<b>42,098,760.99</b>

Note: The charge-off during the period was for bad debts related to the transferred creditor's rights in Qingdao General Plastics Co., Ltd.

### (5) Top five other receivables at the end of the period, grouped by debtor

Name of Entity	Nature of the amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Shandong Huasheng Energy Co., Ltd.	Fund lending	198,204,652.26	Within 1 year	24.01	
Anyang Beifang Shengli Gas Co., Ltd.	Fund lending	121,907,119.12	Within 1 year	14.76	
Chongqing Hengrongda Technology Co., Ltd.	Fund lending	93,405,043.54	Within 1 year	11.31	
Shandong Shengli Energy Co., Ltd.	Fund lending	49,599,229.37	Within 1 year	6.01	
Heze Shengli Natural Gas Co., Ltd.	Fund lending	49,566,078.80	Within 1 year	6.00	
<b>Total</b>		<b>512,682,123.09</b>		<b>62.09</b>	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (3) Long-term equity investments

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Investment in subsidiaries	2,673,911,741.86		2,673,911,741.86	2,689,833,830.75		2,689,833,830.75
Investment in associates	766,561,351.01	30,387,267.77	736,174,083.24	771,370,065.25	30,387,267.77	740,982,797.48
<b>Total</b>	<b>3,440,473,092.87</b>	<b>30,387,267.77</b>	<b>3,410,085,825.10</b>	<b>3,461,203,896.00</b>	<b>30,387,267.77</b>	<b>3,430,816,628.23</b>

### 1. Long-term equity investments

#### (1) Investment in subsidiaries

Investee	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance	Impairment	Closing balance
					provision made in the current period	of impairment provision
Shaanxi Huashan Shengbang Plastic Co., Ltd.	29,579,999.99			29,579,999.99		
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	4,700,000.00			4,700,000.00		
Shandong Shengbang Plastic Co., Ltd.	120,003,708.73			120,003,708.73		
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	161,132,057.99			161,132,057.99		
Shandong Shengli Import & Export Co., Ltd.	20,000,000.00			20,000,000.00		
Shandong Lihuasheng Energy Co., Ltd.	100,000,000.00			100,000,000.00		
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	40,500,000.00			40,500,000.00		
Shandong Shengli Energy Co., Ltd.	20,000,000.00			20,000,000.00		
Heze Shengli Natural Gas Co., Ltd.	49,080,000.00			49,080,000.00		
Dezhou Shengli Natural Gas Co., Ltd.	14,440,000.00			14,440,000.00		
Linyi Shengli Energy Co., Ltd.	8,600,000.00			8,600,000.00		
Tai'an Shengli Energy Co., Ltd.	1,020,000.00			1,020,000.00		
Weifang Shengli Natural Gas Co., Ltd.	9,000,000.00			9,000,000.00		
Binzhou Shengli Natural Gas Co., Ltd.	8,829,900.00		8,829,900.00			
Jinan Tianchen Energy Investment Co., Ltd.	10,092,188.89		10,092,188.89			
Shandong Longyu Shengli Energy Co., Ltd.	17,250,000.00			17,250,000.00		
Dong'e County Dongtai Gas Co., Ltd.	236,469,997.44			236,469,997.44		
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	89,627,597.80			89,627,597.80		
Qingdao Runhao Natural Gas Co., Ltd.	90,955,734.61			90,955,734.61		
Shandong Lihuasheng Transportation Co., Ltd.	20,000,000.00			20,000,000.00		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Investee	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance	Impairment provision made in the current period	Closing balance of impairment provision
Shandong Qinglin Taifeng Trading Co., Ltd.	11,232,000.00			11,232,000.00		
Bazhou Shengli Shunda Gas Co., Ltd.	165,750,000.00			165,750,000.00		
Dalian Shengyi New Energy Development Co., Ltd.	66,756,400.00			66,756,400.00		
Zibo Lvchuan Gas Co., Ltd.	127,688,431.80			127,688,431.80		
Anyang Beifang Shengli Gas Co., Ltd.	66,600,000.00			66,600,000.00		
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	103,000,000.00			103,000,000.00		
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	170,000,000.00			170,000,000.00		
Tianjin Hengrongda Technology Co., Ltd.	44,875,957.50			44,875,957.50		
Chongqing Shengbang Gas Co., Ltd.	663,800,000.00			663,800,000.00		
Weihai Shengli Huachang Gas Co., Ltd.	49,480,300.00			49,480,300.00		
Qingdao Shengxin Meijiuhui Co., Ltd.	900,000.00			900,000.00		
Puyang County Boyuan Natural Gas Co., Ltd.	89,250,000.00			89,250,000.00		
Qingdao Shengxin Hengchang Trading Co., Ltd.	79,219,556.00			79,219,556.00		
Shandong Shengbang Industrial Investment Co., Ltd.		3,000,000.00		3,000,000.00		
<b>Total</b>	<b>2,689,833,830.75</b>	<b>3,000,000.00</b>	<b>18,922,088.89</b>	<b>2,673,911,741.86</b>		

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Investment in associates and joint ventures

Investee	Increase/decrease in the current period					Closing balance of impairment provision
	Opening Balance	Investment income/loss recognised under the equity method	Other equity changes	Cash dividends or profits declared	Closing Balance	
Associates						
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	238,123,878.35	-144,632.38			237,979,245.97	
Shandong Shengli Bioengineering Co., Ltd.	250,830,815.91	5,486,790.29	402,261.90	13,931,952.91	242,787,915.19	
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	54,001,280.23	5,485,084.59	1,213,961.67		60,700,326.49	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	54,502,224.25	2,710,915.55		3,240,000.00	53,973,139.80	4,518,749.50
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	143,524,598.74	7,480,902.61	-593,626.60	9,678,418.96	140,733,455.79	25,868,518.27
<b>Total</b>	<b>740,982,797.48</b>	<b>21,019,060.66</b>	<b>1,022,596.97</b>	<b>26,850,371.87</b>	<b>736,174,083.24</b>	<b>30,387,267.77</b>

### (4) Operating revenue and operating cost

#### 1. Operating revenue and operating cost

Item	Current Period Amount		Prior Period Amount	
	Revenue	Cost	Revenue	Cost
Main business revenue	82,407,600.14	82,026,037.26	66,872,730.10	65,419,286.00
Other business revenue	10,784,967.25		15,603,558.92	
<b>Total</b>	<b>93,192,567.39</b>	<b>82,026,037.26</b>	<b>82,476,289.02</b>	<b>65,419,286.00</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Breakdown of operating revenue and operating cost**

Revenue category	Equipment and material manufacturing business segment	
	Operating revenue	Operating cost
By business type		
Equipment and material production and sales business	82,407,600.14	82,026,037.26
Other businesses	10,784,967.25	
<b>Total</b>	93,192,567.39	82,026,037.26
By timing of transfer of goods recognised at a point in time	93,192,567.39	82,026,037.26

**(5) Investment income**

Item	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments accounted for using the cost method	316,468,204.18	66,471,339.01
Investment income from long-term equity investments accounted for using the equity method	21,019,060.66	37,767,390.21
Investment income from the disposal of long-term equity investments	-4,478,739.87	
Investment income from the transfer of creditor's rights	6,454,225.83	
<b>Total</b>	<b>339,462,750.80</b>	<b>104,238,729.22</b>

**XVII. SUPPLEMENTARY INFORMATION**

**(1) Detailed statement of non-recurring profit or loss for the current period**

Item	Amount for the current period	Amount for the prior period	
		Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets, including the written-off portion of asset impairment provisions already made	10,787,015.58	3,532,772.64	3,532,772.64
2. Government grants included in profit or loss for the current period, excluding those closely related to the Company's normal business operations, compliant with national policies, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	22,931,354.16	16,368,181.41	16,368,181.41
3. Fees for the use of funds charged to non-financial enterprises and included in profit or loss for the current period	5,837,193.83	7,513,259.69	7,513,259.69
4. Reversal of impairment provision for receivables tested for impairment individually	5,853,856.15		
5. Gain or loss arising from changes in the fair value of investment properties subsequently measured using the fair value model	-228,010.00	-152,007.00	-152,007.00
6. Other non-operating income and expenses	-1,313,820.64	-2,074,969.10	-2,074,969.10
7. Other profit or loss items that meet the definition of non-recurring profit or loss (Note)	6,454,225.83		
Less: Impact of income tax	8,175,573.81	3,158,405.24	3,158,405.24
Impact on non-controlling interests (after tax)	12,428,923.55	4,682,048.26	4,682,048.26
<b>Total</b>	<b>29,717,317.55</b>	<b>17,346,784.14</b>	<b>17,346,784.14</b>

Note: Other profit or loss items that meet the definition of non-recurring profit or loss refer to the investment income generated from the Company's transfer of creditor's rights of Qingdao General Plastics Co., Ltd. For details, see "V. (V) 1. (2)" Other receivables.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(2) Return on net assets and earnings per share**

Profit for the reporting period	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Net profit attributable to ordinary shareholders of the Company	5.46	5.72	0.17	0.17	0.17	0.17
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	4.40	5.07	0.14	0.15	0.14	0.15

Shandong Shengli Co., Ltd.  
21 March 2024

# Shandong Shengli Co., Ltd.

## Audit Report

Da Xin Shen Zi [2025] No. 3-00153

大信會計師事務所（特殊普通合夥）  
WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.



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## AUDIT REPORT

Da Xin Shen Zi [2025] No. 3-00153

To the shareholders of Shandong Shengli Co., Ltd.:

### I. AUDIT OPINION

We have audited the financial statements of Shandong Shengli Co., Ltd. (“the Company”), which comprise the consolidated and parent company balance sheets as at 31 December 2024, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of the Company as at 31 December 2024, and its consolidated and parent company operating results and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled our other ethical responsibilities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period’s financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**(1) Goodwill Impairment*****1. Description of the Matter***

As described in Note V (18) to the financial statements, as of 31 December 2024, the original book value of the Company's goodwill was RMB 1,334,839,600, with an impairment provision of RMB 140,869,300. Goodwill is material to the financial statements as a whole. As described in Note III (22) to the financial statements, goodwill arising from a business combination shall be tested for impairment at least annually, regardless of whether there is any indication of impairment. Due to the complexity of the goodwill impairment testing process, which requires significant judgment and assumptions from management, particularly in determining parameters such as the discount rate, future sales growth rates, and gross profit margins, and considering the materiality of goodwill to the financial statements as a whole, we have identified the goodwill impairment test as a key audit matter.

***2. Audit Response***

Our main audit procedures regarding goodwill impairment included:

- (1) Understanding and evaluating the design and operating effectiveness of the Company's key internal controls related to goodwill impairment;
- (2) Assessing the appropriateness of the impairment testing method and evaluating the reasonableness of the assumptions and methods used by management in estimating the recoverable amount of each asset group;
- (3) In conjunction with an analysis of the industry in which the target asset group operates, evaluating and reviewing the reasonableness of the significant estimates and judgments used by management in forecasting the present value of future cash flows in the impairment test;
- (4) Evaluating the competence, professional qualifications, and objectivity of the external valuation firm engaged by the Company;
- (5) Verifying the computational accuracy of the goodwill impairment testing model;
- (6) Assessing the reliability and historical accuracy of management's forecasting process by comparing the previous year's performance forecasts with the current year's actual results.

**(2) Revenue Recognition****1. Description of the Matter**

As described in Note V (42) to the financial statements, the Company's operating revenue for 2024 was RMB 4,225,821,800, primarily including revenue from gas sales and equipment and material sales. Operating revenue is one of the company's key performance indicators, and the revenue recognition process is relatively complex. Therefore, we have identified revenue recognition as a key audit matter.

**2. Audit Response**

Our main audit procedures regarding revenue recognition included the following:

- (1) Understanding and testing the design and operating effectiveness of the Company's key internal controls related to the sales cycle;
- (2) Understanding and evaluating whether the principles, methods, and specific timing of revenue recognition comply with the provisions of the Accounting Standards for Business Enterprises, and assessing the reasonableness of the accounting policies related to revenue recognition;
- (3) Sampling significant sales contracts to identify contract terms related to the transfer of risks and rewards of ownership of goods, and evaluating whether the revenue recognition accounting policy complies with the requirements of the Accounting Standards for Business Enterprises;
- (4) Analyzing sales revenue, including gross profit margin analysis, gas loss analysis, and engineering cost analysis, to check for any anomalies in the current period's sales revenue;
- (5) Performing detailed tests on sales revenue, including examining gas contracts, gas volume settlement sheets, meter reading records, payment receipts, etc.; examining gas supporting engineering contracts, material requisition forms, engineering settlement sheets, engineering acceptance reports; conducting on-site visits for important projects; and checking customer receipts, among other procedures;
- (6) Performing confirmation procedures with major customers to assess the authenticity and completeness of revenue recognition.

**IV. OTHER INFORMATION**

The management of the Company (“Management”) is responsible for the other information. The other information comprises the information included in the Company’s 2024 annual report, but does not include the financial statements and our auditor’s report.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard, we have nothing to report.

**V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing, and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Governance is responsible for overseeing the Company’s financial reporting process.

**VI. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

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In conducting our audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following work:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of report users to the relevant disclosures in the financial statements in the audit report; if the disclosures are inadequate, we should issue a modified opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (5) Evaluate the overall presentation, structure, and content of the financial statements, and evaluate whether the financial statements fairly present the relevant transactions and events.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit and assume full responsibility for the audit opinion.

We communicate with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant internal control deficiencies that we identify during our audit.

We also provide governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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From the matters communicated with governance, we determine those matters that were of most significance in the audit of the current period's financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibits public disclosure of these matters, or in extremely rare circumstances, if we reasonably expect that the negative consequences of communicating a matter in our audit report would outweigh the public interest benefits, we determine that the matter should not be communicated in the audit report.

WUYIGE CERTIFIED PUBLIC  
ACCOUNTANTS LLP.

Beijing, China

Chinese Certified Public Accountant:  
Shen Wensheng (Engagement Partner)

Chinese Certified Public Accountant:  
Xiao Fujian

20 March 2025

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2024

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances	V, (1)	813,748,845.46	767,181,066.07
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	V, (2)	453,795,336.50	414,929,004.86
Receivables financing	V, (4)	41,988,463.18	61,560,493.21
Prepayments	V, (5)	177,319,774.75	183,604,269.00
Other receivables	V, (6)	201,800,329.08	18,120,364.53
Of which: Interest receivable			
Dividends receivable		172,398,288.69	
Inventories	V, (7)	399,539,931.27	395,096,881.45
Of which: Data resources			
Contract assets	V, (3)	16,083,027.36	15,132,983.21
Assets held for sale			
Non-current assets due within one year	V, (8)	509,282.19	1,681,928.76
Other current assets	V, (9)	13,267,297.62	11,135,669.10
<b>Total current assets</b>		<b>2,118,052,287.41</b>	<b>1,868,442,660.19</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables	V, (10)	37,259,571.08	90,601,523.95
Long-term equity investments	V, (11)	546,964,758.78	1,031,236,864.78
Investments in other equity instruments	V, (12)	275,726,325.64	259,662,189.07
Other non-current financial assets			
Investment properties	V, (13)	69,877,618.40	71,063,273.00
Fixed assets	V, (14)	1,975,872,755.15	1,968,645,841.31
Construction in progress	V, (15)	85,092,293.04	118,113,041.46
Productive biological assets			
Oil and gas properties			
Right-of-use assets	V, (16)	45,855,479.47	52,324,525.47

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Intangible assets	V, (17)	122,045,903.67	126,562,939.91
Of which: Data resources			
Development expenditures			
Of which: Data resources			
Goodwill	V, (18)	1,193,970,307.77	1,195,433,322.60
Long-term deferred expenses	V, (19)	12,516,504.22	12,214,204.14
Deferred tax assets	V, (20)	148,457,961.83	145,616,965.03
Other non-current assets	V, (21)	15,354,588.00	16,163,502.74
<b>Total non-current assets</b>		<u>4,528,994,067.05</u>	<u>5,087,638,193.46</u>
<b>Total assets</b>		<u><u>6,647,046,354.46</u></u>	<u><u>6,956,080,853.65</u></u>
<b>Current liabilities:</b>			
Short-term borrowings	V, (23)	838,531,231.62	1,165,715,310.12
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	V, (24)	517,800,000.00	354,100,000.00
Accounts payable	V, (25)	312,484,999.01	394,518,654.51
Receipts in advance			
Contract liabilities	V, (26)	682,361,514.62	598,043,343.91
Employee benefits payable	V, (27)	40,659,504.10	46,150,806.94
Taxes payable	V, (28)	30,031,101.19	36,160,473.74
Other payables	V, (29)	40,087,837.58	43,847,420.14
Of which: Interest payable			
Dividends payable		5,215,429.86	5,215,429.86
Liabilities held for sale			
Non-current liabilities due within one year	V, (30)	262,357,091.39	320,391,956.98
Other current liabilities	V, (31)	63,019,071.16	49,660,525.29
<b>Total current liabilities</b>		<u><u>2,787,332,350.67</u></u>	<u><u>3,008,588,491.63</u></u>
<b>Non-current liabilities:</b>			
Long-term borrowings	V, (32)	355,345,000.32	429,976,827.72
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities	V, (33)	48,309,965.57	54,029,665.49
Long-term payables	V, (34)		60,000,000.00
Long-term employee benefits payable			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Item	<i>Notes</i>	Closing Balance	Opening Balance
Provisions			
Deferred income	V, (35)	10,124,255.69	10,807,487.21
Deferred tax liabilities	V, (20)	138,964,288.33	139,790,477.55
Other non-current liabilities			
<b>Total non-current liabilities</b>		552,743,509.91	694,604,457.97
<b>Total liabilities</b>		3,340,075,860.58	3,703,192,949.60
<b>Shareholders' equity:</b>			
Share capital	V, (36)	880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve	V, (37)	955,534,643.47	953,541,213.20
Less: Treasury shares			
Other comprehensive income	V, (38)	59,983,648.64	58,255,898.48
Special reserve	V, (39)	14,372,520.80	12,844,021.69
Surplus reserve	V, (40)	204,172,356.70	192,338,710.89
Retained earnings	V, (41)	843,887,505.84	786,884,239.23
<b>Total equity attributable to shareholders of the parent company</b>		2,958,035,331.45	2,883,948,739.49
Non-controlling interests		348,935,162.43	368,939,164.56
<b>Total shareholders' equity</b>		3,306,970,493.88	3,252,887,904.05
<b>Total liabilities and shareholders' equity</b>		6,647,046,354.46	6,956,080,853.65

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2024

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances		352,543,256.50	234,132,125.05
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVI, (1)	39,539,003.48	34,706,521.99
Receivables financing		9,327,525.93	17,793,283.43
Prepayments		857,918.26	202,045.92
Other receivables	XVI, (2)	835,548,647.94	843,818,263.65
Of which: Interest receivable			
Dividends receivable		63,124,932.25	60,254,882.79
Inventories		373,306.43	699,378.95
Of which: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		509,282.19	1,681,928.76
Other current assets		1,660,297.01	1,155,313.50
<b>Total current assets</b>		<b><u>1,240,359,237.74</u></b>	<b><u>1,134,188,861.25</u></b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		23,934,441.72	77,980,943.27
Long-term equity investments	XVI, (3)	3,181,410,520.11	3,410,085,825.10
Investments in other equity instruments		423,125.64	293,017.01
Other non-current financial assets			
Investment properties			
Fixed assets		25,019,363.95	26,239,889.01
Construction in progress		16,166,824.55	197,389.38
Productive biological assets			
Oil and gas properties			
Right-of-use assets			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Item	<i>Notes</i>	Closing Balance	Opening Balance
Intangible assets		3,419,867.84	3,676,750.09
Of which: Data resources			
Development expenditures			
Of which: Data resources			
Goodwill			
Long-term deferred expenses		1,242,278.48	676,561.01
Deferred tax assets		98,625,852.23	100,187,262.91
Other non-current assets			
<b>Total non-current assets</b>		<u>3,350,242,274.52</u>	<u>3,619,337,637.78</u>
<b>Total assets</b>		<u>4,590,601,512.26</u>	<u>4,753,526,499.03</u>
<b>Current liabilities:</b>			
Short-term borrowings		267,301,430.56	498,634,175.56
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		437,800,000.00	250,000,000.00
Accounts payable		10,228,720.76	79,698,909.17
Receipts in advance			
Contract liabilities		544,625.13	504,067.29
Employee benefits payable		2,959,939.23	1,717,967.60
Taxes payable		292,092.11	193,995.95
Other payables		894,325,926.48	915,474,738.60
Of which: Interest payable			
Dividends payable		1,497,902.15	1,497,902.15
Liabilities held for sale			
Non-current liabilities due within one year		92,950,195.39	87,020,033.46
Other current liabilities		70,801.27	45,875.09
<b>Total current liabilities</b>		<u>1,706,473,730.93</u>	<u>1,833,289,762.72</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		159,392,749.99	198,873,215.83
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			60,000,000.00
Long-term employee benefits payable			

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Provisions			
Deferred income			
Deferred tax liabilities			8,757,915.85
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>159,392,749.99</u>	<u>267,631,131.68</u>
<b>Total liabilities</b>		<u>1,865,866,480.92</u>	<u>2,100,920,894.40</u>
<b>Shareholders' equity:</b>			
Share capital		880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve		1,034,013,082.20	1,032,019,651.93
Less: Treasury shares			
Other comprehensive income		-19,108,799.57	-19,238,908.20
Special reserve		153,620.45	79,534.62
Surplus reserve		203,747,347.00	191,913,701.19
Retained earnings		<u>625,845,125.26</u>	<u>567,746,969.09</u>
Total shareholders' equity		<u>2,724,735,031.34</u>	<u>2,652,605,604.63</u>
Total liabilities and shareholders' equity		<u>4,590,601,512.26</u>	<u>4,753,526,499.03</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Income Statement

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	V, (42)	4,225,821,777.57	4,677,169,179.62
Less: Operating cost	V, (42)	3,543,211,543.99	3,927,519,991.93
Taxes and surcharges	V, (43)	12,803,531.91	14,159,629.03
Selling expenses	V, (44)	237,044,560.03	236,362,916.43
Administrative expenses	V, (45)	128,896,491.83	130,350,437.11
R&D expenses	V, (46)	54,183,246.05	51,543,248.72
Finance costs	V, (47)	82,226,848.29	108,014,743.50
Of which: Interest expense		91,152,703.03	115,285,993.49
Interest income		12,541,066.80	18,521,852.38
Add: Other income	V, (48)	7,773,548.31	25,190,317.54
Investment income (loss is indicated by “—”)	V, (49)	33,699,891.21	42,650,470.16
Of which: Investment income from associates and joint ventures		11,960,017.25	20,974,494.22
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “—”)			
Gain on changes in fair value (loss is indicated by “—”)	V, (50)	-1,185,654.60	-228,010.00
Credit impairment loss (loss is indicated by “—”)	V, (51)	-20,682,306.24	2,022,505.52
Asset impairment loss (loss is indicated by “—”)	V, (52)	-1,996,521.34	-1,428,031.30
Gain on disposal of assets (loss is indicated by “—”)	V, (53)	2,586,824.35	5,396,547.28
<b>II. Operating Profit (loss is indicated by “—”)</b>		187,651,337.16	282,822,012.10
Add: Non-operating income	V, (54)	5,295,398.70	5,914,199.42
Less: Non-operating expenses	V, (55)	4,890,371.61	7,292,801.87
<b>III. Total Profit (total loss is indicated by “—”)</b>		188,056,364.25	281,443,409.65
Less: Income tax expense	V, (56)	49,045,668.01	67,805,134.41
<b>IV. Net Profit (net loss is indicated by “—”)</b>		139,010,696.24	213,638,275.24
(1) By operating continuity:			
1. Net profit from continuing operations (net loss is indicated by “—”)		139,010,696.24	213,638,275.24
2. Net profit from discontinued operations (net loss is indicated by “—”)			
(2) By ownership:			
1. Net profit attributable to shareholders of the parent company (net loss is indicated by “—”)		117,241,568.50	153,392,954.89
2. Profit or loss attributable to non-controlling interests (net loss is indicated by “—”)		21,769,127.74	60,245,320.35

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		1,673,629.58	20,505,856.81
(1) Other comprehensive income, net of tax, attributable to shareholders of the parent company		1,727,750.16	19,534,784.79
1. Other comprehensive income that cannot be reclassified to profit or loss		1,727,750.16	19,534,784.79
(1) Changes arising from the remeasurement of defined benefit plans			
(2) Other comprehensive income under the equity method that will not be reclassified to profit or loss			
(3) Changes in fair value of investments in other equity instruments	V, (57)	1,727,750.16	19,534,784.79
(4) Changes in fair value attributable to own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income under the equity method that may be reclassified to profit or loss			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
(6) Currency translation differences			
(7) Others			
(2) Other comprehensive income, net of tax, attributable to non-controlling interests		-54,120.58	971,072.02
<b>VI. Total Comprehensive Income</b>		140,684,325.82	234,144,132.05
(1) Total comprehensive income attributable to shareholders of the parent company		118,969,318.66	172,927,739.68
(2) Total comprehensive income attributable to non-controlling shareholders		21,715,007.16	61,216,392.37
<b>VII. Earnings per share</b>			
(1) Basic earnings per share		0.13	0.17
(2) Diluted earnings per share		0.13	0.17

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Income Statement

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	XVI, (4)	89,224,885.14	93,192,567.39
Less: Operating cost	XVI, (4)	70,260,616.28	82,026,037.26
Taxes and surcharges		333,515.50	629,686.99
Selling expenses			94,571.20
Administrative expenses		28,597,716.19	29,617,879.44
R&D expenses			2,676,591.40
Finance costs		11,643,426.42	38,588,441.32
Of which: Interest expense		19,896,099.83	48,042,025.88
Interest income		9,231,791.12	17,716,458.62
Add: Other income		509,192.83	285,818.17
Investment income (loss is indicated by “—”)	XVI, (5)	127,184,545.84	339,462,750.80
Of which: Investment income from associates and joint ventures		14,012,278.82	21,019,060.66
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “—”)			
Gain on changes in fair value (loss is indicated by “—”)			
Credit impairment loss (loss is indicated by “—”)		6,245,642.71	7,955,945.91
Asset impairment loss (loss is indicated by “—”)			
Gain on disposal of assets (loss is indicated by “—”)		16,216.36	36,391.58
<b>II. Operating Profit (loss is indicated by “—”)</b>		109,574,045.89	290,071,428.84
Add: Non-operating income		1,567,583.41	3,437,913.67
Less: Non-operating expenses		1,676.41	2,252,814.44
<b>III. Total Profit (total loss is indicated by “—”)</b>		111,139,952.89	291,256,528.07
Less: Income tax expense		-7,196,505.17	3,436,888.36
<b>IV. Net Profit (net loss is indicated by “—”)</b>		118,336,458.06	287,819,639.71
(1) Net profit from continuing operations (net loss is indicated by “—”)		118,336,458.06	287,819,639.71
(2) Net profit from discontinued operations (net loss is indicated by “—”)			

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		130,108.63	-73,401.07
(1) Other comprehensive income that cannot be reclassified to profit or loss		130,108.63	-73,401.07
1. Changes arising from the remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		130,108.63	-73,401.07
4. Changes in fair value attributable to own credit risk			
(2) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provision for other debt investments			
5. Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
6. Foreign currency financial statement translation differences			
7. Others			
<b>VI. Total Comprehensive Income</b>		118,466,566.69	287,746,238.64

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		4,570,275,776.44	5,010,874,700.11
Tax refunds received		1,532,424.41	11,806,276.19
Cash received relating to other operating activities	V, (58)	18,450,933.47	43,773,056.02
<b>Subtotal of cash inflows from operating activities</b>		<b>4,590,259,134.32</b>	<b>5,066,454,032.32</b>
Cash paid for goods and services		3,786,924,526.97	4,095,509,844.31
Cash paid to and on behalf of employees		217,241,934.89	224,533,769.79
Taxes and levies paid		124,539,950.49	120,522,703.18
Cash paid relating to other operating activities	V, (58)	143,783,016.96	149,958,518.67
<b>Subtotal of cash outflows from operating activities</b>		<b>4,272,489,429.31</b>	<b>4,590,524,835.95</b>
Net cash flows from operating activities		317,769,705.01	475,929,196.37
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments			
Cash received from investment income		234,865,655.90	36,616,871.87
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,728,487.57	9,655,856.61
Net cash received from disposal of subsidiaries and other business units		17,602,175.97	6,162,803.27
Cash received relating to other investing activities	V, (58)	64,451,353.43	47,393,338.41
<b>Subtotal of cash inflows from investing activities</b>		<b>320,647,672.87</b>	<b>99,828,870.16</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		95,675,394.99	121,127,908.17
Cash paid for investments		13,876,000.00	84,485,900.00
Net cash paid to acquire subsidiaries and other business units		600,000.00	43,625,000.00
Cash paid relating to other investing activities	V, (58)		10,000,000.00
<b>Subtotal of cash outflows from investing activities</b>		<b>120,151,394.99</b>	<b>249,238,808.17</b>
Net cash flows from investing activities		200,496,277.88	-149,409,938.01

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Of which: Cash received by subsidiaries from investments by non-controlling shareholders			
Cash received from borrowings		1,155,872,950.30	2,228,542,447.06
Cash received relating to other financing activities	V, (58)	93,460,970.58	93,427,971.72
<b>Subtotal of cash inflows from financing activities</b>		1,249,333,920.88	2,321,970,418.78
Cash paid to repay debts		1,611,521,681.02	2,246,277,635.56
Cash paid for distribution of dividends, profits or payment of interest		178,791,137.95	192,389,214.13
Of which: Dividends and profits paid by subsidiaries to non-controlling shareholders		36,317,643.30	58,963,309.36
Cash paid relating to other financing activities	V, (58)	8,955,232.66	18,066,608.37
<b>Subtotal of cash outflows from financing activities</b>		1,799,268,051.63	2,456,733,458.06
Net cash flows from financing activities		-549,934,130.75	-134,763,039.28
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		-31,668,147.86	191,756,219.08
Add: Balance of cash and cash equivalents at the beginning of the period		549,546,662.65	357,790,443.57
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		517,878,514.79	549,546,662.65

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		323,335,692.81	389,593,065.38
Tax refunds received			
Cash received relating to other operating activities		1,134,970.17	534,187.18
<b>Subtotal of cash inflows from operating activities</b>		<b>324,470,662.98</b>	<b>390,127,252.56</b>
Cash paid for goods and services		348,209,501.38	367,018,453.66
Cash paid to and on behalf of employees		20,204,666.77	19,506,199.42
Taxes and levies paid		344,406.90	2,529,999.98
Cash paid relating to other operating activities		19,065,370.35	10,848,687.73
<b>Subtotal of cash outflows from operating activities</b>		<b>387,823,945.40</b>	<b>399,903,340.79</b>
Net cash flows from operating activities		-63,353,282.42	-9,776,088.23
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments		13,820,000.00	14,443,349.02
Cash received from investment income		265,691,902.75	276,949,636.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		46,400.00	58,000.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		64,451,353.43	47,393,338.41
<b>Subtotal of cash inflows from investing activities</b>		<b>344,009,656.18</b>	<b>338,844,324.04</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		18,973,020.43	303,910.90
Cash paid for investments		600,000.00	46,625,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>19,573,020.43</b>	<b>46,928,910.90</b>
Net cash flows from investing activities		324,436,635.75	291,915,413.14

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Cash received from borrowings		458,000,000.00	1,142,300,000.00
Cash received relating to other financing activities		68,342,439.44	174,005,886.63
<b>Subtotal of cash inflows from financing activities</b>		526,342,439.44	1,316,305,886.63
Cash paid to repay debts		719,471,802.90	1,369,514,301.04
Cash paid for distribution of dividends, profits or payment of interest		56,970,499.87	58,151,005.62
Cash paid relating to other financing activities		13,695,811.60	130,283,573.63
<b>Subtotal of cash outflows from financing activities</b>		790,138,114.37	1,557,948,880.29
Net cash flows from financing activities		-263,795,674.93	-241,642,993.66
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		-2,712,321.60	40,496,331.25
Add: Balance of cash and cash equivalents at the beginning of the period		132,841,912.31	92,345,581.06
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		130,129,590.71	132,841,912.31

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Current Period										Total shareholders' equity		
	Equity attributable to shareholders of the parent company												
	Share capital	Other equity instruments			Capital reserve	Treasury shares	Less: comprehensive income	Special reserve	Surplus reserve	Retained earnings		Subtotal	Non-controlling interests
		Preferred shares	Perpetual bonds	Others									
<b>I. Balance at the end of the previous year</b>	880,084,656.00			953,541,213.20		58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05	
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			953,541,213.20		58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05	
<b>III. Increase/decrease in the current period (decrease is indicated by “-”)</b>				1,993,430.27		1,727,750.16	1,528,499.11	11,833,645.81	57,003,266.61	74,086,591.96	-20,004,002.13	54,082,589.83	
(1) Total comprehensive income						1,727,750.16				117,241,568.50	118,969,318.66	140,684,325.82	
(2) Capital contributed and reduced by shareholders											-5,852,320.08	-5,852,320.08	
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others											-5,852,320.08	-5,852,320.08	
(3) Profit distribution								11,833,645.81	-60,238,301.89	-48,404,656.08	-36,317,643.30	-84,722,299.38	
1. Appropriation to surplus reserve								11,833,645.81	-11,833,645.81				
2. Distribution to shareholders									-48,404,656.08	-48,404,656.08	-36,317,643.30	-84,722,299.38	
3. Others													
(4) Internal transfer of shareholders' equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(5) Special reserve							1,528,499.11			1,528,499.11	450,954.09	1,979,453.20	
1. Appropriation for the current period							27,057,513.94			27,057,513.94	9,095,784.06	36,153,298.00	
2. Use in the current period							25,529,014.83			25,529,014.83	8,644,829.97	34,173,844.80	
(6) Others							1,993,430.27			1,993,430.27		1,993,430.27	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			955,534,643.47		59,983,648.64	14,372,520.80	204,172,356.70	843,887,505.84	2,958,035,331.45	348,935,162.43	3,306,970,493.88	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Equity attributable to shareholders of the parent company										Total shareholders' equity		
	Share capital	Other equity instruments			Capital reserve	Prior Period		Special reserve	Surplus reserve	Retained earnings		Subtotal	Non-controlling interests
						Less:	Other						
						Treasury shares	comprehensive income						
Preferred shares	Perpetual bonds	Others											
<b>I. Balance at the end of the previous year</b>	880,084,656.00				952,518,616.23	38,721,113.69	13,673,508.17	163,556,746.92	678,841,985.44	2,727,396,626.45	368,120,579.09	3,095,517,205.54	
Add: Changes in accounting policies									1,032,955.99	1,032,955.99	822,793.86		
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00				952,518,616.23	38,721,113.69	13,673,508.17	163,556,746.92	679,874,941.43	2,728,429,582.44	367,910,416.96	3,096,339,999.40	
<b>III. Increase/decrease in the current period (decrease is indicated by “-”)</b>					1,022,596.97	19,534,784.79	-829,486.48	28,781,963.97	107,009,297.80	155,519,157.05	1,028,747.60	156,547,904.65	
(1) Total comprehensive income						19,534,784.79				153,392,954.89	61,216,392.37	234,144,132.05	
(2) Capital contributed and reduced by shareholders								28,781,963.97		-28,781,963.97	8,138,163.38	8,138,163.38	
1. Ordinary shares contributed by shareholders								28,781,963.97		-28,781,963.97	7,600,000.00	7,600,000.00	
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others											538,163.38	538,163.38	
(3) Profit distribution									-17,601,693.12	-17,601,693.12	-66,070,724.49	-83,672,417.61	
1. Appropriation to surplus reserve													
2. Distribution to shareholders													
3. Others													
(4) Internal transfer of shareholders' equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(5) Special reserve							-829,486.48		-829,486.48	-2,255,083.66	-3,084,570.14		
1. Appropriation for the current period							24,820,415.49		24,820,415.49	10,155,076.29	34,975,491.78		
2. Use in the current period							25,649,901.97		25,649,901.97	12,410,159.95	38,060,061.92		
(6) Others					1,022,596.97					1,022,596.97		1,022,596.97	
<b>IV. Balance at the end of the current period</b>	880,084,656.00				953,541,213.20	58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Share capital	Current Period					Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity	
		Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income					
		Preferred shares	Perpetual bonds								Others
<b>I. Balance at the end of the previous year</b>	880,084,656.00			1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63	
<b>III. Increase/decrease in the current period (decrease is indicated by "—")</b>				1,993,430.27		130,108.63	74,085.83	11,833,645.81	58,098,156.17	72,129,426.71	
(1) Total comprehensive income						130,108.63			118,336,458.06	118,466,566.69	
(2) Capital contributed and reduced by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											
(3) Profit distribution								11,833,645.81	-60,238,301.89	-48,404,656.08	
1. Appropriation to surplus reserve								11,833,645.81	-11,833,645.81		
2. Distribution to shareholders									-48,404,656.08	-48,404,656.08	
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve							74,085.83			74,085.83	
1. Appropriation for the current period							625,777.02			625,777.02	
2. Use in the current period							551,691.19			551,691.19	
(6) Others				1,993,430.27						1,993,430.27	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			1,034,013,082.20		-19,108,799.57	153,620.45	203,747,347.00	625,845,125.26	2,724,735,031.34	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2024

Unit: RMB

Item	Share capital	Other equity instruments			Prior Period			Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income				
<b>I. Balance at the end of the previous year</b>	880,084,656.00				1,030,997,054.96		-19,165,507.13	163,131,737.22	326,310,986.47	2,381,358,927.52	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00				1,030,997,054.96		-19,165,507.13	163,131,737.22	326,310,986.47	2,381,358,927.52	
<b>III. Increase/decrease in the current period (decrease is indicated by "—")</b>					1,022,596.97		-73,401.07	79,534.62	28,781,963.97	241,435,982.62	
(1) Total comprehensive income							-73,401.07			287,746,238.64	
(2) Capital contributed and reduced by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											
(3) Profit distribution									28,781,963.97	-46,383,657.09	
1. Appropriation to surplus reserve									28,781,963.97	-28,781,963.97	
2. Distribution to shareholders										-17,601,693.12	
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve								79,534.62			
1. Appropriation for the current period								182,955.34		182,955.34	
2. Use in the current period								103,420.72		103,420.72	
(6) Others					1,022,596.97					1,022,596.97	
<b>IV. Balance at the end of the current period</b>	880,084,656.00				1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63

**Notes to the Financial Statements of Shandong Shengli Co., Ltd.**

(Unless otherwise specified, the amounts in these notes are denominated in RMB)

**I. BASIC INFORMATION OF THE ENTERPRISE****(1) Registered and Head Office Address of the Enterprise**

Shandong Shengli Co., Ltd. (“**the Company**”) was established as a joint-stock limited company exclusively initiated by Shandong Shengli Group Corporation, approved by the Shandong Provincial Commission for Economic Restructuring on 8 February 1994 with document Lu Ti Gai Sheng Zi (1994) No. 39, and formally founded on 26 April 1994 with the reply document Lu Ti Gai Sheng Zi (1994) No. 103. The Company’s A-shares were listed on the Shenzhen Stock Exchange on 3 July 1996, with the stock abbreviation “Shandong Shengli”, a share capital of 880,084,656.00 shares, and the stock code 000407.

The Company’s unified social credit code is 91370000163074944M.

Registered and head office address: 32nd Floor, Block B, Building 1, Jinan Pharma Valley, North Section of Gangxing 3rd Road, High-tech Zone, Jinan City, Shandong Province.

**(2) Main Business Activities Actually Engaged in by the Enterprise**

The Company’s principal industry and key development focus is the natural gas industry, supplemented by its business in natural gas equipment manufacturing. The natural gas industry is actively developing in areas such as urban gas, transportation, mid- and upstream business, and innovative value-added services, providing clean energy services such as natural gas to industrial, commercial, and residential customers. The company’s natural gas equipment manufacturing business focuses on the research, production, sales, and installation of plastic products. It is one of the earliest polyethylene pipe manufacturers in China and a participant in the formulation of national standards for PE pipes. Its polyethylene pipe products are widely used in many national key projects or major projects.

**(3) These financial statements were approved for issue by the Company’s Board of Directors on 20 March 2025.****II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****(1) Basis of Preparation**

The Company’s financial statements are prepared on a going concern basis, in accordance with actual transactions and events, and in compliance with the “Accounting Standards for Business Enterprises — Basic Standard” and specific accounting standards issued by the Ministry of Finance (the “**Accounting Standards for Business Enterprises**”), and based on the significant accounting policies and accounting estimates formulated.

**(2) Going Concern**

The Company has the ability to continue as a going concern for at least 12 months from the end of this reporting period, with no significant matters affecting its going concern ability.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES****(1) Statement of Compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company comply with the requirements of the “Accounting Standards for Business Enterprises” and truly and completely reflect the financial position as of 31 December 2024, and the operating results and cash flows for the year 2024 and other relevant information.

**(2) Accounting Period**

The Company’s accounting year is the calendar year, from 1 January to 31 December each year.

**(3) Operating Cycle**

The Company uses a 12-month period as its normal operating cycle and uses the operating cycle as the standard for classifying the liquidity of assets and liabilities.

**(4) Functional Currency**

The Company’s functional currency is RMB.

**(5) Method and Basis for Determining Materiality Standards*****1. Materiality of Financial Statement Items***

The Company determines the materiality of financial statement items based on the principle of whether it affects the economic decisions of financial statement users, considering both the nature and the amount. The materiality of the amount of a financial statement item is based on a certain percentage of the relevant item to total assets, total liabilities, total owners’ equity, operating revenue, or net profit; the materiality of the nature of a financial statement item is based on factors that have a significant impact on the financial position and operating results, such as whether it is part of daily operating activities, whether it causes changes in profit or loss, and whether it affects regulatory indicators.

**2. Materiality of Detailed Items in the Notes to the Financial Statement Items**

The Company determines the materiality of detailed items in the notes to the financial statement items based on the materiality of the parent financial statement item, by reference to a certain percentage of the specific item to the parent item, or in combination with the amount, while also considering the nature of the specific item. Certain items may not be material to the financial statements but may be material to the notes and still require separate disclosure in the notes. The relevant materiality standards for the notes to the financial statement items are as follows:

<b>Item</b>	<b>Materiality Standard</b>
Receivables with significant individual provision for bad debts	RMB10 million
Significant recovery or reversal of bad debt provision for receivables	RMB10 million
Significant write-off of receivables	RMB10 million
Significant construction in progress projects	The detailed amount of a single construction in progress project exceeds 0.5% of total assets
Subsidiaries with material non-controlling interests	Non-controlling interests account for more than 5% of the equity, and the subsidiary's total assets, net assets, operating revenue, and net profit account for more than 10% of the corresponding items in the consolidated financial statements.
Material joint ventures or associates	The book value accounts for more than 20% of long-term equity investments, or the investment income (loss calculated in absolute terms) from joint ventures or associates accounts for more than 10% of the net profit in the consolidated financial statements

**(6) Business Combination**

**1. Business combination under common control**

In a business combination under common control, if the consideration paid by the combining party is in the form of cash, transfer of non-cash assets or assumption of liabilities, the initial investment cost of the long-term equity investment shall be measured at the combining party's share of the carrying amount of the combined party's net assets in the consolidated financial statements of the ultimate controlling party at the combination date. If the combining party issues equity instruments as consideration for the combination, the total par value of the issued shares shall be recorded as share capital. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration for the combination (or the total par value of the issued shares) shall be adjusted against capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted.

**2. Business combination not under common control**

For a business combination not under common control, the cost of the combination is the sum of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to obtain control of the acquiree. In a business combination not under common control, the identifiable assets, liabilities, and contingent liabilities of the acquiree that meet the recognition criteria are measured at fair value on the acquisition date. The excess of the cost of the combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognised as goodwill. If the cost of the combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference, after review, is recognised in non-operating income for the current period.

**(7) Criteria for Determining Control and Method for Preparing Consolidated Financial Statements****1. Criteria for Determining Control**

The scope of consolidation for consolidated financial statements is determined on the basis of control. An investee is considered to be controlled if the following three elements are present: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

**2. Method for Preparing Consolidated Financial Statements****(1) Unifying the accounting policies of the parent and subsidiary companies, and unifying their balance sheet dates and accounting periods**

If a subsidiary uses accounting policies or accounting periods that are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements in accordance with the Company's accounting policies or accounting periods when preparing the consolidated financial statements.

**(2) Elimination Items in Consolidated Financial Statements**

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and internal transactions between the parent company and its subsidiaries, as well as between subsidiaries, have been eliminated. The portion of a subsidiary's owners' equity that is not attributable to the Company is presented as non-controlling interests under the shareholders' equity section of the consolidated balance sheet. A subsidiary's long-term equity investment in the parent company is treated as the parent company's treasury stock, presented as a deduction from shareholders' equity under the "Less: Treasury Stock" item in the consolidated balance sheet.

*(3) Accounting Treatment for the Acquisition of a Subsidiary in a Combination*

For a subsidiary acquired in a business combination under common control, the combination is deemed to have occurred when the ultimate controlling party began to exercise control, and its assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the current period of the combination; for a subsidiary acquired in a business combination not under common control, its individual financial statements are adjusted based on the fair value of its identifiable net assets on the acquisition date when preparing the consolidated financial statements.

*(4) Accounting Treatment for the Disposal of a Subsidiary*

In the case of a partial disposal of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal proceeds and the share of the subsidiary's net assets continuously calculated from the acquisition date or combination date corresponding to the disposed long-term equity investment is adjusted to capital reserve in the consolidated financial statements. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted. If control over an investee is lost due to a partial disposal of an equity investment or other reasons, the remaining equity is remeasured at its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, and the share of the former subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio, is recognised as investment income in the period of loss of control, and goodwill is simultaneously written off. Other comprehensive income and other items related to the original subsidiary's equity investment are transferred to investment income for the current period upon loss of control.

**(8) Classification of Joint Arrangements and Accounting Treatment for Joint Operations**

***1. Classification of Joint Arrangements***

Joint arrangements are classified as either joint operations or joint ventures. A joint arrangement that is not structured through a separate entity is classified as a joint operation. A separate entity is an entity with a separately identifiable financial structure, including separate legal entities and entities that are not legal entities but are legally recognised. A joint arrangement structured through a separate entity is usually classified as a joint venture. If changes in relevant facts and circumstances cause a change in the rights and obligations of the joint venturers in the joint arrangement, the joint venturers shall reassess the classification of the joint arrangement.

***2. Accounting Treatment for Joint Operations***

As a participant in a joint operation, the Company recognizes the following items related to its interest in the joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises: recognizes the assets or liabilities it holds individually, and recognizes its share of the jointly held assets or liabilities; recognizes the revenue generated from the sale of its share of the output of the joint operation; recognizes its share of the revenue generated by the joint operation from the sale of its output; recognizes the expenses it incurs individually, and recognizes its share of the expenses incurred by the joint operation.

If the Company is a participant in a joint operation but does not have joint control, and if it has rights to the assets and obligations for the liabilities relating to the joint operation, it shall account for them in accordance with the provisions for participants in a joint operation; otherwise, it shall account for them in accordance with the relevant Accounting Standards for Business Enterprises.

### ***3. Accounting Treatment for Joint Ventures***

As a joint venturer in a joint venture, the Company accounts for its investment in the joint venture in accordance with the provisions of “Accounting Standards for Business Enterprises No. 2 — Long-term Equity Investments”; as a non-joint venturer, the Company accounts for its investment based on the degree of its influence over the joint venture.

### **(9) Criteria for Determining Cash and Cash Equivalents**

The cash determined by the Company when preparing the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. The cash equivalents determined when preparing the cash flow statement refer to investments that are held for a short term, are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

### **(10) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements**

#### ***1. Translation of Foreign Currency Transactions***

The Company records foreign currency transactions by converting them into the functional currency at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange differences arising from the difference between the spot exchange rate on that day and the spot exchange rate at initial recognition or on the previous balance sheet date are recognised in profit or loss for the current period, except for exchange differences on foreign currency specific borrowings that meet the capitalization conditions, which are capitalized and included in the cost of the relevant asset during the capitalization period. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and their functional currency amounts are not changed. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a change in fair value (including exchange rate changes) and is recognised in profit or loss for the current period or as other comprehensive income.

## **2. Translation of Foreign Currency Financial Statements**

If the subsidiaries, joint ventures, associates, etc., of the Company use a functional currency different from that of the Company, their foreign currency financial statements must be translated before accounting and preparation of consolidated financial statements. In the balance sheet, asset and liability items are translated at the spot exchange rate on the balance sheet date. Owners' equity items, except for the "retained earnings" item, are translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The translation differences arising from the translation of foreign currency financial statements are presented under other comprehensive income in the owners' equity section of the balance sheet. Foreign currency cash flows shall be translated at the spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash is presented separately in the cash flow statement. Upon disposal of a foreign operation, the translation differences arising from the translation of foreign currency financial statements related to that foreign operation are transferred to profit or loss for the period of disposal, either in full or in proportion to the disposal of the foreign operation.

### **(11) Financial Instruments**

#### **1. Classification, Recognition, and Measurement of Financial Instruments**

##### **(1) Financial assets**

Based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Company classifies financial assets into the following three categories:

- ① Financial assets measured at amortised cost. The business model for managing such financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement, i.e., the cash flows generated on specific dates are solely payments of principal and interest on the outstanding principal amount. Such financial assets are subsequently recognised for interest income using the effective interest method.
- ② Financial assets measured at fair value with changes recognised in other comprehensive income. The business model for managing such financial assets is to both collect contractual cash flows and sell the financial assets, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement. Such financial assets are subsequently measured at fair value, and their changes are recognised in other comprehensive income, but interest income calculated using the effective interest method, impairment losses or gains, and exchange gains and losses are recognised in profit or loss for the current period.
- ③ Financial assets measured at fair value with changes recognized in profit or loss for the current period. Financial assets held that are not classified as measured at amortised cost or at fair value with changes recognised in other comprehensive income are measured at fair value, and the resulting gains or losses (including interest and dividend income) are recognised in profit or loss for the current period. At initial recognition, a financial asset may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. Once made, this designation cannot be revoked.

For non-trading equity instrument investments, the Company may, at initial recognition, irrevocably designate them as financial assets measured at fair value with changes recognised in other comprehensive income. This designation is made on an individual investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective. Such financial assets are subsequently measured at fair value. Except for dividends received (excluding those that are a recovery of investment cost), which are recognised in profit or loss for the current period, other related gains and losses are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

(2) *Financial liabilities*

Financial liabilities are classified at initial recognition as:

- ① Financial liabilities measured at fair value with changes recognised in profit or loss for the current period. Such financial liabilities are subsequently measured at fair value, and the resulting gains or losses are recognised in profit or loss for the current period.
- ② Financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or from continued involvement in the transferred financial assets.
- ③ Financial liabilities measured at amortised cost. Such financial liabilities are measured at amortised cost using the effective interest method.

**2. *Method for Determining the Fair Value of Financial Instruments***

For financial instruments with an active market, their fair value is determined by the quoted price in the active market; if no active market exists, valuation techniques are used to determine their fair value. In limited circumstances, if recent information to determine fair value is insufficient, or if the possible estimated amounts of fair value are widely distributed, and the cost represents the best estimate of fair value within that range, then that cost may represent an appropriate estimate of fair value within that range. The Company uses all information available after the initial recognition date regarding the performance and operations of the investee to determine whether the cost can represent the fair value.

**3. *Derecognition of Financial Instruments***

A financial asset is derecognised when one of the following conditions is met: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred and meets the conditions for derecognition.

If the current obligation of a financial liability is fully or partially discharged, the discharged portion is derecognised. If an existing liability is replaced by another financial liability with substantially different terms from the same creditor, or if the terms of an existing liability are substantially modified, the existing financial liability is derecognised and a new financial liability is recognised simultaneously. Financial assets bought or sold in a conventional manner are recognised and derecognised on a trade date basis.

**(12) Method for Determining and Accounting for Expected Credit Losses****1. Scope of Expected Credit Losses**

The Company, on the basis of expected credit losses, performs impairment accounting and recognizes a provision for bad debts for financial assets measured at amortised cost (including receivables, such as notes receivable and accounts receivable), receivables financing, lease receivables, and other receivables.

**2. Method for Determining Expected Credit Losses**

The general method for expected credit losses means that the Company assesses on each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition, dividing the process of credit impairment of financial instruments into three stages, and applying different accounting treatments for impairment of financial instruments at different stages: (1) Stage 1, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss provision at an amount equal to the 12-month expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount (i.e., without deducting the impairment provision) and the effective interest rate; (2) Stage 2, if the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount and the effective interest rate; (3) Stage 3, if credit impairment has occurred after initial recognition, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its amortised cost (gross carrying amount less the impairment provision already made) and the effective interest rate.

The simplified method for expected credit losses is to always measure the loss provision at an amount equal to the lifetime expected credit losses.

**3. Accounting Method for Expected Credit Losses**

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase or reversal of the loss provision shall be recognised as an impairment loss or gain in profit or loss for the current period and, depending on the type of financial instrument, shall reduce the carrying amount of the financial asset presented in the balance sheet or be recognised as a provision (for loan commitments or financial guarantee contracts).

**4. Method for Measuring Bad Debt Provision for Receivables and Lease Receivables**

(1) *Receivables that do not contain a significant financing component. For receivables arising from transactions governed by “Accounting Standards for Business Enterprises No. 14 — Revenue” that do not contain a significant financing component, the Company adopts a simplified method, which is to always measure the loss provision at an amount equal to the lifetime expected credit losses.*

- ① Portfolio categories and basis for determining the provision for bad debts based on credit risk characteristics

For receivables other than those individually assessed, the Company groups accounts receivable based on credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Aging Portfolio	Grouped by the aging of accounts receivable
Related Party Portfolio	Accounts receivable within the scope of the consolidated financial statements

For accounts receivable classified into portfolios, the Company calculates expected credit losses by preparing a provision matrix of accounts receivable against their lifetime expected credit loss rates, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

- ② Aging calculation method for the aging-based credit risk portfolio

For the aging-based portfolio, the aging of a receivable is calculated from the date the receivable arises. For customers with multiple transactions, the aging for each transaction is calculated separately based on its respective date of occurrence.

- ③ Criteria for making individual provisions for bad debts

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

*(2) Receivables and lease receivables that contain a significant financing component.*

For receivables and lease receivables that contain a significant financing component, the loss provision is measured using the general method, i.e., the “three-stage” model. The credit risk characteristic portfolios, the aging calculation method for the aging-based portfolio, and the criteria for making individual provisions are consistent with the standards applicable to receivables that do not contain a financing component.

**5. Method for Measuring Loss Provision for Other Financial Assets**

For financial assets other than the above, such as debt investments, other debt investments, other receivables, and long-term receivables other than lease receivables, the loss provision is measured using the general method, i.e., the “three-stage” model.

When measuring the credit impairment of a financial instrument, the Company assesses whether the credit risk has increased significantly by considering the following factors: (1) whether there has been a significant change in internal price indicators due to a change in credit risk; (2) if the existing financial instrument were originated or issued as a new financial instrument on the reporting date, whether the interest rate or other terms of the financial instrument would have changed significantly; (3) whether there has been a significant change in external market indicators of credit risk for the same financial instrument or for similar financial instruments with the same expected term; (4) whether there has been a significant actual or expected change in the external credit rating of the financial instrument; (5) whether the actual or expected internal credit rating of the debtor has been downgraded; (6) adverse changes in business, financial, or economic conditions that are expected to cause a significant change in the debtor’s ability to meet its debt obligations; (7) whether there has been a significant actual or expected change in the operating results of the debtor; (8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly; (9) whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates; (10) whether there has been a significant change in the value of collateral securing the debt or in the quality of guarantees or credit enhancements provided by third parties; (11) whether there has been a significant change in economic factors that is expected to reduce the debtor’s incentive to make payments on the contractual due date; (12) expected changes in the loan contract, including expected breaches of contract that may lead to the waiver or modification of contractual obligations, granting of interest-free periods, interest rate increases, requests for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument; (13) whether there has been a significant change in the expected performance and repayment behavior of the debtor; (14) whether the Company’s credit management methods for the financial instrument have changed.

*(1) Portfolio categories based on credit risk characteristics and the basis for their determination*

The Company groups other receivables into several credit risk characteristic portfolios based on the nature of the amounts, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Security deposits, deposits	Security deposits and deposits paid as required by customers
Portfolio 2: Petty cash	Employee petty cash
Portfolio 3: Other portfolios	Receivables other than security deposits, deposits, and petty cash

(2) *Criteria for making individual provisions for bad debts*

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

**(13) Inventories**

**1. *Classification of Inventories***

Inventories refer to finished goods or commodities held for sale in the Company's daily activities, work-in-progress in the production process, and materials and supplies consumed in the production process or in providing services, etc., mainly including raw materials, packaging materials, low-value consumables, work-in-progress, finished goods (inventory goods), etc.

**2. *Costing Method for Inventories Issued***

When inventories are issued, their actual cost is determined using the weighted average method.

**3. *Inventory System***

The inventory system is a perpetual inventory system.

**4. *Amortisation Method for Low-Value Consumables and Packaging Materials***

Low-value consumables and packaging materials are amortised using the one-time charge-off method.

**5. *Recognition Criteria and Provision Method for Inventory Write-downs***

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than cost, a provision for inventory write-down is made. Such provision is made on an individual inventory item basis, but for large quantities of inventories with low unit prices, the provision is made by inventory category. If the factors that previously caused the inventory to be written down have disappeared, the amount of the write-down is reversed (but the reversal is limited to the amount of the original write-down).

The determination of the net realisable value of inventories is based on conclusive evidence obtained, and takes into account the purpose for which the inventories are held and the impact of events after the balance sheet date.

**(14) Contract Assets and Contract Liabilities****1. Contract assets**

The Company presents as a contract asset the right to consideration for goods or services that have been transferred to a customer (where that right is conditional on something other than the passage of time). The provision for impairment of contract assets is made by reference to the method for determining expected credit losses in the notes. Contract assets are classified into the following portfolios based on credit risk characteristics:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Retention money	Retention money as stipulated in the contract

**2. Contract liabilities**

The Company presents as a contract liability the obligation to transfer goods or provide services to a customer for which it has received or is due to receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

**(15) Non-current Assets or Disposal Groups Held for Sale****1. Recognition Criteria and Accounting Treatment for Non-current Assets or Disposal Groups Classified as Held for Sale**

If the Company primarily recovers the carrying amount of a non-current asset or disposal group through a sale rather than through continuing use, it is classified as held for sale and meets the following conditions: first, it is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups; second, the sale is highly probable, meaning the enterprise has made a resolution on a sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year. If relevant regulations require approval from the relevant authorities or regulatory bodies of the enterprise before the sale can be made, such approval should have been obtained.

When initially measuring or remeasuring a non-current asset or disposal group held for sale on the balance sheet date, if its carrying amount is higher than its fair value less costs to sell, the carrying amount shall be written down to its fair value less costs to sell. The amount of the write-down shall be recognised as an asset impairment loss in profit or loss for the current period, and a provision for impairment of assets held for sale shall be made at the same time.

For the amount of asset impairment loss recognised for a disposal group held for sale, such loss shall first be allocated to reduce the carrying amount of goodwill in the disposal group, and then to the other non-current assets in the disposal group pro rata based on the carrying amount of each non-current asset that is within the scope of the measurement requirements of “Accounting Standards for Business Enterprises — Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations”.

## **2. *Criteria for Determining and Presenting Discontinued Operations***

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and: represents a separate major line of business or geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; is a subsidiary acquired exclusively with a view to resale.

The Company presents profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. Impairment losses and reversal amounts of discontinued operations, as well as other operating gains and losses and disposal gains and losses, are presented as profit or loss from discontinued operations. The notes shall disclose the revenue, expenses, total profit, income tax expense (income), and net profit of the discontinued operation; the impairment loss and its reversal amount recognised for the assets or disposal group of the discontinued operation; the total gain or loss on disposal, income tax expense (income), and net gain or loss on disposal of the discontinued operation; the net cash flows from operating, investing, and financing activities of the discontinued operation; and the profit or loss from continuing operations and discontinued operations attributable to the owners of the parent company.

### **(16) Long-term equity investments**

#### **1. *Criteria for Determining Joint Control and Significant Influence***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities, which are activities that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control, including the sale and purchase of goods or services, management of financial assets, purchase and disposal of assets, research and development activities, and financing activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is presumed to exist when holding 20% or more but less than 50% of the voting power of the investee, or when holding less than 20% but meeting one of the following conditions: representation on the board of directors or equivalent governing body of the investee; participation in the policy-making processes of the investee; dispatch of management personnel to the investee; the investee is dependent on the technical or technological information of the investing company; significant transactions occur between the investee and the investing company.

#### **2. *Determination of Initial Investment Cost***

For a long-term equity investment acquired through a business combination, if it is a business combination under common control, the initial investment cost of the long-term equity investment shall be the share of the book value of the combined party's owners' equity in the ultimate controlling party's consolidated financial statements on the combination date; for a business combination not under common control, the initial investment cost of the long-term equity investment shall be the cost of the combination determined on the acquisition date; for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired through a debt restructuring, its initial investment cost is determined in accordance with the relevant provisions of the debt restructuring standards; for a long-term equity investment acquired through a non-monetary asset exchange, the initial investment cost is determined in accordance with the relevant provisions of the non-monetary asset exchange standards.

**3. *Subsequent Measurement and Profit or Loss Recognition Method***

The Company uses the cost method to account for long-term equity investments where it can exercise control over the investee, and the equity method to account for long-term equity investments in associates and joint ventures. For an equity investment in an associate, if a portion of it is held indirectly through venture capital organizations, mutual funds, trust companies, or similar entities including investment-linked insurance funds, regardless of whether these entities have significant influence over that portion of the investment, it is treated in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments,” and the remaining portion is accounted for using the equity method.

**(17) Investment properties**

The Company’s categories of investment properties include leased land use rights, leased buildings, and land use rights held for capital appreciation and subsequent transfer. Investment properties are initially measured at cost and subsequently measured using the fair value model.

The basis for the Company to estimate the fair value of investment properties is its ability to obtain market prices and other relevant information for similar or comparable properties from the real estate market.

**(18) Fixed assets****1. *Recognition Criteria for Fixed Assets***

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, leasing, or for administrative purposes, with a useful life of more than one accounting year. They are recognised when the following conditions are met simultaneously: it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; the cost of the fixed asset can be reliably measured.

**2. *Depreciation Method for Fixed Assets***

The Company’s fixed assets are mainly classified into: buildings and structures, machinery and equipment, transportation equipment, gas transmission facilities, and others; the depreciation method used is the straight-line method. The useful life and estimated net residual value of fixed assets are determined based on the nature and usage of each category of fixed assets. At the end of the year, the useful life, estimated net residual value, and depreciation method of fixed assets are reviewed. If there are differences from the original estimates, corresponding adjustments are made. All fixed assets are depreciated, except for fully depreciated fixed assets that are still in use and land that is accounted for separately.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Asset Class	Estimated Useful Life	Estimated Net Residual Value Rate	Annual Depreciation Rate
	(Years)	(%)	(%)
Buildings and structures (Note)	30-70	3	1.39-3.23
Machinery and equipment	8-20	3	4.85-12.13
Transportation equipment	6-10	3	9.70-16.17
Gas transmission facilities	14-30	3	3.23-6.93
Others	3-5	3	19.40-32.33

Note: For buildings of the Company's natural gas business located on leased land where the Company cannot obtain the property ownership certificate, they are depreciated over the lease term as stipulated in the signed land lease contract, with an estimated net residual value of 0.

**(19) Construction in progress**

The Company's construction in progress is mainly built through self-construction and outsourcing. The standard and timing for transferring construction in progress to fixed assets are based on when the construction in progress reaches its intended useable state. The criteria for determining the intended useable state should meet one of the following conditions: the physical construction (including installation) of the fixed asset has been fully or substantially completed; trial production or trial operation has been conducted, and the results indicate that the asset can operate normally or can stably produce qualified products, or the trial operation results indicate that it can operate normally or be used in business; the expenditure on the constructed fixed asset is minimal or has almost ceased; the purchased or constructed fixed asset has met the design or contract requirements, or is substantially consistent with the design or contract requirements.

**(20) Borrowing Costs**
***1. Recognition Principle for Capitalisation of Borrowing Costs***

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of the relevant asset; other borrowing costs are recognised as an expense in the period in which they are incurred and are charged to profit or loss for the current period. A qualifying asset is an asset, such as a fixed asset, investment property, or inventory, that necessarily takes a substantial period of time to get ready for its intended use or sale.

## **2. Method for Calculating the Capitalised Amount**

The capitalization period is the period from the time when capitalization of borrowing costs begins to the time when capitalization ceases, excluding periods when capitalization of borrowing costs is suspended. If an abnormal interruption occurs during the acquisition, construction, or production process, and the interruption period lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended.

For specific borrowings, the amount is determined by the actual interest expense incurred on the specific borrowings for the current period, less any interest income earned from depositing the unused borrowing funds in a bank or any investment income earned from temporary investments; for general borrowings, the amount is determined by multiplying the weighted average of the asset expenditures in excess of the specific borrowings by the capitalization rate of the general borrowings used, where the capitalization rate is the weighted average interest rate of the general borrowings; if the borrowing has a discount or premium, the amount of discount or premium to be amortised in each accounting period is determined using the effective interest method, and the interest amount for each period is adjusted accordingly.

The effective interest method is a method of calculating the amortised discount or premium or interest expense of a borrowing based on its effective interest rate. The effective interest rate is the rate that exactly discounts the future cash flows of a borrowing over its expected term to its current carrying amount.

### **(21) Intangible assets**

#### **1. Valuation Method for Intangible Assets**

The Company's intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actual price paid and related expenditures. For intangible assets contributed by investors, the actual cost is determined by the value stipulated in the investment contract or agreement, but if the stipulated value is not fair, the actual cost is determined by the fair value. For self-developed intangible assets, their cost is the total expenditure incurred before they reach their intended use.

#### **2. Useful Life and its Determination Basis, Estimation, Amortisation Method, or Review Procedures**

Intangible assets with a finite useful life are amortised as shown in the table below. At the end of the year, the useful life and amortisation method of the intangible assets are reviewed, and if there are differences from the original estimates, corresponding adjustments are made. Intangible assets with an indefinite useful life are not amortised, but their useful life is reviewed at the end of each year. When there is conclusive evidence that their useful life is finite, their useful life is estimated.

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The useful life, its determination basis, and amortisation method for intangible assets with a finite useful life are as follows:

<b>Asset Class</b>	<b>Useful life (years)</b>	<b>Basis for Determining Useful Life</b>	<b>Amortisation Method</b>
Land use rights	40-50	Statutory period	Straight-line method
Software, patented technology	3-20	The period during which the asset is expected to bring economic benefits to the Company.	Straight-line method

The Company classifies an intangible asset as having an indefinite useful life when it cannot foresee the period over which the asset is expected to generate economic benefits for the Company, or when the useful life is uncertain. The basis for determining an indefinite useful life is: it arises from contractual rights or other legal rights, but the contract or law does not specify a clear useful life; or after considering the industry situation or expert opinions, it is still not possible to determine the period over which the intangible asset will generate economic benefits for the Company.

At the end of each year, the useful life of intangible assets with an indefinite useful life is reviewed, primarily using a bottom-up approach. The relevant departments using the intangible assets conduct a basic review to evaluate whether there have been any changes in the basis for determining the indefinite useful life.

### **3. Scope of R&D Expenditures and Related Accounting Treatment Methods**

The scope of the Company's R&D expenditures is primarily determined based on the Company's research and development projects, and mainly includes: employee compensation for R&D personnel, direct input costs, depreciation and long-term deferred expenses, design fees, amortisation of intangible assets, fees for outsourced research and development, and other expenses.

Expenditures in the research phase of an internal research and development project are recognised in profit or loss for the current period when they are incurred; expenditures in the development phase are capitalized if the following conditions are met simultaneously: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use or sell it; (3) the way in which the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or that the intangible asset itself has a market, and if the intangible asset will be used internally, its usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to complete the development of the intangible asset and to use or sell it; (5) the expenditure attributable to the development phase of the intangible asset can be reliably measured.

Specific criteria for dividing the research phase and development phase of an internal research and development project: The planned investigation phase for acquiring new technology and knowledge, etc., should be identified as the research phase, which is characterized by planning and exploration; the phase in which research findings or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use, should be identified as the development phase, which is characterized by specificity and a high probability of achieving results.

**(22) Impairment of long-term assets**

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, productive biological assets measured using the cost model, oil and gas assets, intangible assets, and other long-term assets are tested for impairment on the balance sheet date if there are indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment provision is made for the difference and is recognised as an impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The asset impairment provision is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflows independently.

Goodwill presented separately in the financial statements is tested for impairment at least annually, regardless of whether there is any indication of impairment. When testing for impairment, the carrying amount of goodwill is allocated to the asset group or group of asset groups that is expected to benefit from the synergies of the business combination. If the test result indicates that the recoverable amount of the asset group or group of asset groups including the allocated goodwill is less than its carrying amount, a corresponding impairment loss is recognised. The amount of the impairment loss is first applied to reduce the carrying amount of the goodwill allocated to the asset group or group of asset groups, and then to the other assets of the group or group of asset groups pro rata on the basis of the carrying amount of each asset in the group or group of asset groups.

Once the above asset impairment loss is recognised, the portion of the value that is subsequently recovered will not be reversed in future periods.

**(23) Long-term deferred expenses**

The Company's long-term deferred expenses refer to various expenses that have been incurred but have a benefit period of more than one year (excluding one year). Long-term deferred expenses are amortised over the benefit period of the expense item. If a long-term deferred expense item can no longer benefit future accounting periods, the unamortised balance of that item is fully charged to profit or loss for the current period.

**(24) Employee Benefits**

Employee benefits are all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for the termination of employment. Short-term employee benefits

***1. Accounting Treatment for Short-term Employee Benefits***

During the accounting period in which an employee provides services to the Company, the actual short-term remuneration incurred is recognised as a liability and charged to profit or loss for the current period, unless the Accounting Standards for Business Enterprises require or permit it to

be included in the cost of an asset. Staff welfare expenses incurred by the Company are recognised in profit or loss for the current period or in the cost of relevant assets based on the actual amount incurred. If staff welfare expenses are non-monetary, they are measured at fair value. During the accounting period in which employees provide services, the Company calculates and determines the corresponding amount of employee remuneration for medical insurance, work-related injury insurance, maternity insurance, and other social insurance premiums and housing provident funds paid for employees, as well as trade union funds and employee education funds accrued in accordance with regulations, based on the prescribed accrual basis and accrual ratio, and recognizes the corresponding liability, which is included in profit or loss for the current period or the cost of relevant assets.

### ***2. Accounting Treatment for Post-employment Benefits***

During the accounting period in which an employee provides services, the Company recognizes the amount to be contributed calculated according to the defined contribution plan as a liability and includes it in profit or loss for the current period or the cost of relevant assets. The benefit obligation arising from a defined benefit plan is attributed to the periods in which employees render services using the formula determined by the projected unit credit method, and is recognised in profit or loss for the current period or the cost of relevant assets.

### ***3. Accounting Treatment for Termination Benefits***

When the Company provides termination benefits to employees, it recognizes the employee remuneration liability arising from the termination benefits on the earlier of the following two dates and includes it in profit or loss for the current period: when the Company cannot unilaterally withdraw the termination benefits provided due to a plan to terminate the employment relationship or a redundancy proposal; when the Company recognizes the costs or expenses related to a restructuring that involves the payment of termination benefits.

### ***4. Accounting Treatment for Other Long-term Employee Benefits***

For other long-term employee benefits provided by the Company to its employees, if they meet the conditions of a defined contribution plan, they shall be treated in accordance with the relevant provisions for defined contribution plans; otherwise, the net liability or net asset of other long-term employee benefits shall be recognised and measured in accordance with the relevant provisions for defined benefit plans.

## **(25) Provisions**

An obligation related to a contingent matter is recognised as a provision when it is a present obligation of the company, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably measured. The Company initially measures the provision at the best estimate of the expenditure required to settle the relevant present obligation. If the required expenditure falls within a continuous range and all outcomes within that range are equally likely, the best estimate is determined by the midpoint of that range; if multiple items are involved, the best estimate is determined by weighting all possible outcomes by their related probabilities.

On the balance sheet date, the carrying amount of the provision shall be reviewed. If there is conclusive evidence that the carrying amount does not truly reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

## **(26) Revenue**

The Company recognizes revenue when it has fulfilled its performance obligations in the contract, i.e., when the customer obtains control of the relevant goods or services, at the transaction price allocated to that performance obligation. Obtaining control of the relevant goods means being able to direct the use of the goods and obtain substantially all of their economic benefits. A performance obligation is a promise in a contract for the Company to transfer a distinct good or service to a customer. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties and amounts the Company expects to refund to the customer.

Whether a performance obligation is satisfied over time or at a point in time depends on the terms of the contract and relevant laws and regulations. If a performance obligation is satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Company recognizes revenue at a point in time when the customer obtains control of the relevant asset.

The Company determines whether it is acting as a principal or an agent in a transaction based on whether it has control over the goods or services before they are transferred to the customer. If the Company has control over the goods or services before they are transferred to the customer, the Company is the principal and recognizes revenue at the gross amount of consideration received or receivable; otherwise, the Company is an agent and recognizes revenue at the amount of commission or fee it expects to be entitled to, which is determined either by the net amount of consideration received or receivable after deducting the price payable to other relevant parties, or by a predetermined commission amount or percentage.

The specific principles and measurement methods for revenue recognition determined by the Company according to business type are as follows:

The company's revenue mainly includes gas sales revenue, gas connection business revenue, equipment and material sales revenue, and trade revenue; Based on the sales contract or agreement, taking into account factors such as the current right to receive payment for the goods, the transfer of major risks and rewards of ownership of the goods, the transfer of legal title to the goods, the transfer of physical possession of the goods, and the customer's acceptance of the goods, the Company recognizes revenue from natural gas sales at its filling stations after the gas (i.e., CNG or LNG) is transferred to the customer at the filling station; for pipeline natural gas sales, revenue is recognised when the pipeline natural gas is delivered to and consumed by the customer, i.e., when the customer obtains control of the goods, and the volume of gas sold is measured by the gas meter installed at the customer's premises; for the gas connection business, revenue is recognised when the connection project is completed, reaches the condition for gas supply, and the project acceptance procedures are completed; for equipment and material sales revenue and trade revenue, revenue is recognised when the products are dispatched and a receipt of delivery is received from the customer.

**(27) Contract Costs**

Contract costs include the incremental costs of obtaining a contract and the costs to fulfill a contract. The incremental costs of obtaining a contract (“**contract acquisition costs**”) are costs that would not have been incurred if the contract had not been obtained. If these costs are expected to be recovered, the Company recognizes them as an asset for contract acquisition costs.

Costs incurred to fulfill a contract that are not within the scope of other accounting standards for business enterprises, such as inventory, and that meet all of the following conditions are recognised as an asset for contract fulfillment costs: the costs relate directly to a contract or an anticipated contract that the entity can specifically identify, including direct labor, direct materials, manufacturing overhead (or similar costs), costs that are explicitly chargeable to the customer, and other costs that are incurred only because the entity entered into the contract; the costs generate or enhance resources that will be used in satisfying performance obligations in the future; the costs are expected to be recovered.

The Company includes contract fulfillment costs recognised as an asset in the “Inventories” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company includes contract acquisition costs recognised as an asset in the “Other Current Assets” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company amortises assets recognised for contract acquisition costs and contract fulfillment costs on the same basis as the revenue recognition for the goods related to that asset, and charges it to profit or loss for the current period. If the amortisation period for an asset arising from the incremental costs of obtaining a contract is one year or less, the asset is expensed as incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two items, the Company shall make a provision for impairment for the excess amount and recognize it as an asset impairment loss: the remaining consideration expected to be received for the transfer of the goods related to that asset; the estimated costs to be incurred for the transfer of the related goods.

If the factors that caused the impairment in a previous period subsequently change, such that the difference between the two items mentioned above is higher than the carrying amount of the asset, the previously made provision for asset impairment shall be reversed and recognised in profit or loss for the current period, but the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the reversal date assuming no impairment provision had been made.

**(28) Government grants****1. Types and Accounting Treatment of Government Grants**

Government grants are monetary or non-monetary assets obtained by the Company from the government free of charge (but do not include capital invested by the government as an owner). If a government grant is a monetary asset, it shall be measured at the amount received or receivable. If a government grant is a non-monetary asset, it shall be measured at fair value; if the fair value cannot be reliably obtained, it shall be measured at a nominal amount.

Government grants related to daily activities are recognised in other income based on the substance of the economic transaction. Government grants not related to daily activities are recognised in non-operating income.

Government grants for which government documents clearly stipulate that they are for the acquisition, construction, or other formation of long-term assets are recognised as asset-related government grants. If government documents do not clearly specify the object of the grant, and if it can form a long-term asset, the portion of the government grant corresponding to the value of the asset is treated as an asset-related government grant, and the remaining portion is treated as a revenue-related government grant; if it is difficult to distinguish, the entire government grant is treated as a revenue-related government grant. Asset-related government grants are recognised as deferred income. The amount recognised as deferred income is recognised in profit or loss for the current period on a reasonable and systematic basis over the useful life of the related asset.

Government grants other than those related to assets are recognised as revenue-related government grants. Revenue-related government grants used to compensate for related expenses or losses in future periods are recognised as deferred income and are recognised in profit or loss for the current period in the periods in which the related expenses are recognised; those used to compensate for related expenses or losses already incurred by the enterprise are directly recognised in profit or loss for the current period.

If the Company obtains a policy-based preferential loan interest subsidy, and the finance department allocates the interest subsidy funds to the lending bank, which then provides the loan to the Company at a policy-based preferential interest rate, the loan is recorded at the actual amount of the loan received, and the related borrowing costs are calculated based on the loan principal and the policy-based preferential interest rate; if the finance department allocates the interest subsidy funds directly to the Company, the Company will offset the corresponding interest subsidy against the related borrowing costs.

**2. Timing of Recognition of Government Grants**

Government grants are recognised when the conditions attached to the government grant are met and the grant can be received. Government grants measured at the amount receivable are recognised at the end of the period when there is conclusive evidence that the relevant conditions stipulated in the fiscal support policy can be met and it is expected that the fiscal support funds can be received. Other government grants, except for those measured at the amount receivable, are recognised upon actual receipt of the grant funds.

**(29) Deferred tax assets and deferred tax liabilities****1. Recognition of Deferred Tax**

Based on the difference between the carrying amount of an asset or liability and its tax base (for items not recognised as assets or liabilities, if their tax base can be determined according to tax law, that tax base is used to determine the difference), a deferred tax asset or deferred tax liability is recognised by applying the applicable tax rate for the period in which the asset is expected to be recovered or the liability is expected to be settled.

**2. Measurement of Deferred Tax**

The recognition of a deferred tax asset is limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable profit will be available in future periods to utilize the deductible temporary differences, a previously unrecognised deferred tax asset from prior accounting periods is recognised. If it is probable that sufficient taxable profit will not be available in future periods to utilize the deferred tax asset, the carrying amount of the deferred tax asset is reduced.

For taxable temporary differences associated with investments in subsidiaries and associates, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with investments in subsidiaries and associates, a deferred tax asset is recognised when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

**(30) Leases**

On the contract inception date, the Company will assess whether the contract is, or contains, a lease. If a contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration, the contract is, or contains, a lease.

**1. Lessee's Accounting Treatment**

On the lease commencement date, the Company recognizes a right-of-use asset and a lease liability for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense separately during the lease term.

*(1) Right-of-use Asset*

On the lease commencement date, the right-of-use asset is initially measured at cost. This cost includes the initial measurement amount of the lease liability, lease payments made on or before the lease commencement date less any lease incentives received, initial direct costs, etc.

For leases where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the estimated remaining useful life of the leased asset; if it cannot be reasonably determined, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the carrying amount of the right-of-use asset, its carrying amount is written down to the recoverable amount.

*(2) Lease Liability*

The lease liability is initially measured at the present value of the lease payments that are not yet paid on the lease commencement date. Lease payments include fixed payments, as well as amounts payable when it is reasonably certain that a purchase option or a termination option will be exercised. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss for the current period when they are actually incurred.

The Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate. The interest expense on the lease liability for each period during the lease term is calculated using a fixed periodic interest rate, which is the discount rate used by the Company or a revised discount rate, and is recognised in finance costs.

**2. *Judgment Basis and Accounting Treatment for Simplified Accounting of Short-term Leases and Low-value Asset Leases as a Lessee***

For short-term leases with a lease term of 12 months or less and low-value leases, the Company elects not to recognize a right-of-use asset and a lease liability, and recognizes the related rental expenses in profit or loss for the current period or the cost of relevant assets on a straight-line basis over the lease term.

**3. *Classification Criteria and Accounting Treatment for Leases as a Lessor***

On the lease commencement date, the Company classifies a lease as a finance lease if it substantially transfers all the risks and rewards incidental to ownership of the leased asset; otherwise, it is classified as an operating lease.

*(1) Accounting Treatment for Operating Leases*

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs are capitalised and are recognised as an expense over the lease term on the same basis as the lease income. Variable rents not included in the lease receivables are recognized as rental income when they are actually incurred.

*(2) Accounting Treatment for Finance Leases*

On the lease commencement date, the difference between the sum of the finance lease receivables and the unguaranteed residual value and their present value is recognised as unrealized finance income, which is recognised as lease income in the future periods when rent is received, and the finance lease asset is derecognised. Initial direct costs are included in the initial carrying amount of the finance lease receivable.

**(31) Changes in Significant Accounting Policies and Accounting Estimates**

***1. Changes in Significant Accounting Policies***

In October 2023, the Ministry of Finance issued the “Notice on the Issuance of ‘Interpretation of Accounting Standards for Business Enterprises No. 17’” (Cai Kuai [2023] No. 21), which became effective on 1 January 2024. The Company has implemented this provision from 1 January 2024, and its implementation has no significant impact on the Company’s financial statements for the reporting period.

In December 2024, the Ministry of Finance issued the “Notice on the Issuance of ‘Interpretation of Accounting Standards for Business Enterprises No. 18’” (Cai Kuai [2024] No. 24), clarifying the accounting treatment for guarantee-type quality deposits that are not a separate performance obligation. It stipulates that in accordance with “Accounting Standards for Business Enterprises No. 13 — Contingencies,” upon recognition of a provision, the related amount should be included in operating costs, and the provision should be presented based on its liquidity. The Company has implemented this provision from 1 January 2024, and its implementation has no significant impact on the Company’s financial statements for the reporting period.

***2. Significant Changes in Accounting Estimates***

None

**IV. TAXATION**

**(1) Main Tax Types and Rates**

<b>Tax Type</b>	<b>Tax Basis</b>	<b>Tax Rate</b>
Value-added tax	Output tax less deductible input tax	6%, 9%, 13%
Urban maintenance and construction tax	Actual turnover tax payable	5%, 7%
Education surcharge	Actual turnover tax payable	3%
Local education surcharge	Actual turnover tax payable	2%
Enterprise income tax	Taxable income	15%, 20%, 25%

<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Shandong Shengli Co., Ltd.	25%
Shandong Shengbang Plastic Co., Ltd.	15%
Chongqing Shengbang Pipeline Co., Ltd.	15%
Shaanxi Huashan Shengbang Plastic Co., Ltd.	15%
Chongqing Shengbang Gas Co., Ltd.	15%
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	15%
Shandong Lihuasheng Transportation Co., Ltd.	20%
Weihai Lanweimeirun Life Service Co., Ltd.	20%
Qingdao Shengli Meijiuhui Co., Ltd.	20%
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	20%
Dezhou Shengli Natural Gas Co., Ltd.	20%
Qingdao Shengli Runhao Energy Co., Ltd.	20%
Binzhou Shengbang Pipeline Co., Ltd.	20%
Wenzhou Shengran Intelligent Technology Co., Ltd.	20%
Dong'e County Ruitai Trading Co., Ltd.	20%
Puyang Boyuan Energy Technology Co., Ltd.	20%
Puyang Shengli Clean Energy Co., Ltd.	20%
Anyang Beisheng New Energy Development Co., Ltd.	20%
Chongqing Zhongbang Gas Equipment Co., Ltd.	20%

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Chongqing Libang Construction Labor Co., Ltd.	20%
Chongqing Lixing Pipe Industry Co., Ltd.	20%
Chongqing Zhongzhu Pipe Industry Co., Ltd.	20%
Bazhou Shengshun Gas Sales Co., Ltd.	20%
Bazhou Shunsheng New Energy Development Co., Ltd.	20%
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	20%
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	20%
Other companies	25%

**(2) Significant Tax Incentives and Approvals**

1. The subsidiary Shandong Shengbang Plastic Co., Ltd. has obtained a high-tech enterprise certificate, issued on 7 December 2023, with certificate number GR202337004185. Its enterprise income tax for 2024 is calculated and paid at a rate of 15%.
2. The subsidiaries Chongqing Shengbang Gas Co., Ltd., Chongqing Shengbang Pipeline Co., Ltd., Qinzhou Shengli Natural Gas Utilization Co., Ltd., and Shaanxi Huashan Shengbang Plastic Co., Ltd., after application and approval, enjoy the tax incentive policy for encouraged industries in the western region, and their enterprise income tax for 2024 is calculated and paid at a rate of 15%.
3. According to the “Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households with Relevant Tax and Fee Policies” (Ministry of Finance and State Taxation Administration Announcement [2023] No. 12), the policy of calculating the taxable income for small and micro-profit enterprises at a reduced 25% of the actual amount and levying enterprise income tax at a rate of 20% has been extended to 31 December 2027. The subsidiaries Shandong Lihuasheng Transportation Co., Ltd., Weihai Lanweimeirun Life Service Co., Ltd., Qingdao Shengli Meijiuhui Co., Ltd., Qingdao Shengli Petrochemical Products Sales Co., Ltd., Dezhou Shengli Natural Gas Co., Ltd., Qingdao Shengli Runhao Energy Co., Ltd., Binzhou Shengbang Pipeline Co., Ltd., Wenzhou Shengran Intelligent Technology Co., Ltd., Dong’e County Ruitai Trading Co., Ltd., Qingdao Longyu Shengli Energy Co., Ltd., Puyang Boyuan Energy Technology Co., Ltd., Puyang Shengli Clean Energy Co., Ltd., Anyang Beisheng New Energy Development Co., Ltd., Chongqing Zhongbang Gas Equipment Co., Ltd., Chongqing Zhongan Engineering Construction Co., Ltd., Chongqing Libang Construction Labor Co., Ltd., Chongqing Lixing Pipe Industry Co., Ltd., Chongqing Zhongzhu Pipe Industry Co., Ltd., Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd., Zibo Lvchuan Photovoltaic New Energy Co., Ltd., Bazhou Shengshun Gas Sales Co., Ltd., and Bazhou Shunsheng New Energy Co., Ltd. are small and micro enterprises and are subject to the preferential enterprise income tax policy for small and micro enterprises.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**

**(1) Cash and bank balances**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Cash on hand	341,408.84	174,420.83
Bank deposits	470,703,783.92	549,372,241.82
Other cash and bank balances	342,703,652.70	217,634,403.42
<b>Total</b>	<b>813,748,845.46</b>	<b>767,181,066.07</b>

Other cash and bank balances

<b>Category</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Pledged deposits for bank acceptance bills	258,900,000.00	170,000,000.00
Letter of credit and letter of guarantee margin	18,926,376.14	25,813,553.69
Bank certificate of deposit	60,000,000.00	15,450,000.00
Interest on bank time deposits and pledged deposits	1,412,065.41	2,019,963.94
Funds from third-party platforms such as POS machines, WeChat, and Alipay	3,465,211.15	4,350,885.79
<b>Total</b>	<b>342,703,652.70</b>	<b>217,634,403.42</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Accounts receivable**

**1. Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	293,484,903.93	277,056,626.72
1 to 2 years	91,397,826.51	71,624,671.44
2 to 3 years	46,537,662.63	37,559,976.76
3 to 4 years	25,915,377.52	48,650,444.72
4 to 5 years	45,324,246.02	16,264,557.67
Over 5 years	135,227,965.83	121,338,414.14
<b>Subtotal</b>	<b>637,887,982.44</b>	<b>572,494,691.45</b>
Less: Provision for bad debts	<u>184,092,645.94</u>	<u>157,565,686.59</u>
<b>Total</b>	<b><u>453,795,336.50</u></b>	<b><u>414,929,004.86</u></b>

**2. Disclosure by bad debt provision method**

<b>Category</b>	<b>Closing Balance</b>				
	<b>Gross carrying amount</b>		<b>Provision for bad debts</b>		<b>Carrying amount</b>
	<b>Amount</b>	<b>Ratio (%)</b>	<b>Amount</b>	<b>Provision ratio (%)</b>	
Accounts receivable with provision for bad debts made on an individual basis	2,575,539.86	0.40	2,575,539.86	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	635,312,442.58	99.60	181,517,106.08	28.57	453,795,336.50
Of which: Aging portfolio	<u>635,312,442.58</u>	<u>99.60</u>	<u>181,517,106.08</u>	<u>28.57</u>	<u>453,795,336.50</u>
<b>Total</b>	<b><u>637,887,982.44</u></b>	<b><u>100.00</u></b>	<b><u>184,092,645.94</u></b>	<b><u>28.86</u></b>	<b><u>453,795,336.50</u></b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Category	Opening Balance				
	Gross carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Carrying amount
Accounts receivable with provision for bad debts made on an individual basis	3,882,100.34	0.68	3,882,100.34	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	568,612,591.11	99.32	153,683,586.25	27.03	414,929,004.86
Of which: Aging portfolio	568,612,591.11	99.32	153,683,586.25	27.03	414,929,004.86
<b>Total</b>	<b>572,494,691.45</b>	<b>100.00</b>	<b>157,565,686.59</b>	<b>27.52</b>	<b>414,929,004.86</b>

(1) *Accounts receivable with provision for bad debts made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Within 1 year	293,484,903.93	999,402.52	0.34	277,056,626.72	919,969.67	0.34
1 to 2 years	91,394,886.51	2,220,896.20	2.43	71,624,671.44	1,740,479.52	2.43
2 to 3 years	46,533,092.63	6,486,713.13	13.94	37,370,076.46	5,209,388.65	13.94
3 to 4 years	25,912,017.52	8,431,770.49	32.54	47,359,811.10	15,410,882.53	32.54
4 to 5 years	45,159,870.95	30,550,652.70	67.65	14,833,197.88	10,034,658.37	67.65
Over 5 years	132,827,671.04	132,827,671.04	100.00	120,368,207.51	120,368,207.51	100.00
<b>Total</b>	<b>635,312,442.58</b>	<b>181,517,106.08</b>		<b>568,612,591.11</b>	<b>153,683,586.25</b>	

3. *Provision for bad debts*

Category	Opening Balance	Change in the current period				Closing Balance
		Provision	Recovery or reversal	Write-off	Other changes	
Individual provision	3,882,100.34	10,870.00	1,317,430.48			2,575,539.86
Portfolio provision	153,683,586.25	27,833,519.83				181,517,106.08
<b>Total</b>	<b>157,565,686.59</b>	<b>27,844,389.83</b>	<b>1,317,430.48</b>			<b>184,092,645.94</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Top five debtors by closing balance of accounts receivable and contract assets at the end of the period**

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82		60,539,091.82	9.25	60,539,091.82
Bazhou Municipal People's Government	35,909,950.00		35,909,950.00	5.49	19,497,041.75
Zibo Zichuan District Housing and Urban-Rural Development Bureau	29,155,278.62	1,849,200.00	31,004,478.62	4.74	5,078,938.64
Dong'e County Comprehensive Administrative Law Enforcement Bureau	22,296,875.00		22,296,875.00	3.41	3,043,017.14
People's Government of Xiaoli Town, Changqing District, Jinan City	12,808,548.85		12,808,548.85	1.96	1,504,215.36
<b>Total</b>	<b>160,709,744.29</b>	<b>1,849,200.00</b>	<b>162,558,944.29</b>	<b>24.85</b>	<b>89,662,304.71</b>

**(3) Contract assets**

**1. Classification of contract assets**

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Retention money	16,666,432.37	583,405.01	16,083,027.36	15,472,514.84	339,531.63	15,132,983.21

**2. Disclosure by method of providing for impairment**

Category	Closing Balance				
	Gross carrying amount		Impairment provision		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Contract assets with provision for impairment made on a portfolio basis	16,666,432.37	100.00	583,405.01	3.50	16,083,027.36
Of which: Aging portfolio	16,666,432.37	100.00	583,405.01	3.50	16,083,027.36
<b>Total</b>	<b>16,666,432.37</b>	<b>100.00</b>	<b>583,405.01</b>	<b>3.50</b>	<b>16,083,027.36</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Category	Opening Balance				
	Gross carrying amount		Impairment provision		
	Amount	Ratio (%)	Amount	Provision ratio (%)	Carrying amount
Contract assets with provision for impairment made on a portfolio basis	15,472,514.84	100.00	339,531.63	2.19	15,132,983.21
Of which: Aging portfolio	15,472,514.84	100.00	339,531.63	2.19	15,132,983.21
<b>Total</b>	<b>15,472,514.84</b>	<b>100.00</b>	<b>339,531.63</b>	<b>2.19</b>	<b>15,132,983.21</b>

(1) *Contract assets with provision for impairment made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Provision ratio (%)	Gross carrying amount	Impairment provision	Provision ratio (%)
Within 1 year	15,024,401.87	51,082.99	0.34	14,542,093.01	49,443.12	0.34
1 to 2 years	822,759.02	19,993.04	2.43	111,150.35	2,700.95	2.43
2 to 3 years				339,803.43	47,368.60	13.94
3 to 4 years	339,803.43	110,572.04	32.54	240,219.80	78,167.52	32.54
4 to 5 years	240,219.80	162,508.69	67.65	239,248.25	161,851.44	67.65
Over 5 years	239,248.25	239,248.25	100.00			
<b>Total</b>	<b>16,666,432.37</b>	<b>583,405.01</b>		<b>15,472,514.84</b>	<b>339,531.63</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Movement in impairment provision for contract assets**

Item	Opening Balance	Change in the current period		Closing Balance
		Provision	Recovery or reversal	
Retention money	339,531.63	243,873.38		583,405.01

**(4) Receivables financing**

**1. Classification of receivables financing**

Item	Closing Balance	Opening Balance
Bank acceptance bill	41,988,463.18	61,560,493.21

**2. Receivables financing endorsed or discounted but not yet matured at the balance sheet date**

Item	Amount derecognized at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bill	107,168,202.18	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(5) Prepayments**

**1. Prepayments by aging**

Aging	Closing Balance		Opening Balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	173,527,245.50	97.86	165,991,683.89	90.41
1 to 2 years	475,891.37	0.27	16,603,904.81	9.04
2 to 3 years	2,475,015.22	1.40	494,550.87	0.27
Over 3 years	841,622.66	0.47	514,129.43	0.28
<b>Total</b>	<b>177,319,774.75</b>	<b>100.00</b>	<b>183,604,269.00</b>	<b>100.00</b>

**2. Top five prepayments by counterparty at the end of the period**

Name of Entity	Closing Balance	Percentage of the total closing balance of prepayments (%)
PetroChina Natural Gas Sales Chuanyu Branch Chongqing Sales Department	21,242,793.53	11.98
PetroChina Natural Gas Sales Hebei Branch	20,282,827.28	11.44
Sinopec Gas Company Shandong Natural Gas Sales Center	19,505,561.83	11.00
Chongqing Yeyanqi Exploration and Development Co., Ltd.	15,276,453.72	8.62
Taishan Gas Group Co., Ltd.	8,310,051.40	4.69
<b>Total</b>	<b>84,617,687.76</b>	<b>47.73</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(6) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends receivable	172,398,288.69	
Other receivables	29,402,040.39	18,120,364.53
<b>Total</b>	<b>201,800,329.08</b>	<b>18,120,364.53</b>

**1. Dividends receivable**

<b>Item (or investee)</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	172,398,288.69	

**2. Other receivables**

**(1) Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	22,217,361.64	14,716,260.33
1 to 2 years	4,965,443.18	385,106.48
2 to 3 years	381,789.89	863,577.60
3 to 4 years	792,551.60	894,100.32
4 to 5 years	890,900.32	239,232.88
Over 5 years	48,966,923.98	49,726,171.80
<b>Subtotal</b>	<b>78,214,970.61</b>	<b>66,824,449.41</b>
Less: Provision for bad debts	48,812,930.22	48,704,084.88
<b>Total</b>	<b>29,402,040.39</b>	<b>18,120,364.53</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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(2) *Disclosure by nature*

<b>Nature of amount</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Current accounts and others	78,214,970.61	66,824,449.41
Subtotal	78,214,970.61	66,824,449.41
Less: Provision for bad debts	48,812,930.22	48,704,084.88
<b>Total</b>	<b>29,402,040.39</b>	<b>18,120,364.53</b>

(3) *Provision for bad debts*

<b>Provision for bad debts</b>	<b>Stage 1 12 months expected credit losses</b>	<b>Stage 2 Lifetime expected credit losses (not credit impaired)</b>	<b>Stage 3 Lifetime expected credit losses (credit impaired)</b>	<b>Total</b>
Balance as at 1 January 2024	48,704,084.88			48,704,084.88
Balance as at 1 January 2024 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	885,431.04			885,431.04
Reversal in the current period	776,585.70			776,585.70
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2024	48,812,930.22			48,812,930.22

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (4) Provision for bad debts

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Charge-off	
Petty cash	23,280.02	-4,201.25			19,078.77
Deposits, security deposits	814,226.16	5,638.31			819,864.47
Intercompany balances and others	47,866,578.70	883,993.98	776,585.70		47,973,986.98
<b>Total</b>	<b>48,704,084.88</b>	<b>885,431.04</b>	<b>776,585.70</b>		<b>48,812,930.22</b>

### (5) Top five other receivables at the end of the period, grouped by debtor

Name of Entity	Nature of amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Nantong Xuanneng Energy Trading Co., Ltd.	Purchase payables	11,755,857.53	Within 1 year	15.03	587,792.88
Shandong Huahai Petrochemical Sales Co., Ltd.	Purchase payables	6,085,145.22	Within 1 year	7.78	304,257.26
Qingzhou Xinneng Natural Gas Co., Ltd.	Equity transfer receivable	1,994,773.01	Over 5 years	2.55	1,994,773.01
Shandong Huachang New Energy Co., Ltd.	Current account	1,913,870.72	Over 5 years	2.45	1,913,870.72
Rushan Binhai New Area Management Committee	Gas fees and ancillary fees	1,701,580.55	Over 5 years	2.18	1,701,580.55
<b>Total</b>		<b>23,451,227.03</b>		<b>29.98</b>	<b>6,502,274.42</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(7) Inventories**

**1. Classification of Inventories**

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for write-down	Carrying amount	Gross carrying amount	Provision for write-down	Carrying amount
Raw materials	209,510,043.09	11,855,653.11	197,654,389.98	170,197,989.21	11,855,653.11	158,342,336.10
Low-value consumables	2,584,980.42		2,584,980.42	113,967.40		113,967.40
Contract fulfillment costs	113,012,020.91		113,012,020.91	126,073,473.16		126,073,473.16
Inventory goods	91,507,021.71	13,483,628.37	78,023,393.34	123,163,591.77	13,193,995.24	109,969,596.53
Packaging materials	363,794.08		363,794.08	597,508.26		597,508.26
Goods dispatched	7,866,892.64		7,866,892.64			
Others	34,459.90		34,459.90			
<b>Total</b>	<b>424,879,212.75</b>	<b>25,339,281.48</b>	<b>399,539,931.27</b>	<b>420,146,529.80</b>	<b>25,049,648.35</b>	<b>395,096,881.45</b>

**2. Changes in the provision for inventory write-downs**

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Charge-off	Others	
Raw materials	11,855,653.11					11,855,653.11
Inventory goods	13,193,995.24	289,633.13				13,483,628.37
<b>Total</b>	<b>25,049,648.35</b>	<b>289,633.13</b>				<b>25,339,281.48</b>

**(8) Non-current assets due within one year**

Item	Closing Balance	Opening Balance
Long-term receivables due within one year	509,282.19	1,681,928.76

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (9) Other current assets

Item	Closing Balance	Opening Balance
Input tax to be deducted	10,102,638.51	9,235,123.31
Prepaid taxes	3,164,659.11	1,900,545.79
<b>Total</b>	<b>13,267,297.62</b>	<b>11,135,669.10</b>

### (10) Long-term receivables

#### 1. Long-term receivables

Item	Closing Balance			Opening Balance			
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount	Discount rate range
Finance lease receivables	18,824,966.74	18,824,966.74	18,824,966.74	18,824,966.74	5.5%		
Of which: Unrealized finance income	5,499,837.38	5,499,837.38	6,204,386.06	6,204,386.06	5.5%		
Loan receivable from Shandong Shengbang Lvye Chemical Co., Ltd. (Note)	25,000,000.00	1,065,558.28	23,934,441.72	85,000,000.00	7,019,056.73	77,980,943.27	
<b>Total</b>	<b>38,325,129.36</b>	<b>1,065,558.28</b>	<b>37,259,571.08</b>	<b>97,620,580.68</b>	<b>7,019,056.73</b>	<b>90,601,523.95</b>	

Note: On 23 January 2017, the Company transferred the equity interest in its subsidiary, Shandong Shengbang Lvye Chemical Co., Ltd., and the related other receivables are being recovered in instalments; on 10 September 2021, as approved at the 21st (provisional) meeting of the Company's ninth Board of Directors, the Company entered into a "Package Agreement for Debt Settlement" with Shandong Shengbang Lvye Chemical Co., Ltd. Under the agreement, Lvye Chemical is to settle the outstanding debt balance with the Company, for which the Company agreed to extend the repayment period, and Lvye Chemical shall pay the corresponding interest for the extension period.

In 2024, RMB 64,451,353.43 of principal and interest was recovered, and the remaining total balance of principal and interest at the end of the period was RMB 25,509,282.19. Among them, the interest of RMB 509,282.19 due in 2025 is presented as current portion of non-current assets. The Company has fulfilled the decision-making and disclosure procedures for this matter in accordance with regulations.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Bad debt provision for long-term receivables**

<b>Provision for bad debts</b>	<b>Stage 1 12-month expected credit losses</b>	<b>Stage 2 Lifetime expected credit losses (not credit impaired)</b>	<b>Stage 3 Lifetime expected credit losses (credit impaired)</b>	<b>Total</b>
Balance as at 1 January 2024	7,019,056.73			7,019,056.73
Balance as at 1 January 2024 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-5,953,498.45			-5,953,498.45
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2024	1,065,558.28			1,065,558.28

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (11) Long-term equity investments

Investee	Increase/decrease in the current period										
	Opening Balance	Additional investment	Reduced investment	Investment income/loss recognised under the equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profits declared for distribution	Provision for impairment	Others	Closing Balance	Closing balance of impairment provision
Associates											
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	517,954,829.46			-2,952,347.90			462,769,617.58			52,232,863.98	
Shandong Shengli Bioengineering Co., Ltd.	242,787,915.19			9,662,848.96		307,527.23	14,092,323.38			238,665,968.00	
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	60,700,326.49			1,665,876.53		1,287,163.10				63,653,366.12	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	53,973,139.80			1,220,558.85						55,193,698.65	4,518,749.50
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	140,733,455.79			2,819,478.65		398,739.94	6,732,812.35			137,218,862.03	25,868,518.27
Shenxian PetroChina Kunlun Gas Co., Ltd.	15,087,198.05			-456,397.84					-14,630,800.21		
<b>Total</b>	<b>1,031,236,864.78</b>			<b>11,960,017.25</b>		<b>1,993,430.27</b>	<b>483,594,753.31</b>		<b>-14,630,800.21</b>	<b>546,964,758.78</b>	<b>30,387,267.77</b>

Note: During the current period, the Company sold all of its equity in its subsidiary, Shandong Qinglin Taifeng Trading Co., Ltd., and the equity held by the subsidiary in Shenxian PetroChina Kunlun Gas Co., Ltd. was also sold accordingly.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (12) Investments in other equity instruments

Item	Increase/decrease in the current period						Closing Balance
	Opening Balance	Additional investment	Reduced investment	Gains included in other comprehensive income for the current period	Losses included in other comprehensive income for the current period	Others	
Bank of Qingdao	293,017.01			130,108.63			423,125.64
Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.	2,934,456.20				542,056.20		2,392,400.00
PipeChina Group Tianjin LNG Co., Ltd.	256,434,715.86	13,876,000.00		2,600,084.14			272,910,800.00
<b>Total</b>	<b>259,662,189.07</b>	<b>13,876,000.00</b>		<b>2,730,192.77</b>	<b>542,056.20</b>		<b>275,726,325.64</b>

### (13) Investment properties

Investment properties measured at fair value

Item	Total
I. Opening balance	71,063,273.00
II. Change in the current period	-1,185,654.60
Add: Change in fair value	-1,185,654.60
III. Closing balance	69,877,618.40

Note: The Company accounts for the property located at Haikou Road, Shinan District, Qingdao City as an investment property. The fair value of this asset is determined based on the real estate appraisal report (2025) Qing Heng Fang Gu Zi No. 031 issued by Qingdao Hengyuan De Real Estate Appraisal Co., Ltd.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(14) Fixed assets**

<b>Category</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Fixed assets	<u>1,975,872,755.15</u>	<u>1,968,645,841.31</u>

**I. Fixed assets**

**(1) Fixed assets**

<b>Item</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Transportation equipment</b>	<b>Gas transmission facilities</b>	<b>Others</b>	<b>Total</b>
<b>I. Gross carrying amount</b>						
1. Opening Balance	310,113,367.95	608,916,229.78	62,133,476.21	1,807,704,419.89	37,669,964.00	2,826,537,457.83
2. Increase in the current period	14,017,979.62	6,497,865.13	920,614.84	99,813,528.06	317,393.16	121,567,380.81
(1) Purchase	12,814,439.51	2,308,660.36	616,339.17	4,835,925.53	2,508,138.92	23,083,503.49
(2) Transfer from construction in progress	1,159,118.33	7,454,786.34	302,442.82	89,237,261.00	330,268.83	98,483,877.32
(3) Reclassifications	44,421.78	-3,265,581.57	1,832.85	5,740,341.53	-2,521,014.59	
3. Decrease in the current period	1,866,699.21	13,316,322.33	4,965,286.68	3,935,002.91	1,357,791.53	25,441,102.66
(1) Disposal or write-off	1,866,699.21	13,088,770.36	4,961,134.23	3,932,694.91	1,355,155.20	25,204,453.91
(2) Disposal of subsidiary		227,551.97	4,152.45	2,308.00	2,636.33	236,648.75
4. Closing Balance	322,264,648.36	602,097,772.58	58,088,804.37	1,903,582,945.04	36,629,565.63	2,922,663,735.98
<b>II. Accumulated depreciation</b>						
1. Opening Balance	79,506,121.83	334,179,444.19	42,642,907.76	354,342,651.77	27,587,083.22	838,258,208.77
2. Increase in the current period	9,782,939.46	25,961,175.02	4,429,274.25	66,570,935.82	2,111,183.40	108,855,507.95
(1) Provision	9,565,328.24	25,978,507.58	4,444,430.37	66,680,503.19	2,186,738.57	108,855,507.95
(2) Reclassifications	217,611.22	-17,332.56	-15,156.12	-109,567.37	-75,555.17	
3. Decrease in the current period	1,051,458.82	6,323,152.70	4,070,587.29	1,664,582.70	618,609.39	13,728,390.90
(1) Disposal or write-off	1,051,458.82	6,323,152.70	4,070,587.29	1,664,582.70	618,609.39	13,728,390.90
4. Closing Balance	88,237,602.47	353,817,466.51	43,001,594.72	419,249,004.89	29,079,657.23	933,385,325.82

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Gas transmission facilities	Others	Total
<b>III. Impairment provision</b>						
1. Opening Balance	5,974,541.54	11,728,667.67	36,363.35	1,868,404.57	25,430.62	19,633,407.75
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period	680,257.13	5,491,807.98		38,711.00	16,976.63	6,227,752.74
(1) Disposal or write-off	680,257.13	5,491,807.98		38,711.00	16,976.63	6,227,752.74
4. Closing Balance	5,294,284.41	6,236,859.69	36,363.35	1,829,693.57	8,453.99	13,405,655.01
<b>IV. Carrying amount</b>						
1. Closing carrying amount	228,732,761.48	242,043,446.38	15,050,846.30	1,482,504,246.58	7,541,454.41	1,975,872,755.15
2. Opening carrying amount	224,632,704.58	263,008,117.92	19,454,205.10	1,451,493,363.55	10,057,450.16	1,968,645,841.31

(2) *Fixed assets that are fully depreciated but still in use as of 31 December 2024*

Category	Gross carrying amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings and structures	6,016,625.03	4,180,009.71		1,836,615.32
Machinery and equipment	154,357,108.83	146,325,933.35	341.57	8,030,833.91
Transportation equipment	22,764,735.49	21,884,254.83		880,480.66
Gas transmission facilities	12,442,284.30	12,035,156.56	33,859.11	373,268.63
Others	23,314,694.34	21,993,033.71		1,321,660.63
<b>Total</b>	<b>218,895,447.99</b>	<b>206,418,388.16</b>	<b>34,200.68</b>	<b>12,442,859.15</b>

(15) **Construction in progress**

Category	Closing Balance	Opening Balance
Construction in progress	85,092,293.04	118,113,041.46

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**1. Construction in progress**

*(1) Construction in progress projects*

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Construction in progress	87,022,055.57	1,929,762.53	85,092,293.04	120,042,803.99	1,929,762.53	118,113,041.46

*(2) Impairment provision for construction in progress projects*

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Linyi Shengli Project	1,929,762.53			1,929,762.53
<b>Total</b>	<u>1,929,762.53</u>			<u>1,929,762.53</u>

(16) Right-of-use assets

Item	<u>Land and buildings thereon</u>
<b>I. Gross carrying amount</b>	
1. Opening Balance	71,563,906.77
2. Increase in the current period	3,464,783.55
(1) New lease	8,679,047.70
(2) Revaluation adjustment	-5,214,264.15
3. Decrease in the current period	4,468,679.53
(1) Lease expiration	2,453,573.17
(2) Lease termination	2,015,106.36
4. Closing Balance	70,560,010.79
<b>II. Accumulated depreciation</b>	
1. Opening Balance	19,239,381.30
2. Increase in the current period	8,389,317.02
(1) Provision	8,389,317.02
3. Decrease in the current period	2,924,167.00
(1) Lease expiration	2,453,573.17
(2) Lease termination	470,593.83
4. Closing Balance	24,704,531.32
<b>III. Carrying amount</b>	
1. Closing carrying amount	45,855,479.47
2. Opening carrying amount	52,324,525.47

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(17) Intangible assets**

Item	Land use rights	Software	Patented technology	Others	Total
<b>I. Gross carrying amount</b>					
1. Opening Balance	146,245,503.35	15,082,715.45	54,800.00	408,070.97	161,791,089.77
2. Increase in the current period		208,773.59			208,773.59
(1) Purchase		208,773.59			208,773.59
3. Decrease in the current period					
(1) Disposal					
4. Closing Balance	146,245,503.35	15,291,489.04	54,800.00	408,070.97	161,999,863.36
<b>II. Accumulated amortisation</b>					
1. Opening Balance	27,498,714.31	7,710,339.61	10,594.46	8,501.48	35,228,149.86
2. Increase in the current period	3,335,771.70	1,366,548.84	3,084.52	20,404.77	4,725,809.83
(1) Provision	3,335,771.70	1,366,548.84	3,084.52	20,404.77	4,725,809.83
3. Decrease in the current period					
(1) Disposal					
4. Closing Balance	30,834,486.01	9,076,888.45	13,678.98	28,906.25	39,953,959.69
<b>III. Carrying amount</b>					
1. Closing carrying amount	115,411,017.34	6,214,600.59	41,121.02	379,164.72	122,045,903.67
2. Opening carrying amount	118,746,789.04	7,372,375.84	44,205.54	399,569.49	126,562,939.91

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(18) Goodwill**

**1. Gross carrying amount of goodwill**

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Arising from business combination	Others	Disposal	Others	
Dong'e County Dongtai Gas Co., Ltd.	191,676,567.67					191,676,567.67
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	37,961,916.33					37,961,916.33
Shandong Longyu Shengli Energy Co., Ltd.	5,961,571.56					5,961,571.56
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00					4,900,000.00
Puyang Boyuan Natural Gas Co., Ltd.	63,180,188.59					63,180,188.59
Shandong Qinglin Taifeng Trading Co., Ltd.	2,592,000.00			2,592,000.00		
Bazhou Shengli Shunda Gas Co., Ltd.	95,681,106.01					95,681,106.01
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Zibo Lvchuan Gas Co., Ltd.	72,927,861.05					72,927,861.05
Anyang Beifang Shengli Gas Co., Ltd.	43,195,836.86					43,195,836.86
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	132,745,684.23					132,745,684.23
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	94,749,476.27					94,749,476.27
Chongqing Shengbang Gas Co., Ltd.	477,021,251.91					477,021,251.91
Weihai Shengli Huachang Gas Co., Ltd.	14,773,471.28					14,773,471.28
Puyang County Boyuan Natural Gas Co., Ltd.	69,548,160.04					69,548,160.04
<b>Total</b>	<b>1,337,431,558.90</b>				<b>2,592,000.00</b>	<b>1,334,839,558.90</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Goodwill impairment provision

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Disposal	Others	
Shandong Longyu Shengli Energy Co., Ltd.	801,939.30					801,939.30
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Shandong Qinglin Taifeng Trading Co., Ltd.	2,592,000.00			2,592,000.00		
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	40,044,169.36					40,044,169.36
Chongqing Shengbang Gas Co., Ltd.	8,489,766.22					8,489,766.22
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00					4,900,000.00
Anyang Beifang Shengli Gas Co., Ltd.	31,526,019.26		592,489.54			32,118,508.80
Puyang County Boyuan Natural Gas Co., Ltd.	21,860,673.85		870,525.29			22,731,199.14
Weihai Shengli Huachang Gas Co., Ltd.	1,267,201.21		1,267,201.21			
<b>Total</b>	<b>141,998,236.30</b>	<b>1,463,014.83</b>		<b>2,592,000.00</b>		<b>140,869,251.13</b>

### 3. Information on the asset group or group of asset groups to which goodwill is allocated

The Company's goodwill was formed upon the acquisition of the equity of the above-mentioned companies. The cash flows generated by each company are independent of other assets or asset groups. Therefore, each company is identified as an asset group. The asset group to which goodwill is allocated at the end of the period is consistent with the asset group determined at the acquisition date and in previous years' goodwill impairment tests.

### 4. Status of significant goodwill impairment testing

The Company performed an impairment test on the goodwill of each asset group as of 31 December 2024. The asset groups are consistent with the asset group combinations identified at the acquisition date, and their scope includes the fixed assets, intangible assets, and other related operating assets that make up the asset groups. The recoverable amount of the asset groups was determined by reference to the "Asset Valuation Report on the Recoverable Amount Assessment Project for the Asset Groups of 12 Companies Including Anyang Beifang Shengli Gas Co., Ltd. for the Purpose of Goodwill Impairment Testing for Shandong Shengli Co., Ltd. for Financial Reporting Purposes" (Zhe Zhong Qi Hua Ping Bao Zi (2025) No. 0093) issued by Zhejiang Zhongqi Hua Asset Appraisal Co., Ltd.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(1) The main parameters of each asset group are as follows:

Company to which the asset group belongs	Forecast period	Stable period	Stable period growth rate	Profit margin	Discount rate % (pre-tax weighted average cost of capital)
Anyang Beifang Shengli Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.53, 8.01
Bazhou Shengli Shunda Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.95, 8.01
Dong'e County Dongtai Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.01
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7, 8.01
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.01
Puyang Boyuan Natural Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.65, 8.01
Puyang County Boyuan Natural Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.76, 8.01
Shandong Longyu Shengli Energy Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.01
Weihai Shengli Huachang Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.07, 8.01
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.85, 8.01
Chongqing Shengbang Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.01, 7.13, 8.01
Zibo Lvchuan Gas Co., Ltd.	2025 to 2029	2030 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	7.49, 8.01

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Goodwill impairment calculation process

Company to which the asset group belongs	Company's shareholding ratio (1)	Carrying amount of goodwill (2)	Recoverable amount of the asset group (3)	Carrying amount of the goodwill-related asset group (4)	Goodwill appreciation amount (5): Positive value of (3)-(4) multiplied by (1)	Goodwill impairment amount (6): Positive value of (4)-(3) multiplied by (1)
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	55.00%	92,701,514.87	321,372,484.96	269,735,700.11	28,400,231.67	
Anyang Beifang Shengli Gas Co., Ltd.	60.00%	11,077,328.06	191,556,832.43	192,544,315.00		592,489.54
Bazhou Shengli Shunda Gas Co., Ltd.	51.00%	95,681,106.01	941,608,635.81	466,394,051.50	242,359,438.00	
Dong'e County Dongtai Gas Co., Ltd.	100.00%	191,676,567.67	361,102,129.99	347,753,321.84	13,348,808.15	
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	100.00%	37,961,916.33	49,240,185.31	48,723,258.95	516,926.36	
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	100.00%	94,749,476.27	168,357,870.70	160,773,208.18	7,584,662.52	
Puyang Boyuan Natural Gas Co., Ltd.	51.00%	63,180,188.59	223,369,166.53	219,596,137.51	1,924,244.80	
Puyang County Boyuan Natural Gas Co., Ltd.	51.00%	46,816,960.90	150,808,060.42	152,514,972.75		870,525.29
Shandong Longyu Shengli Energy Co., Ltd.	50.00%	5,159,632.26	41,612,211.31	41,328,412.57	141,899.37	—
Weihai Shengli Huachang Gas Co., Ltd.	94.50%	13,506,270.07	62,193,051.31	61,672,184.06	492,219.56	
Chongqing Shengbang Gas Co., Ltd.	100.00%	468,531,485.69	916,213,058.44	876,258,438.65	39,954,619.79	
Zibo Lvchuan Gas Co., Ltd.	62.704%	72,927,861.05	424,293,686.90	323,958,191.47	62,914,369.06	

### (19) Long-term deferred expenses

Category	Opening Balance	Increase in the current period	Amortisation for the current period	Closing Balance
Building renovation fees, etc.	10,338,007.22	4,237,834.01	4,843,141.29	9,732,699.94
Gas meters and ancillary equipment	1,876,196.92	1,325,339.38	417,732.02	2,783,804.28
<b>Total</b>	<b>12,214,204.14</b>	<b>5,563,173.39</b>	<b>5,260,873.31</b>	<b>12,516,504.22</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(20) Deferred tax assets, deferred tax liabilities**

**1. Deferred tax assets and deferred tax liabilities are not presented on a net basis**

Item	Closing Balance		Opening Balance	
	Deferred tax asset/liability	Deductible/taxable temporary differences	Deferred tax asset/liability	Deductible/taxable temporary differences
Deferred tax assets:				
Provision for bad and doubtful debts and inventory write-downs	51,713,798.66	236,376,084.21	46,818,886.23	215,910,876.35
Deductible losses	76,401,028.96	306,257,685.28	77,143,798.51	308,575,194.04
Unrealised profit from internal sales	5,878,573.26	24,315,758.77	5,680,203.61	22,720,814.44
Deferred income	1,030,648.19	4,976,996.92	1,104,353.61	5,331,719.68
Changes in fair value of investments in other equity instruments	526,900.00	2,107,600.00	391,385.94	1,565,543.80
Lease liabilities	12,907,012.76	62,204,864.80	14,478,337.13	67,144,048.01
<b>Subtotal</b>	<b>148,457,961.83</b>	<b>636,238,989.98</b>	<b>145,616,965.03</b>	<b>621,248,196.32</b>
Deferred tax liabilities:				
Gain or loss on changes in fair value of investment properties	8,461,502.20	33,846,008.80	8,757,915.85	35,031,663.39
One-off pre-tax deduction for depreciation of fixed assets	83,546,522.52	357,755,102.70	83,405,146.36	356,662,348.24
Revaluation surplus on assets from business combinations not under common control	6,497,565.85	27,849,679.39	6,360,777.59	25,443,110.36
Changes in fair value of investments in other equity instruments	28,099,512.51	112,398,050.00	27,449,491.47	109,797,965.88
Right-of-use assets	12,359,185.25	57,114,730.15	13,817,146.28	65,385,605.95
<b>Subtotal</b>	<b>138,964,288.33</b>	<b>588,963,571.04</b>	<b>139,790,477.55</b>	<b>592,320,693.82</b>

**2. Details of unrecognised deferred tax assets**

Item	Closing Balance	Opening Balance
Provision for bad and doubtful debts and inventory write-downs	23,517,736.72	22,767,131.83
Impairment provision for fixed assets and construction in progress	13,788,354.72	21,563,170.28
Changes in fair value of other equity instruments	19,108,799.57	35,492,885.28
Impairment provision for long-term equity investments	30,387,267.77	30,387,267.77
Deductible losses	310,702,626.69	338,389,868.19
<b>Total</b>	<b>397,504,785.47</b>	<b>448,600,323.35</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Expiry of deductible losses for which no deferred tax asset has been recognised**

<b>Year</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
2024		38,908,012.13
2025	38,442,546.08	38,167,273.97
2026	90,242,844.80	89,239,301.75
2027	28,216,756.26	45,095,322.32
2028	59,557,418.36	126,979,958.02
2029	94,243,061.19	
<b>Total</b>	<b><u>310,702,626.69</u></b>	<b><u>338,389,868.19</u></b>

**(21) Other non-current assets**

<b>Item</b>	<b>Closing Balance</b>			<b>Opening Balance</b>		
	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>
Prepayments for equipment and engineering	<u>15,354,588.00</u>	<u></u>	<u>15,354,588.00</u>	<u>16,163,502.74</u>	<u></u>	<u>16,163,502.74</u>

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**(22) Assets with restricted ownership or use**

Item	Status at the end of the period			
	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	258,900,000.00	258,900,000.00	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	18,926,376.14	18,926,376.14	Security deposit	Letter of credit and letter of guarantee margin
Cash and bank balances	6,631,889.12	6,631,889.12	Cannot be withdrawn on the same day	Receivables from third-party platforms (e.g., POS machines, WeChat and Alipay) and others
Cash and bank balances	1,412,065.41	1,412,065.41	Unmatured interest	Unusable
Long-term equity investments	1,138,935,965.44	1,138,935,965.44	Pledge	Equity pledge loan
Fixed assets	708,240,803.64	568,342,624.00	Mortgage	Mortgage loan
Intangible assets	34,259,069.32	26,879,369.07	Mortgage	Mortgage loan
<b>Total</b>	<b>2,167,306,169.07</b>	<b>2,020,028,289.18</b>		

Item	At the beginning of the period			
	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	15,450,000.00	15,450,000.00	Pledge	Pledge of time deposits
Cash and bank balances	170,000,000.00	170,000,000.00	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	25,813,553.69	25,813,553.69	Security deposit	Pledged deposits for letters of credit
Cash and bank balances	4,350,885.79	4,350,885.79	Cannot be withdrawn on the same day	Funds from third-party platforms such as POS machines, WeChat, and Alipay, which cannot be used on the same day
Cash and bank balances	2,019,963.94	2,019,963.94	Unmatured interest	Unusable
Long-term equity investments	1,143,057,912.63	1,143,057,912.63	Pledge	Equity pledge loan
Fixed assets	702,719,772.28	602,936,916.01	Mortgage	Mortgage loan
Intangible assets	32,890,647.32	26,575,515.87	Mortgage	Mortgage loan
<b>Total</b>	<b>2,096,302,735.65</b>	<b>1,990,204,747.93</b>		—

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(23) Short-term borrowings**

*1. Classification of short-term borrowings*

<b>Borrowing conditions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Pledged loans		10,000,000.00
Mortgage loan	9,200,000.00	8,500,000.00
Guaranteed loans	542,160,067.73	771,457,542.00
Unsecured loans	286,000,000.00	373,800,000.00
Loan interest	1,171,163.89	1,957,768.12
<b>Total</b>	<b>838,531,231.62</b>	<b>1,165,715,310.12</b>

*2. Overdue and unpaid short-term borrowings: None*

**(24) Notes payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Bank acceptance bill	517,800,000.00	354,100,000.00
<b>Total</b>	<b>517,800,000.00</b>	<b>354,100,000.00</b>

**(25) Accounts payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	184,647,666.73	217,066,972.32
Over 1 year	127,837,332.28	177,451,682.19
<b>Total</b>	<b>312,484,999.01</b>	<b>394,518,654.51</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(26) Contract liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Receipts in advance for natural gas and initial installation fees, etc.	<u>682,361,514.62</u>	<u>598,043,343.91</u>

**(27) Employee benefits payable**

**1. Employee benefits payable by category**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Short-term remuneration	45,240,384.82	195,000,737.03	200,510,851.33	39,730,270.52
Post-employment benefits — defined contribution plan	910,422.12	18,165,494.25	18,146,682.79	929,233.58
Termination benefits		677,112.56	677,112.56	
<b>Total</b>	<u>46,150,806.94</u>	<u>213,843,343.84</u>	<u>219,334,646.68</u>	<u>40,659,504.10</u>

**2. Short-term employee benefits**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Salaries, bonuses, allowances, and subsidies	25,045,736.03	165,507,226.66	164,171,641.39	26,381,321.30
Staff welfare expenses		9,280,603.69	9,280,603.69	
Social insurance premiums	1,706,539.80	10,017,818.04	10,264,992.76	1,459,365.08
Of which: Medical and maternity insurance premiums	1,665,524.61	9,079,764.29	9,329,661.85	1,415,627.05
Work-related injury insurance premiums	41,015.19	938,053.75	935,330.91	43,738.03
Housing provident fund	19,942.88	8,988,680.36	8,924,807.48	83,815.76
Trade union funds and employee education funds	18,468,166.11	1,206,408.28	7,868,806.01	11,805,768.38
<b>Total</b>	<u>45,240,384.82</u>	<u>195,000,737.03</u>	<u>200,510,851.33</u>	<u>39,730,270.52</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Defined contribution plan**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Basic pension insurance	898,368.79	17,450,329.32	17,434,500.45	914,197.66
Unemployment insurance premiums	12,053.33	715,164.93	712,182.34	15,035.92
<b>Total</b>	<b>910,422.12</b>	<b>18,165,494.25</b>	<b>18,146,682.79</b>	<b>929,233.58</b>

**(28) Taxes payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Value-added tax	7,361,264.32	10,662,915.89
Enterprise income tax	19,650,108.25	22,015,069.54
Urban maintenance and construction tax	458,733.22	873,816.79
Education surcharge	361,369.31	648,776.71
Property tax	517,183.21	369,458.24
Land use tax	488,221.58	734,485.09

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Individual income tax	339,783.08	229,438.28
Stamp duty	854,438.22	622,589.93
Other taxes and fees		3,923.27
<b>Total</b>	<b>30,031,101.19</b>	<b>36,160,473.74</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(29) Other payables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends payable	5,215,429.86	5,215,429.86
Other payables	34,872,407.72	38,631,990.28
<b>Total</b>	<b>40,087,837.58</b>	<b>43,847,420.14</b>

**1. Dividends payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Ordinary share dividends	1,497,902.15	1,497,902.15
Dividends payable to non-controlling shareholders of the subsidiary Zibo Lvchuan Gas Co., Ltd.	3,717,527.71	3,717,527.71
<b>Total</b>	<b>5,215,429.86</b>	<b>5,215,429.86</b>

**2. Other payables**

**(1) By nature**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Security deposit	6,926,586.90	9,014,619.15
Equity purchase consideration payable	16,980,300.00	16,980,300.00
Others	10,965,520.82	12,637,071.13
<b>Total</b>	<b>34,872,407.72</b>	<b>38,631,990.28</b>

**(30) Non-current liabilities due within one year**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Equity purchase consideration payable		600,000.00
Long-term borrowings due within one year	251,891,827.40	306,511,256.45
Interest on long-term borrowings with installment interest payments and principal due at maturity	1,515,235.53	4,097,815.94
Lease liabilities due within one year	8,950,028.46	9,182,884.59
<b>Total</b>	<b>262,357,091.39</b>	<b>320,391,956.98</b>

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**(31) Other current liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Output tax to be carried forward	63,019,071.16	49,660,525.29

**(32) Long-term borrowings**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Interest rate range</b>
Guaranteed loans	243,911,831.31	255,125,557.25	3.11%-4.8%
Mortgage loan	152,800,485.97	151,476,550.38	3.8%-4.6%
Pledged loans	184,039,745.97	333,983,792.48	5.5%-6.5%
Unsecured loans	28,000,000.00		3.93%
Subtotal	608,752,063.25	740,585,900.11	
Less: Long-term borrowings and interest due within one year	253,407,062.93	310,609,072.39	
<b>Total</b>	<b>355,345,000.32</b>	<b>429,976,827.72</b>	

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**(33) Lease liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Lease payments	72,615,041.06	82,827,815.62
Less: Unrealized finance charges	15,355,047.03	19,615,265.54
Less: Lease liabilities due within one year	8,950,028.46	9,182,884.59
<b>Total</b>	<b>48,309,965.57</b>	<b>54,029,665.49</b>

**(34) Long-term payables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Related party borrowings		60,000,000.00

**(35) Deferred income**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>	<b>Reason</b>
Government grants	10,807,487.21		683,231.52	10,124,255.69	Asset-related government grants

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Government grant projects:

Item	Opening Balance	New grant amount for the current period	Amount included in other income for the current period	Closing Balance	Asset- related/ Revenue- related
Reward funds for fixed asset investment projects	2,288,581.56		163,470.12	2,125,111.44	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	712,500.00		47,500.00	665,000.00	Asset-related
Special funds for supporting facilities for clean heating and natural gas supply to every village in Dong'e County	1,588,888.91		133,333.32	1,455,555.59	Asset-related
National subsidy from the central budget for infrastructure investment	1,968,749.92		125,000.04	1,843,749.88	Asset-related
Special funds for the PE new material pipe project	1,573,263.09		102,252.68	1,471,010.41	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	757,375.03		41,499.96	715,875.07	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	1,918,128.70		70,175.40	1,847,953.30	Asset-related
<b>Total</b>	<u>10,807,487.21</u>		<u>683,231.52</u>	<u>10,124,255.69</u>	

### (36) Share capital

Item	Opening Balance	Increase/decrease for the period (+, -)				Closing Balance
		Issuance of new shares	Conversion of capital reserve	Others	Subtotal	
Total number of shares	880,084,656.00					880,084,656.00

### (37) Capital reserve

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Capital premium (share premium)	950,383,092.10			950,383,092.10
Other capital reserves	3,158,121.10	1,993,430.27		5,151,551.37
<b>Total</b>	<u>953,541,213.20</u>	<u>1,993,430.27</u>		<u>955,534,643.47</u>

Note: The increase in other capital reserves is due to the change in the special reserve of an associate company.

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**(38) Other comprehensive income**

Item	Current Period Amount					Closing Balance
	Opening Balance	Amount	Less: Income tax expense	Attributable	Attributable	
		before income tax for the current period		to the parent company after tax	to non-controlling interests after tax	
Other comprehensive income that cannot be reclassified to profit or loss	58,255,898.48	2,188,136.57	514,506.99	1,727,750.16	-54,120.58	59,983,648.64
Of which: Changes in fair value of investments in other equity instruments	58,255,898.48	2,188,136.57	514,506.99	1,727,750.16	-54,120.58	59,983,648.64

**(39) Special reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Safety production fees	12,844,021.69	27,057,513.94	25,529,014.83	14,372,520.80

**(40) Surplus reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Statutory surplus reserve	191,967,220.19	11,833,645.81		203,800,866.00
Discretionary surplus reserve	371,490.70			371,490.70
<b>Total</b>	<b>192,338,710.89</b>	<b>11,833,645.81</b>		<b>204,172,356.70</b>

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**(41) Retained earnings**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Retained earnings at the end of the previous period before adjustment	786,884,239.23	678,841,985.44
Total adjustment to opening retained earnings (increase +, decrease -)		1,032,955.99
Retained earnings at the beginning of the period after adjustment	786,884,239.23	679,874,941.43
Add: Net profit attributable to owners of the parent company for the current period	117,241,568.50	153,392,954.89
Less: Appropriation to statutory surplus reserve	11,833,645.81	28,781,963.97
Ordinary share dividends payable	48,404,656.08	17,601,693.12
Retained earnings at the end of the period	843,887,505.84	786,884,239.23

**(42) Operating revenue and operating cost**

**1. Operating revenue and operating cost**

<b>Item</b>	<b>Current Period Amount</b>		<b>Prior Period Amount</b>	
	<b>Revenue</b>	<b>Cost</b>	<b>Revenue</b>	<b>Cost</b>
Main business revenue	4,224,947,612.75	3,542,798,328.98	4,675,692,522.82	3,926,722,872.82
Other business revenue	874,164.82	413,215.01	1,476,656.80	797,119.11
<b>Total</b>	<b>4,225,821,777.57</b>	<b>3,543,211,543.99</b>	<b>4,677,169,179.62</b>	<b>3,927,519,991.93</b>

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**2. Breakdown of operating revenue and operating cost**

Revenue classification	Natural gas business segment		Equipment and material manufacturing business segment		Trading and other business segment		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
By business type								
Gas sales business	3,276,496,560.76	2,642,874,641.93					3,276,496,560.76	2,642,874,641.93
Equipment and material manufacturing business			940,204,370.58	890,198,560.54			940,204,370.58	890,198,560.54
Commodity trading and other businesses					9,120,846.23	10,138,341.52	9,120,846.23	10,138,341.52
<b>Total</b>	<b>3,276,496,560.76</b>	<b>2,642,874,641.93</b>	<b>940,204,370.58</b>	<b>890,198,560.54</b>	<b>9,120,846.23</b>	<b>10,138,341.52</b>	<b>4,225,821,777.57</b>	<b>3,543,211,543.99</b>
By timing of transfer of goods							—	—
Revenue recognised at a point in time	3,276,496,560.76	2,642,874,641.93	940,204,370.58	890,198,560.54	6,323,747.13	9,470,015.87	4,223,024,678.47	3,542,543,218.34
Revenue recognized over a period of time					2,797,099.10	668,325.65	2,797,099.10	668,325.65
<b>Total</b>	<b>3,276,496,560.76</b>	<b>2,642,874,641.93</b>	<b>940,204,370.58</b>	<b>890,198,560.54</b>	<b>9,120,846.23</b>	<b>10,138,341.52</b>	<b>4,225,821,777.57</b>	<b>3,543,211,543.99</b>

**(43) Taxes and surcharges**

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	3,009,652.80	3,629,971.48
Land use tax	2,139,283.96	3,149,007.33
Education surcharge	2,317,931.17	2,705,067.00
Stamp duty	2,573,683.48	2,661,928.48
Property tax	2,666,052.98	1,863,141.91
Vehicle and vessel tax	95,678.94	101,793.58
Water conservancy construction fund	824.52	2,007.31
Others	424.06	46,711.94
<b>Total</b>	<b>12,803,531.91</b>	<b>14,159,629.03</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(44) Selling expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	92,424,830.80	98,952,879.88
Depreciation and amortisation expenses	86,354,678.32	79,176,081.24
Safety production fees	31,868,311.18	29,129,414.49
Entertainment expenses	3,744,976.95	4,844,208.30
Lease expenses	2,026,842.90	3,369,896.02
Travel expenses	1,354,663.55	1,300,825.37
Advertising expenses	144,938.80	169,731.42
Others	19,125,317.53	19,419,879.71
<b>Total</b>	<b>237,044,560.03</b>	<b>236,362,916.43</b>

**(45) Administrative expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	69,553,637.65	76,510,237.89
Entertainment expenses	13,535,194.23	11,878,598.29
Depreciation expense	6,491,745.98	6,130,955.38
Lease expenses	4,237,260.45	4,181,217.17
Amortisation of intangible assets	3,214,540.60	2,495,657.88
Vehicle expenses	3,635,684.27	2,198,059.67
Repair costs	878,095.67	1,778,850.97
Consulting fees	2,135,858.25	1,281,304.17
Travel expenses	1,146,754.66	1,119,445.17
Property management fees	869,723.20	893,257.84
Others	23,197,996.87	21,882,852.68
<b>Total</b>	<b>128,896,491.83</b>	<b>130,350,437.11</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(46) R&D expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Material costs	28,465,298.77	29,220,848.25
Employee Benefits	22,165,163.67	17,590,730.84
Depreciation and amortisation expenses	2,256,840.82	3,922,281.20
Others	1,295,942.79	809,388.43
<b>Total</b>	<b>54,183,246.05</b>	<b>51,543,248.72</b>

**(47) Finance costs**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest expenses	91,152,703.03	115,285,993.49
Less: Interest income	12,541,066.80	18,521,852.38
Handling fee expenses	3,615,212.06	11,250,602.39
<b>Total</b>	<b>82,226,848.29</b>	<b>108,014,743.50</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(48) Other income**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Asset-related/ Revenue- related</b>
National subsidy from the central budget for infrastructure investment	125,000.04	125,000.04	Asset-related
Fixed asset investment project rewards	163,470.12	163,470.09	Asset-related
Special funds for supporting facilities for clean heating and natural gas supply to every village in Dong'e County	133,333.32	133,333.32	Asset-related
Special funds for the PE new material pipe project	102,252.68	102,252.67	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	47,500.00	47,500.00	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	41,499.96	41,500.00	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	70,175.40	70,175.40	Asset-related
Tax subsidies	105,485.20	292,230.23	Revenue-related
Tax and fee reductions	1,818,018.06	2,259,963.38	Revenue-related
Job stabilization subsidies	514,368.86	491,572.07	Revenue-related
Individual income tax handling fee refund	114,425.91	80,005.31	Revenue-related
Emergency supply guarantee subsidy	3,239,785.00	20,405,299.00	Revenue-related
Business contribution award and annual factory rent subsidy	272,620.79	366,635.00	Revenue-related
Others	1,025,612.97	611,381.03	Revenue-related
<b>Total</b>	<b>7,773,548.31</b>	<b>25,190,317.54</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(49) Investment income**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment income from long-term equity investments accounted for using the equity method	11,960,017.25	20,974,494.22
Dividend income from investments in other equity instruments during the holding period	14,040,520.17	9,766,500.00
Investment income from the disposal of long-term equity investments	7,699,353.79	5,455,250.11
Investment income from the transfer of creditor's rights	6,454,225.83	6,454,225.83
<b>Total</b>	<b>33,699,891.21</b>	<b>42,650,470.16</b>

**(50) Gain on changes in fair value**

<b>Source of gain on changes in fair value</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment properties measured at fair value	-1,185,654.60	-228,010.00

**(51) Credit impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Credit impairment loss on accounts receivable	-26,526,959.35	-5,471,730.08
Credit impairment loss on other receivables	-108,845.34	4,600,227.42
Credit impairment loss on long-term receivables	5,953,498.45	2,894,008.18
<b>Total</b>	<b>-20,682,306.24</b>	<b>2,022,505.52</b>

**(52) Asset impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Inventory write-down loss	-289,633.13	1,029,942.82
Impairment provision for contract assets	-243,873.38	451,156.40
Goodwill impairment loss	-1,463,014.83	-2,909,130.52
<b>Total</b>	<b>-1,996,521.34</b>	<b>-1,428,031.30</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(53) Gain on disposal of assets**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Gain or loss on disposal of long-term assets not classified as held for sale	2,586,824.35	5,396,547.28

**(54) Non-operating income**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Government grants not related to ordinary activities	9,544.15	1,000.00	9,544.15
Others	5,285,854.55	5,913,199.42	5,285,854.55
<b>Total</b>	<b>5,295,398.70</b>	<b>5,914,199.42</b>	<b>5,295,398.70</b>

**(55) Non-operating expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Loss on damage and write-off of non-current assets	72,335.20	64,781.81	72,335.20
Penalty expenses	60,000.00	474,837.94	60,000.00
External donations	69,585.00	1,624,000.00	69,585.00
Others	4,688,451.41	5,129,182.12	4,688,451.41
<b>Total</b>	<b>4,890,371.61</b>	<b>7,292,801.87</b>	<b>4,890,371.61</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(56) Income tax expense**

*1. Details of income tax expense*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Current income tax expense	53,227,361.02	56,991,279.79
Deferred income tax expense	-4,181,693.01	10,813,854.62
<b>Total</b>	<b>49,045,668.01</b>	<b>67,805,134.41</b>

*2. Reconciliation between accounting profit and income tax expense*

<b>Item</b>	<b>Amount</b>
Total profit	188,056,364.25
Income tax expense calculated at the statutory/applicable tax rate	47,014,091.05
Impact of different tax rates applicable to subsidiaries	-10,447,536.10
Impact of adjustments to prior period income tax	2,146,859.07
Impact of non-taxable income	-8,096,201.20
Impact of non-deductible costs, expenses, and losses	1,539,529.90
Impact of using deductible temporary differences or deductible losses for which no deferred tax asset was recognised in prior periods	-618,605.42
Impact of deductible temporary differences or deductible losses for which no deferred tax asset was recognised in the current period	23,736,044.89
Impact of additional deductions for R&D expenses and wages for disabled employees	-6,228,514.18
Income tax expense	49,045,668.01

**(57) Other comprehensive income**

For details, see Note V, (38).

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(58) Statement of cash flows**

**1. Cash flows relating to operating activities**

*(1) Other cash receipts from operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest received	12,541,066.80	18,521,852.38
Government grants received	5,167,416.97	22,630,498.91
Others	742,449.70	2,620,704.73
<b>Total</b>	<b>18,450,933.47</b>	<b>43,773,056.02</b>

*(2) Other cash payments for operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash expenses in selling expenses	55,109,923.15	59,097,600.00
Cash expenses in administrative and R&D expenses	76,025,006.37	71,839,843.76
Others	12,648,087.44	19,021,074.91
<b>Total</b>	<b>143,783,016.96</b>	<b>149,958,518.67</b>

**2. Cash related to investing activities**

*(1) Significant cash received relating to investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Dividend from Qingdao Shengtong Coast Real Estate Development Co., Ltd.	200,000,000.00	

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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*(2) Other cash received from investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Recovery of principal and interest on the Lvye Chemical loan	64,451,353.43	35,640,663.93
Recovery of principal and interest on related party loans		11,752,674.48
<b>Total</b>	<b>64,451,353.43</b>	<b>47,393,338.41</b>

*(3) Other cash paid for investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Purchase of bank time deposits	10,000,000.00	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Cash related to financing activities**

*(1) Cash received relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash received related to financing, such as margin deposits and time deposits	87,460,970.58	78,806,759.32
Cash received from the transfer of creditor's rights	6,000,000.00	10,946,212.40

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Rent received from subleasing		3,675,000.00
<b>Total</b>	<b>93,460,970.58</b>	<b>93,427,971.72</b>

*(2) Cash paid relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Lease payments made	8,852,492.94	6,043,984.51
Cash paid for financing-related margin deposits, time deposits, etc.	4,500,000.00	
Payment of financing guarantee fees, handling fees, etc.	102,739.72	7,522,623.86
<b>Total</b>	<b>8,955,232.66</b>	<b>18,066,608.37</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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*(3) Changes in various liabilities arising from financing activities*

Item	Opening Balance	Cash changes	Increase in the current period		Decrease in the current period		Closing Balance
			Non-cash changes	Cash changes	Non-cash changes	Non-financing cash flow (Note)	
Short-term borrowings	1,165,715,310.12	974,872,950.30		1,301,270,424.57	786,604.23		838,531,231.62
Non-current liabilities due within one year	320,391,956.98				57,434,865.59	600,000.00	262,357,091.39
Long-term borrowings	429,976,827.72	181,000,000.00	54,619,429.05	310,251,256.45			355,345,000.32
<b>Total</b>	<u>1,916,084,094.82</u>	<u>1,155,872,950.30</u>	<u>54,619,429.05</u>	<u>1,611,521,681.02</u>	<u>58,221,469.82</u>	<u>600,000.00</u>	<u>1,456,233,323.33</u>

Note: Non-financing cash flow refers to the payment of unpaid equity acquisition consideration from previous years, and is presented under “Net cash paid to acquire subsidiaries and other business units.”

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(59) Supplementary Information to the Cash Flow Statement**

**1. Supplementary Information to the Cash Flow Statement**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	139,010,696.24	213,638,275.24
Add: Provision for asset impairment	1,996,521.34	1,428,031.30
Credit impairment loss	20,682,306.24	-2,022,505.52
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and depreciation of investment properties	108,855,507.95	106,775,371.90
Depreciation of right-of-use assets	8,389,317.02	6,920,540.40
Amortisation of intangible assets	4,725,809.83	3,677,855.04
Amortisation of long-term deferred expenses	4,760,873.27	3,469,486.99
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by “—”)	-2,586,824.35	-5,396,547.28
Loss on write-off of fixed assets (gain is indicated by “—”)	72,335.20	64,781.81
Loss on changes in fair value (gain is indicated by “—”)	1,185,654.60	228,010.00
Finance costs (gain is indicated by “—”)	91,152,703.03	122,308,617.31
Investment loss (gain is indicated by “—”)	-33,699,891.21	-42,650,470.16
Decrease in deferred tax assets (increase is indicated by “—”)	-2,705,482.75	7,843,135.16
Increase in deferred tax liabilities (decrease is indicated by “—”)	-1,476,210.26	2,970,719.46
Decrease in inventories (increase is indicated by “—”)	-4,835,283.98	-15,762,696.89
Decrease in operating receivables (increase is indicated by “—”)	-71,160,940.02	114,216,701.76
Increase in operating payables (decrease is indicated by “—”)	53,402,612.86	-41,780,110.15
Others		
Net cash flows from operating activities	317,769,705.01	475,929,196.37
2. Significant investing and financing activities that do not involve cash receipts and disbursements		
Debt converted to capital		
Convertible corporate bonds due within one year		
Leased-in fixed assets		
3. Net change in cash and cash equivalents		
Closing balance of cash	517,878,514.79	549,546,662.65
Less: Opening balance of cash	549,546,662.65	357,790,443.57
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-31,668,147.86	191,756,219.08

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Net cash received from the disposal of subsidiaries in the current period**

<b>Item</b>	<b>Amount</b>
Cash or cash equivalents received in the current period from the disposal of subsidiaries in the current period	24,586,361.00
Of which: Shandong Qinglin Taifeng Trading Co., Ltd.	13,820,000.00
Chongqing Zhongan Engineering Construction Co., Ltd.	10,766,361.00
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	6,984,185.03
Of which: Shandong Qinglin Taifeng Trading Co., Ltd.	
Chongqing Zhongan Engineering Construction Co., Ltd.	6,984,185.03
Net cash received from the disposal of subsidiaries	<u>17,602,175.97</u>

**3. Cash and cash equivalents**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
<b>I. Cash</b>	517,878,514.79	549,546,662.65
Of which: Cash on hand	341,408.84	174,420.83
Bank deposits available for payment at any time	467,537,105.95	549,372,241.82
Other Cash and bank balances available for payment at any time	50,000,000.00	
<b>II. Cash equivalents</b>		
Of which: Bond investments maturing within three months		
<b>III. Closing balance of cash and cash equivalents</b>	517,878,514.79	549,546,662.65
Of which: Cash and cash equivalents of the parent company or subsidiaries within the group with restricted use		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Cash and bank balances not classified as cash and cash equivalents**

Item	Closing Balance	Opening Balance	Reason
Pledged deposits for bank acceptance bills	258,900,000.00	170,000,000.00	Frozen security deposit
Margin for letters of credit and letters of guarantee	18,926,376.14	25,813,553.69	Frozen security deposit
Time deposit	10,000,000.00	15,450,000.00	With maturity of over three months or pledged
Unmatured interest	1,412,065.41	2,019,963.94	Unusable
Funds from third-party platforms such as POS machines, WeChat, and Alipay, and others	6,631,889.12	4,350,885.79	Cannot be withdrawn on the same day
<b>Total</b>	<b><u>295,870,330.67</u></b>	<b><u>217,634,403.42</u></b>	—

**(60) Leases**

**1. As a lessee**

Item	Amount
Short-term lease expenses under simplified treatment included in the cost of relevant assets or profit or loss for the current period	6,264,103.35
Total cash outflow related to leases	<b><u>15,116,596.29</u></b>

**2. As a lessor**

**(1) Operating lease**

Item	Rental income	Of which: Income related to variable lease payments not included in the lease receivables
Rent, etc.	2,797,099.10	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

(2) *Finance lease*

<b>Item</b>	<b>Sales profit or loss</b>	<b>Finance income</b>	<b>Income related to variable lease payments not included in the net investment in the lease</b>
Qingdao Runhao Hongfa Station		638,087.52	
Qingdao Runhao Chunchun Station		66,461.16	
<b>Total</b>		<b>704,548.68</b>	

Reconciliation of undiscounted lease receivables to net investment in the lease

<b>Item</b>	<b>Amount</b>
Undiscounted lease receivables	18,824,966.74
Less: Unrealized finance income	5,499,837.38
Net investment in the lease	<b>13,325,129.36</b>

Undiscounted lease receivables for the next five years

<b>Annual undiscounted lease receivables</b>	<b>Item</b>	
	<b>Amount at the end of the period</b>	<b>Amount at the beginning of the period</b>
Third year	5,596,330.28	
Fourth year	1,414,875.00	5,596,330.28
Fifth year		1,414,875.00
Total undiscounted lease receivables after five years	11,813,761.47	11,813,761.46

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**VI. R&D Expenditures****By nature of expense**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Material costs	28,465,298.77	29,858,016.42
Employee Benefits	22,165,163.67	17,590,730.84
Depreciation expense	2,256,840.82	3,922,281.20
Others	1,295,942.79	3,363,700.06
<b>Total</b>	<b>54,183,246.05</b>	<b>54,734,728.52</b>
Of which: Expensed R&D expenditures	54,183,246.05	51,543,248.72
Capitalized R&D expenditures		3,191,479.80

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Disposal of equity in subsidiaries

1. Transactions or events resulting in the loss of control over a subsidiary

Name of subsidiary	Date of loss of control	Disposal consideration at the date of loss of control	Disposal ratio (%) at the date of loss of control	Disposal method at the date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposed investment
Shandong Qinglin Taifeng Trading Co., Ltd.	28 June 2024	13,820,000.00	100.00	Disposal	Signing of the equity transfer contract, receipt of the full equity transfer payment, and transfer of control	5,041,519.87
Chongqing Zhongan Engineering Construction Co., Ltd.	30 September 2024	10,766,361.00	100.00	Disposal	Signing of the equity transfer contract, receipt of the full equity transfer payment, and transfer of control	2,657,833.92

(2) Other reasons for changes in the scope of consolidation

In May 2024, the Company deregistered Qingdao Longyu Shengli Energy Co., Ltd.

VIII.INTERESTS IN OTHER ENTITIES

(1) Interests in Subsidiaries

1. Composition of the Enterprise Group

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Shandong Lihuasheng Transportation Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Transportation	100.00		Establishment
Qingdao Shengxin Hengchang Trading Co., Ltd.	Qingdao City, Shandong Province	90 million RMB	Qingdao City, Shandong Province	Trading	100.00		Establishment
Dong'e County Dongtai Gas Co., Ltd.	Dong'e County, Shandong Province	10 million RMB	Dong'e County, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Dong'e Sunshine Clean Energy Co., Ltd.	Dong'e County, Shandong Province	30 million RMB	Dong'e County, Shandong Province	Manufacturing		51.00	Business combination not under common control
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	Dong'e County, Shandong Province	45.4676 million RMB	Dong'e County, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Dong'e County Ruitai Trading Co., Ltd.	Dong'e County, Shandong Province	1 million RMB	Dong'e County, Shandong Province	Trading		100.00	Establishment
Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	Qingdao City, Shandong Province	86.4 million RMB	Qingdao City, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Qingdao Shengli Runhao Energy Co., Ltd.	Qingdao City, Shandong Province	30 million RMB	Qingdao City, Shandong Province	Natural gas sales		100.00	Establishment
Weihai Shengli Huachang Gas Co., Ltd.	Weihai City, Shandong Province	45 million RMB	Weihai City, Shandong Province	Natural gas sales	94.50		Business combination not under common control
Weihai Lanweimeirun Life Service Co., Ltd.	Weihai City, Shandong Province	1 million RMB	Weihai City, Shandong Province	Natural gas equipment sales		94.50	Establishment
Shandong Shengbang Plastic Co., Ltd.	Dongying City, Shandong Province	210 million RMB	Dongying City, Shandong Province	Manufacturing	100.00		Establishment
Shandong Shengbang Pipeline Technology Co., Ltd.	Dongying City, Shandong Province	50 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Chongqing Shengbang Pipeline Co., Ltd.	Chongqing City	50 million RMB	Chongqing City	Manufacturing		100.00	Establishment
Binzhou Shengbang Pipeline Co., Ltd.	Dongying City, Shandong Province	1 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Shaanxi Huashan Shengbang Plastic Co., Ltd.	Xi'an City, Shaanxi Province	58 million RMB	Xi'an City, Shaanxi Province	Manufacturing	51.00		Establishment
Qingdao Shengli Meijiuhui Co., Ltd.	Qingdao City, Shandong Province	1 million RMB	Qingdao City, Shandong Province	Trading	100.00		Establishment
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	50 million RMB	Qingdao City, Shandong Province	Real estate	100.00		Business combination not under common control
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	Qingdao City, Shandong Province	5 million RMB	Qingdao City, Shandong Province	Trading	94.00		Establishment
Shandong Shengli Import & Export Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Trading	100.00		Establishment
Shandong Lihuasheng Energy Co., Ltd.	Jinan City, Shandong Province	100 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Huasheng Energy Co., Ltd.	Yanzhou City, Shandong Province	100 million RMB	Yanzhou City, Shandong Province	Natural gas sales		60.00	Establishment

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Shandong Shengli Energy Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shengli Natural Gas Co., Ltd.	Heze City, Shandong Province	50 million RMB	Heze City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shenghong Gas Co., Ltd.	Heze City, Shandong Province	10 million RMB	Heze City, Shandong Province	Natural gas sales		100.00	Establishment
Shandong Shengbang Industrial Investment Co., Ltd.	Jinan City, Shandong Province	3 million RMB	Jinan City, Shandong Province	Investment	100.00		Establishment
Dezhou Shengli Natural Gas Co., Ltd.	Dezhou City, Shandong Province	25 million RMB	Dezhou City, Shandong Province	Natural gas sales	95.00	5.00	Establishment
Linyi Shengli Energy Co., Ltd.	Linyi City, Shandong Province	10 million RMB	Linyi City, Shandong Province	Natural gas sales	76.00		Establishment
Tai'an Shengli Energy Co., Ltd.	Tai'an City, Shandong Province	10 million RMB	Tai'an City, Shandong Province	Natural gas sales	51.00		Establishment
Chongqing Shengbang Gas Co., Ltd.	Dazu District, Chongqing City	280 million RMB	Dazu District, Chongqing City	Natural gas sales	100.00		Business combination not under common control
Chongqing Zhonghang Gas Equipment Co., Ltd.	Dazu District, Chongqing City	2 million RMB	Dazu District, Chongqing City	Natural gas equipment sales		100.00	Establishment
Chongqing Libang Construction Labor Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Engineering contracting		100.00	Establishment
Chongqing Lixing Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Chongqing Zhongzhu Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Weifang Shengli Natural Gas Co., Ltd.	Weifang City, Shandong Province	10 million RMB	Weifang City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Longyu Shengli Energy Co., Ltd. (Note)	Jinan City, Shandong Province	25 million RMB	Jinan City, Shandong Province	Natural gas sales	50.00		Business combination not under common control
Bazhou Shengli Shunda Gas Co., Ltd.	Bazhou City, Hebei Province	130 million RMB	Bazhou City, Hebei Province	Natural gas sales	51.00		Business combination not under common control
Bazhou Shengshun Gas Sales Co., Ltd.	Bazhou City, Hebei Province	15.38 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Bazhou Shunsheng New Energy Development Co., Ltd.	Bazhou City, Hebei Province	1 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Puyang Boyuan Natural Gas Co., Ltd.	Qingfeng County, Henan Province	24.11 million RMB	Qingfeng County, Henan Province	Natural gas sales		51.00	Business combination not under common control
Puyang Boyuan Energy Technology Co., Ltd.	Qingfeng County, Henan Province	1 million RMB	Qingfeng County, Henan Province	Natural gas equipment sales		51.00	Establishment
Dalian Shengyi New Energy Development Co., Ltd.	Dalian City, Liaoning Province	35 million RMB	Dalian City, Liaoning Province	Natural gas sales	100.00		Business combination not under common control
Puyang County Boyuan Natural Gas Co., Ltd.	Puyang County, Henan Province	20 million RMB	Puyang County, Henan Province	Natural gas sales	51.00		Business combination not under common control
Puyang Shengli Clean Energy Co., Ltd.	Puyang County, Henan Province	10 million RMB	Puyang County, Henan Province	Natural gas sales		30.600	Establishment
Zibo Lvchuan Gas Co., Ltd.	Zibo City, Shandong Province	50 million RMB	Zibo City, Shandong Province	Natural gas sales	62.704		Business combination not under common control
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	Zibo City, Shandong Province	2 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		62.704	Establishment
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	Zibo City, Shandong Province	1 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		62.704	Establishment

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Anyang Beifang Shengli Gas Co., Ltd.	Anyang City, Henan Province	39 million RMB	Anyang City, Henan Province	Natural gas sales	60.00		Business combination not under common control
Anyang Beisheng New Energy Development Co., Ltd.	Anyang City, Henan Province	1 million RMB	Anyang City, Henan Province	Natural gas equipment sales		60.00	Establishment
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	Wenzhou City, Zhejiang Province	60 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales	55.00		Business combination not under common control
Wenzhou Shengran Intelligent Technology Co., Ltd.	Wenzhou City, Zhejiang Province	2 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales		55.00	Establishment
Chongqing Hengrongda Technology Co., Ltd.	Chongqing City	47.36785 million RMB	Tianjin City	Investment	95.00		Business combination not under common control
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	Nanchang City, Jiangxi Province	50 million RMB	Nanchang City, Jiangxi Province	Investment	100.00		Business combination not under common control
Pengze County Natural Gas Co., Ltd.	Jiujiang City, Jiangxi Province	30 million RMB	Jiujiang City, Jiangxi Province	Natural gas sales		85.00	Business combination not under common control
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	Qinzhou City, Guangxi Province	50 million RMB	Qinzhou City, Guangxi Province	Natural gas sales	81.00		Establishment

Note: The Company holds a 50% equity interest in Shandong Longyu Shengli Energy Co., Ltd. According to its articles of association, the Company determines its production and operation and therefore has effective control over it. Accordingly, it is included in the consolidation scope of the Company's financial statements.

### 2. Significant non-wholly-owned subsidiaries

No.	Name of company	Non-controlling shareholding ratio (%)	Profit or loss attributable to non-controlling shareholders for the current period	Dividends declared and paid to minority shareholders for the current period	Cumulative non-controlling interests at the end of the period
1	Bazhou Shengli Shunda Gas Co., Ltd.	49.00	23,980,753.05	19,600,000.00	134,524,302.90
2	Zibo Lvchuan Gas Co., Ltd.	37.296	7,433,674.50	7,650,757.70	51,369,135.46
3	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	19.00	3,707,602.57		14,731,187.91
4	Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	45	6,854,215.41	4,500,000.00	44,661,810.44

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Key financial information of significant non-wholly-owned subsidiaries (excluding those classified as held for sale)**

Name of subsidiary	Closing Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bazhou Shengli Shunda Gas Co., Ltd.	375,333,045.20	288,805,876.41	664,138,921.61	375,958,218.49	13,641,309.45	389,599,527.94
Zibo Lvchuan Gas Co., Ltd.	165,794,150.07	213,848,391.37	379,642,541.44	169,054,454.44	26,366,226.17	195,420,680.61
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	171,143,504.23	165,807,517.57	336,951,021.80	218,491,371.38	40,927,082.48	259,418,453.86
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	95,161,503.61	101,932,866.95	197,094,370.56	85,797,636.20	12,048,266.72	97,845,902.92

Name of subsidiary	Opening Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bazhou Shengli Shunda Gas Co., Ltd.	341,094,467.91	295,401,888.99	636,496,356.90	323,956,111.93	46,970,250.05	370,926,361.98
Zibo Lvchuan Gas Co., Ltd.	159,836,850.26	210,243,749.48	370,080,599.74	173,164,253.39	24,570,715.36	197,734,968.75
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	230,782,164.98	170,707,939.66	401,490,104.64	299,336,784.27	43,685,637.69	343,022,421.96
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	127,008,154.37	105,208,183.54	232,216,337.91	127,098,699.30	12,384,908.83	139,483,608.13

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Name of subsidiary	Current Period Amount			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Bazhou Shengli Shunda Gas Co., Ltd.	673,875,151.21	48,940,312.35	48,940,312.35	77,055,927.28
Zibo Lvchuan Gas Co., Ltd.	481,985,418.49	19,931,589.60	19,525,047.45	40,739,701.66
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	122,420,725.33	19,513,697.73	19,513,697.73	18,350,993.42
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	208,600,153.31	15,231,589.79	15,231,589.79	30,674,017.98
Name of subsidiary	Prior Period Amount			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Bazhou Shengli Shunda Gas Co., Ltd.	703,158,441.69	70,001,594.02	70,001,594.02	205,293,442.15
Zibo Lvchuan Gas Co., Ltd.	635,373,680.24	37,847,884.29	37,668,633.10	57,079,164.98
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	236,370,141.13	26,429,216.58	26,429,216.58	59,005,482.14
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	183,508,226.80	13,794,732.84	13,794,732.84	18,884,694.69

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(2) Interests in joint ventures and associates**

**1. Significant joint ventures and associates**

Name of company	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for the investment
				Directly	Indirectly	
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Real estate	17.00	20.00	Equity method
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Natural Gas	49.00		Equity method
Shandong Shengli Bioengineering Co., Ltd.	Jining City, Shandong Province	Jining City, Shandong Province	Biopharmaceuticals	45.00		Equity method
Shengbang Plastic Pipeline System Group Co., Ltd.	Jinan City, Shandong Province	Jinan City, Shandong Province	Plastic pipeline engineering	40.00		Equity method
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Rizhao City, Shandong Province	Rizhao City, Shandong Province	Natural Gas	49.00		Equity method
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Linyi City, Shandong Province	Linyi City, Shandong Province	Natural Gas	30.00		Equity method

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Key financial information of significant associates**

Item	Closing balance/Amount for the current period		Opening balance/Amount for the prior period	
	Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Shandong Shengli Bioengineering Co., Ltd.	Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Shandong Shengli Bioengineering Co., Ltd.
Current assets	25,013,006.04	364,102,767.21	10,326,770.84	411,392,287.44
Of which: Cash and cash equivalents	2,129.53	17,488,949.77	12,662.07	41,950,165.42
Non-current assets	200,727,579.98	382,133,318.23	220,573,205.81	409,680,031.67
Total assets	225,740,586.02	746,236,085.44	230,899,976.65	821,072,319.11
Current liabilities	31,968,310.92	181,886,104.30	17,252,012.48	238,497,991.78
Non-current liabilities	24,742,925.83	39,177,852.17	37,445,974.56	48,242,315.72
Total liabilities	56,711,236.75	221,063,956.47	54,697,987.04	286,740,307.50
Non-controlling interests				
Equity attributable to shareholders of the parent company	169,029,349.27	525,172,128.97	176,201,989.61	534,332,011.61
Share of net assets calculated based on shareholding ratio	82,824,381.14	236,327,458.02	86,338,974.90	240,449,405.21
Adjustments	54,394,480.89	2,338,509.98	54,394,480.89	2,338,509.98
Of which: Goodwill	54,394,480.89	2,338,509.98	54,394,480.89	2,338,509.98
Carrying amount of equity investments in associates	137,218,862.03	238,665,968.00	140,733,455.79	242,787,915.19
Operating revenue	227,224,533.03	527,335,424.03	315,606,685.88	414,370,320.11
Finance costs	-296,743.85	565,591.39	280,316.60	2,279,004.99
Income tax expense	2,286,156.99	1,971,464.26	5,354,725.76	3,399,490.50
Net profit	5,754,038.06	21,472,997.69	15,267,148.18	12,192,867.32
Total comprehensive income	5,754,038.06	21,472,997.69	15,267,148.18	12,192,867.32
Dividends received from associates in the current period	6,732,812.35	14,092,323.38	9,678,418.96	13,931,952.91

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Aggregated financial information of insignificant joint ventures and associates**

Item	Closing balance/ Amount for the current period	Opening balance/ Amount for the prior period
Associates:		
Total carrying amount of investments	171,079,928.75	647,715,493.80
Total of the following items calculated based on shareholding ratio:		
Net profit	2,325,661.45	8,006,600.32
Total comprehensive income	<u>2,325,661.45</u>	<u>8,006,600.32</u>

**4. Excess losses incurred by joint ventures or associates**

Name of the joint venture or associate	Cumulative unrecognised losses from prior periods	Unrecognised loss for the current period (or share of net profit for the current period)	Cumulative unrecognised loss at the end of the current period
Shengbang Plastic Pipeline System Group Co., Ltd.	13,611,901.42	-2.18	13,611,899.24

**IX. GOVERNMENT GRANTS**

**(1) Liability items involving government grants**

Financial statement item	Opening Balance	New grant amount for the current period	Amount included in non-operating income for the current period	Transferred to other income in the current period	Other changes in the current period	Closing Balance	Asset- related/ Revenue- related
Deferred income	10,807,487.21			683,231.52		10,124,255.69	Asset-related

**(2) Government grants recognised in profit or loss for the current period**

<b>Type</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Other income	5,841,104.34	25,110,312.23
Non-operating income	9,544.15	1,000.00
<b>Total</b>	<b>5,850,648.49</b>	<b>25,111,312.23</b>

**X. RISKS RELATED TO FINANCIAL INSTRUMENTS**

**(1) Risks of Financial Instruments**

In its ordinary course of business, the Company is exposed to various financial risks, including market risk, credit risk and liquidity risk. The Company’s goal in risk management is to achieve an appropriate balance between risk and return, to minimize the negative impact of risks on the Company’s operating performance, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company’s fundamental risk management strategy is to identify and analyse the various risks to which it is exposed, establish appropriate risk tolerance levels, manage such risks, and monitor them in a timely and reliable manner to ensure they are controlled within predefined limits.

**1. Market Risk**

*(1) Foreign exchange risk — Cash flow fluctuation risk*

The Company promptly settles its foreign currency funds, maintaining a small foreign currency balance and thus has low exposure to foreign exchange risk.

*(2) Interest Rate Risk*

The Company’s borrowings are at fixed interest rates, resulting in low interest rate risk.

*(3) Other Price Risks*

The Company is exposed to price fluctuation risk for its raw materials and finished products. It mitigates this risk by maintaining a reasonable level of inventory for both.

**2. Credit Risk**

To mitigate credit risk, the Company’s finance department is responsible for setting credit limits, conducting credit approvals, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Company reviews the recoverability of each individual receivable as at each balance sheet date to ensure that an adequate provision for bad debts is made for unrecoverable amounts.

**3. Liquidity Risk**

It is the Company's policy to regularly review its current and expected liquidity requirements and its compliance with loan agreements, to ensure that it maintains sufficient cash reserves and has secured adequate committed standby funds from major financial institutions to meet its short- and long-term liquidity needs.

**(2) Transfer of Financial Assets**

**1. Classification of Transfer Methods**

<b>Transfer Method</b>	<b>Nature of the transferred financial asset</b>	<b>Amount of the transferred financial asset</b>	<b>Derecognition</b>	<b>Basis for determining derecognition</b>
Endorsed or discounted notes in receivables financing	Bank acceptance bills that have been endorsed or discounted but have not yet matured in receivables financing	107,168,202.18	Derecognition	The credit risk and deferred payment risk are minimal, and the risks and rewards of ownership of the notes have been transferred.

**2. Financial assets derecognised due to transfer**

<b>Category of financial asset</b>	<b>Method of transfer</b>	<b>Amount of the derecognised financial asset</b>	<b>Gains and losses related to derecognition</b>
Bank acceptance bills that have not yet matured in receivables financing	Endorsement, discounting	107,168,202.18	

**XI. Fair Value**

**(1) Fair Value Hierarchy for Assets Measured at Fair Value**

Item	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Closing Balance
I. Recurring Fair Value Measurement				
(1) Receivables financing			41,988,463.18	41,988,463.18
(2) Investments in other equity instruments	423,125.64		275,303,200.00	275,726,325.64
1. Equity investment held in Bank of Qingdao	423,125.64			423,125.64
2. Equity investment held in Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.			2,392,400.00	2,392,400.00
3. Holding in PipeChina Group Tianjin LNG Co., Ltd.			272,910,800.00	272,910,800.00
(3) Investment properties	69,877,618.40			69,877,618.40
1. Leased land use rights	69,877,618.40			69,877,618.40
Total assets continuously measured at fair value	70,300,744.04		317,291,663.18	387,592,407.22

**(2) Basis for determining the market price of Level 1 items continuously measured at fair value**

The Company's investment properties are subsequently measured at fair value, as unadjusted quoted prices are available in an active market with sufficient trading volume and frequency to provide continuous pricing information. The Company's equity investment in Bank of Qingdao, which is a listed company, has an unadjusted market price, and its trading volume and frequency are sufficient to provide continuous pricing information.

**(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for items continuously measured at Level 3 fair value**

The carrying amount of receivables financing approximates its fair value due to its short remaining term, and thus its face value is used as its fair value. Other equity instrument investments represent unlisted equity investments held by the Company, and their fair value is determined based on an appraisal report from an independent professional valuer engaged by the Company.

**XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

**(1) The Company’s Parent Company**

<u>Name of the parent company</u>	<u>Place of registration</u>	<u>Nature of business</u>	<u>Registered capital</u>	<u>Parent company’s shareholding ratio (%) in the Company</u>	<u>Parent company’s voting rights ratio (%) in the Company</u>
China Oil and Gas Investment Group Co., Ltd.	Zhuhai City	Investment	75 million USD	22.16	25.16

Note 1: Shandong Shengli Investment Co., Ltd. has entrusted 3% of its voting rights to China Oil and Gas Investment Group Co., Ltd.

Note 2: The actual controller of the Company is Mr. Xu Tieliang.

**(2) Information on the Company’s Subsidiaries**

For details, see Note “VIII. Interests in Other Entities”.

**(3) Information on the Company’s Joint Ventures and Associates**

Significant joint ventures and associates are detailed in Note “VIII. Interests in Other Entities”. Other joint ventures and associates that had related party transactions with the Company during the current period, or had outstanding balances from related party transactions in prior periods, are as follows:

<u>Name of the joint venture or associate</u>	<u>Relationship with the Company</u>
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Associates
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Associates
Shandong Shengli Bioengineering Co., Ltd.	Associates
Shengbang Plastic Pipeline System Group Co., Ltd.	Associates
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Associates
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Associates
Shenxian PetroChina Kunlun Gas Co., Ltd. (Note)	Associates

Note: The Company sold its equity interest in Shenxian PetroChina Kunlun Gas Co., Ltd. in June 2024, and the related party relationship ceased from the date of sale.

**(4) Information on Other Related Parties**

<b>Name of the other related party</b>	<b><u>Relationship with the Company</u></b>
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Under the same actual controller as the Company
CCNG Logistics (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
CCNG Energy (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Qinghai China Oil Gas Engineering Co., Ltd.	Under the same actual controller as the Company
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Under the same actual controller as the Company
Xining China Oil Gas Co., Ltd.	Under the same actual controller as the Company
Xining Zhuoran Trading Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
China City Natural Gas Investment Group Co., Ltd.	Under the same actual controller as the Company
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Under the same actual controller as the Company
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Under the same actual controller as the Company
Qinghai China Oil and Gas Investment Co., Ltd.	Under the same actual controller as the Company
China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology Products (Huimin) Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Degao Zhiyuan (Guangdong) Technology Co., Ltd.	Under the same actual controller as the Company
Chongqing Zhongan Engineering Construction Co., Ltd.	Under the same actual controller as the Company
Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.	Under the same actual controller as the Company

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(5) Related Party Transactions**

**1. Related party transactions for the purchase and sale of goods, and the provision and receipt of services**

Purchase of goods/receipt of services

Name of the related party	Content of the related party transaction	Current Period Amount	Approved transaction limit	Whether the transaction limit was exceeded	Prior Period Amount
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Gas equipment	9,164,197.35	RMB 69 million	No	2,233,849.71
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Food, etc.	18,166.00			
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Gas equipment	11,481,928.17			6,998,321.73
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Gas equipment	2,798,720.77			8,246,491.31
Degao Zhiyuan (Guangdong) Technology Co., Ltd.	Software payment	6,549,636.00			
CCNG Logistics (Zhuhai) Co., Ltd.	Natural Gas				11,182,062.68
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Gas equipment				75,471.70
Qinghai China Oil Gas Engineering Co., Ltd.	Design and supervision services	704,346.55	RMB 14 million	No	436,926.30
Qinghai China Oil and Gas Investment Co., Ltd.	Design and supervision services	5,339.98			
China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	Design and supervision services	22,544.55			
China City Natural Gas Investment Group Co., Ltd.	Design and supervision services	40,850.84			
China City Natural Gas Investment Group Co., Ltd. Investment Group Co., Ltd. Zhuhai Engineering Branch	Design and supervision services	246,639.10			
Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.	Consulting fees	472,641.51			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Sale of goods/provision of services

Name of the related party	Content of the related party transaction	Current Period Amount	Prior Period Amount
Shenxian PetroChina Kunlun Gas Co., Ltd.	Natural Gas	2,969,720.26	3,975,318.77
CCNG Logistics (Zhuhai) Co., Ltd.	Natural Gas		10,182,906.23
Xining China Oil Gas Co., Ltd.	Red wine		8,483.17
Xining Zhuoran Trading Co., Ltd.	Red wine		18,846.53
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Red wine	106,682.18	70,129.70
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Food, etc.	61,469.98	
Qizhi Zhijia Technology Products (Huimin) Co., Ltd.	Food, etc.	677.98	
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Gas equipment	1,701,440.89	1,441,743.24
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Food, etc.	1,326.73	
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE pipes	264,845.40	289,229.35
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE raw materials	13,220,457.30	8,460,171.48
Chongqing Zhongan Engineering Construction Co., Ltd.	Gas equipment	3,329,203.55	
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Design and supervision services	9,405.94	
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Construction and installation fees	46,851.10	
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Construction and installation fees	2,752,427.19	
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Construction and installation fees	42,730.09	
CCNG Logistics (Zhuhai) Co., Ltd.	Transportation revenue	81,671.68	672,291.23
Qinghai China Oil Gas Engineering Co., Ltd.	Design services		283.02

### 2. Related Party Leases

#### The Company as a lessor

Name of the lessee	Type of leased asset	Lease income recognised in the current period	Lease income recognised in the prior period
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Property	107,368.53	245,413.76
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Property		90,242.39

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 3. Related Party Guarantees

#### (1) Guarantees for subsidiaries and investee companies

For details, see Note “XIII. Commitments and Contingencies” under “(II) Guarantees for External Parties and Subsidiaries”.

#### (2) Guarantees from related parties to the Company

Guarantor	Guaranteed party	Lending bank	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Ping An Bank Co., Ltd. Jinan Branch	1,000.00	N/A	N/A	Yes
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Ping An Bank Co., Ltd. Jinan Branch	4,000.00	N/A	N/A	Yes
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Laishang Bank Co., Ltd. Jinan High-tech Zone Branch	4,000.00	N/A	N/A	Yes
China Oil and Gas Investment Group Co., Ltd.	Shandong Shengli Co., Ltd.	Bank of Rizhao Co., Ltd. Shizhong Branch	5,000.00	N/A	N/A	Yes
<b>Total</b>			<u>14,000.00</u>			

Note: The Company’s borrowings have been repaid upon maturity in the current period, and the guarantee responsibility of China Oil and Gas Investment Group Co., Ltd. has been fulfilled.

### 4. Key Management Personnel Remuneration

Item	Current Period Amount	Prior Period Amount
Key Management Personnel Remuneration	<u>RMB 4.7226 million</u>	<u>RMB 3.6777 million</u>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**5. Other Related Party Transactions****(1) Interest income**

<b>Related party</b>	<b>Content of the related party transaction</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Shandong Shengli Bioengineering Co., Ltd.	Interest income		194,141.60
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Interest income		79,452.92

**(2) Guarantee fees charged by the controlling shareholder to the Company**

<b>Related party</b>	<b>Content of the related party transaction</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
China Oil and Gas Investment Group Co., Ltd.	Guarantee fee	102,739.72	7,096,814.98

Note: The Company signed a “Guarantee Cooperation Framework Agreement” with its controlling shareholder, China Oil and Gas Investment Group Co., Ltd. China Oil and Gas Investment Group intends to provide guarantees for the Company’s financial institution loan business during the validity period of the framework agreement, with a guarantee fee rate of 1.5% per annum. The total guarantee fee for the current period is RMB 0.1027 million. The Company’s decision-making and disclosure procedures for the above matters have been completed.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(6) Unsettled receivables from and payables to related parties**

**1. Receivables**

Item name	Related party	Closing Balance		Opening Balance	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82	60,539,091.82	60,539,091.82	60,539,091.82
Accounts receivable	Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	6,009,616.33	115,599.91	1,456,161.00	4,950.95
Accounts receivable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	124,015.00	421.65		
Accounts receivable	Chongqing Zhongan Engineering Construction Co., Ltd.	3,762,000.00	12,790.80		
Dividends receivable	Qingdao Shengtong Coast Real Estate Development Co., Ltd.	172,398,288.69			
<b>Total</b>		<b>242,833,011.84</b>	<b>60,667,904.18</b>	<b>61,995,252.82</b>	<b>60,544,042.77</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Payables**

<b>Item name</b>	<b>Related party</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Contract liabilities	Shenxian PetroChina Kunlun Gas Co., Ltd.		1,900,002.88
Contract liabilities	Xining Zhuoran Trading Co., Ltd.	61,946.90	61,946.90
Contract liabilities	Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	14,309.73	
Accounts payable	Qingdao Shengtong Coast Real Estate Development Co., Ltd.		29,700,000.00
Accounts payable	China City Natural Gas Investment Group Co., Ltd.	58,282.07	
Accounts payable	China City Natural Gas Investment Group Co., Ltd. Investment Group Co., Ltd. Zhuhai Engineering Branch	84,146.52	80,000.00
Accounts payable	Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	3,030,984.00	428,033.40
Accounts payable	Qinghai China Oil Gas Engineering Co., Ltd.	485,152.77	236,254.00
Accounts payable	Shandong Qizhi Energy Equipment Technology Co., Ltd.	15,500,140.14	7,878,073.48
Accounts payable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	6,700,926.51	5,597,129.70
Accounts payable	Qinghai China Oil and Gas Investment Co., Ltd.	5,660.38	
Accounts payable	China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	22,770.00	
Accounts payable	Degao Zhiyuan (Guangdong) Technology Co., Ltd.	138,930.00	
Accounts payable	Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.	501,000.00	
Other payables	China Oil and Gas Investment Group Co., Ltd.		31,558.78
Other payables	Qinghai China Oil Gas Engineering Co., Ltd.	1,000.00	1,000.00
Other payables	Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	5,000.00	
Other payables	Shandong Qizhi Energy Equipment Technology Co., Ltd.	1,800.00	
Long-term payables	Qingdao Shengtong Coast Real Estate Development Co., Ltd.		60,000,000.00

**XIII.COMMITMENTS AND CONTINGENCIES**

**(1) Commitments**

None

**(2) Contingencies**

**1. Guarantees provided to external parties**

Guarantor	Guaranteed party	Lending bank	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
Shandong Shengli Co., Ltd.	Shandong Shengdi Landscape Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2024/9/23	2028/9/12	No
Shandong Shengli Co., Ltd.	Jinan Fanteng Trading Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2024/8/28	2028/8/13	No
Shandong Shengli Co., Ltd.	Shandong Pingtong Municipal Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	2,495.00	2024/9/27	2028/9/12	No
<b>Total</b>			<u>4,495.00</u>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Guarantees for subsidiaries

Guarantor	Guaranteed party	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	4,000.00	2025-4-22	2028-4-21	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	4,980.00	2026-3-27	2029-3-26	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,800.00	2025-6-26	2028-6-25	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,000.00	2025-6-28	2028-6-27	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	500.00	2025-9-27	2028-9-26	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	900.00	2025-6-21	2028-6-20	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	980.00	2025-3-27	2028-3-26	No
Shandong Shengli Co., Ltd.	Qingdao Runhao Natural Gas Co., Ltd.	1,000.00	2025-10-27	2028-10-26	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2025-4-2	2028-4-1	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2025-6-6	2028-6-5	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	800.00	2025-4-30	2028-4-29	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	600.00	2025-10-15	2028-10-14	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	2,700.00	2027-1-12	2030-1-11	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,000.00	2025-1-12	2028-1-11	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	12,000.00	2025-11-30	2028-11-29	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	2,400.00	2026-4-14	2029-4-13	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	5,000.00	2025-7-23	2028-7-22	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,300.00	2025-1-10	2028-1-9	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2026-12-6	2029-12-5	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	2,000.00	2026-10-17	2029-10-16	
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	202-2-4	2030-2-3	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2025.3.13	2028-3-12	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	800.00	2025-11-13	2028-11-12	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	3,500.00	2025-1-9	2028-1-8	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	920.00	2025-9-8	2028-9-7	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	3,000.00	2025-9-26	2028-9-25	No

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Guarantor	Guaranteed party	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Fulfillment of Guarantee
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,720.00	2026-12-27	2029-12-26	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	5,600.00	2025-3-6	2028-3-5	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,400.00	2025-9-11	2028-9-10	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	1,000.00	2025-9-30	2028-9-29	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,983.68	2025-7-10	2028-7-9	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	3,000.00	2025-7-19	2028-7-18	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,100.00	2026-7-1	2029-6-30	No
Shandong Shengli Co., Ltd.	Bazhou Shengli Shunda Gas Co., Ltd.	1,632.00	2025-7-16	2028-7-15	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	300.00	2025-7-19	2028-7-18	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	498.00	2026-5-23	2029-5-22	No
Shandong Shengli Co., Ltd.	Puyang County Boyuan Natural Gas Co., Ltd.	510.00	2025-10-29	2028-10-28	No
Shandong Shengli Co., Ltd.	Puyang Boyuan Natural Gas Co., Ltd.	510.00	2025-2-2	2028-2-1	No
<b>Total</b>		<b>83,033.68</b>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**3. Pending litigation**

A subsidiary of the Company is involved in a lawsuit with a seller regarding an asset acquisition. Based on an analysis of the case, the Company believes the litigation is favorable to the Company. As of the audit report date, the case is being heard by the court.

**4. As of 31 December 2024, the Company's outstanding letter of credit balances are as follows:**

<b>Name of applicant</b>	<b>USD</b>	<b>Equivalent in RMB</b>
Shandong Shengli Import & Export Co., Ltd.	<u>5,019,052.50</u>	<u>36,078,956.99</u>

**XIV. EVENTS AFTER THE BALANCE SHEET DATE****(1) Profit distribution**

Proposed profit or dividend: On 20 March 2025, the Company's Board of Directors resolved to propose the 2024 profit distribution plan, which, based on the Company's total share capital of 880,084,656 shares, involves distributing a cash dividend of RMB 0.42 (tax inclusive) per 10 shares to all shareholders from retained earnings, for a total cash dividend of RMB 36,963,555.55 (tax inclusive). The above proposal is subject to approval by the shareholders at a general meeting before implementation.

**XV. OTHER IMPORTANT MATTERS****Segment reporting****1. Basis of determination and accounting policies for segment reporting**

Basic information on operating segments: The Company and its subsidiaries (collectively, the “**Group**”) are engaged in businesses including the natural gas business, equipment and material manufacturing and sales business, trading business, and other businesses. The Group is organised and managed separately based on the nature of the business and the products and services provided.

The classification and content of the Group’s operating segments are as follows:

- A. Natural gas business segment: Sale of natural gas;
- B. Equipment and material manufacturing business segment: Production and sale of equipment and materials, and sale of related raw materials;
- C. Trading and other business segment: Trading of refined oil products, investment and other businesses.

For the purposes of resource allocation and performance evaluation, management reviews the operating results of each business unit separately.

Segment reporting information is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management. These measurement bases are consistent with the accounting and measurement bases used in preparing the financial statements.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Financial information for segment reporting**

<b>Item</b>	<b>Natural gas business segment</b>	<b>Equipment and material manufacturing business segment</b>	<b>Trading and other business segment</b>	<b>Inter-segment elimination</b>	<b>Consolidated statement data</b>
I. Operating Revenue	3,276,496,560.76	940,204,370.58	28,167,756.17	-19,046,909.94	4,225,821,777.57
II. Operating cost	2,642,874,641.93	890,198,560.54	9,969,244.32	169,097.20	3,543,211,543.99
III. Total profit	214,749,988.79	-3,306,357.53	-9,612,256.27	-13,775,010.74	188,056,364.25
IV. Income tax expense	47,250,270.78	306,506.92	1,488,890.31		49,045,668.01
V. Net profit	167,499,718.01	-3,612,864.45	-2,415,751.10	-22,460,406.22	139,010,696.24
VI. Total assets	3,991,149,807.06	750,946,571.56	4,815,574,359.09	-2,910,624,383.25	6,647,046,354.46
VII. Total liabilities	2,296,402,286.54	492,804,156.93	1,785,496,746.91	-1,234,627,329.80	3,340,075,860.58

**XVI. Notes to Key Items in the Parent Company Financial Statements**

**(1) Accounts receivable**

**1. Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	39,425,030.98	34,706,946.51
1 to 2 years	124,858.47	
Over 5 years	31,635,967.91	31,635,967.91
<b>Subtotal</b>	<b>71,185,857.36</b>	<b>66,342,914.42</b>
Less: Provision for bad debts	31,646,853.88	31,636,392.43
<b>Total</b>	<b>39,539,003.48</b>	<b>34,706,521.99</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Disclosure by bad debt provision method**

Category	Closing Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	71,185,857.36	100.00	31,646,853.88	44.46
Of which: Portfolio 1: Related party portfolio	37,115,645.14	52.14		
Portfolio 2: Aging portfolio	34,070,212.22	47.86	31,646,853.88	92.89
<b>Total</b>	<b>71,185,857.36</b>	<b>100.00</b>	<b>31,646,853.88</b>	<b>44.46</b>

Category	Opening Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	66,342,914.42	100.00	31,636,392.43	47.69
Of which: Portfolio 1: Related party portfolio	34,582,088.04	52.13		
Portfolio 2: Aging portfolio	31,760,826.38	47.87	31,636,392.43	99.61
<b>Total</b>	<b>66,342,914.42</b>	<b>100.00</b>	<b>31,636,392.43</b>	<b>47.69</b>

(1) *Accounts receivable for which provision for bad debts is made on a portfolio basis based on credit risk characteristics*

① Portfolio 1: Related party portfolio

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision ratio %	Provision for bad debts	Gross carrying amount	Provision ratio %	Provision for bad debts
Within 1 year	37,115,645.14			34,582,088.04		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

② Portfolio 2: Aging portfolio

	Aging			Closing Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Opening Balance						
Within 1 year	2,309,385.84	7,851.91	0.34	124,858.47	424.52	0.34
1 to 2 years	124,858.47	3,034.06	2.43			
Over 5 years	31,635,967.91	31,635,967.91	100	31,635,967.91	31,635,967.91	100.00
<b>Total</b>	<b>34,070,212.22</b>	<b>31,646,853.88</b>		<b>31,760,826.38</b>	<b>31,636,392.43</b>	

3. Provision for bad debts

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Write-off	
Aging Portfolio	31,636,392.43	10,461.45			31,646,853.88

4. Top five debtors by closing balance of accounts receivable and contract assets at the end of the period

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Chongqing Shengbang Pipeline Co., Ltd.	10,726,498.00		10,726,498.00	15.07	
Shandong Shengbang Plastic Co., Ltd.	10,595,486.75		10,595,486.75	14.88	
Anyang Beifang Shengli Gas Co., Ltd.	4,199,831.13		4,199,831.13	5.90	
Oilfield Drilling Technology Research Institute	1,975,802.85		1,975,802.85	2.78	1,975,802.85
Chongqing Shengbang Gas Co., Ltd.	1,616,285.29		1,616,285.29	2.27	
<b>Total</b>	<b>29,113,904.02</b>		<b>29,113,904.02</b>	<b>40.90</b>	<b>1,975,802.85</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends receivable	63,124,932.25	60,254,882.79
Other receivables	772,423,715.69	783,563,380.86
<b>Total</b>	<b>835,548,647.94</b>	<b>843,818,263.65</b>

**1. Dividends receivable**

<b>Item (or investee)</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Zibo Lvchuan Gas Co., Ltd.	13,477,382.79	13,477,382.79
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	46,777,500.00	
Puyang County Boyuan Natural Gas Co., Ltd.	12,495,000.00	
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	37,152,549.46	
<b>Total</b>	<b>63,124,932.25</b>	<b>60,254,882.79</b>

**2. Other receivables**

**(1) Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	772,378,542.69	783,555,820.05
1 to 2 years	35,606.48	7,900.00
2 to 3 years	7,300.00	
3 to 4 years		7,969.00
4 to 5 years	7,969.00	42,090,452.80
Over 5 years	41,790,452.80	
<b>Subtotal</b>	<b>814,219,870.97</b>	<b>825,662,141.85</b>
Less: Provision for bad debts	41,796,155.28	42,098,760.99
<b>Total</b>	<b>772,423,715.69</b>	<b>783,563,380.86</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(2) *By nature*

Nature of amount	<u>Closing Balance</u>	<u>Opening Balance</u>
Amounts due from internal related parties	772,228,348.12	777,328,937.90
Deposits, security deposits	7,969.00	7,969.00
Petty cash	175,900.00	91,545.95
Current accounts and others	41,807,653.85	48,233,689.00
<b>Subtotal</b>	<b>814,219,870.97</b>	<b>825,662,141.85</b>
Less: Provision for bad debts	41,796,155.28	42,098,760.99
<b>Total</b>	<b><u>772,423,715.69</u></b>	<b><u>783,563,380.86</u></b>

(3) *Provision for bad debts*

Provision for bad debts	<u>Stage 1 12-month expected credit losses</u>	<u>Stage 2 Lifetime expected credit losses (not credit impaired)</u>	<u>Stage 3 Lifetime expected credit losses (credit impaired)</u>	<u>Total</u>
Balance as at 1 January 2024	42,098,760.99			42,098,760.99
Balance as at 1 January 2024 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Reversal to Stage 1				
Provision for the current period	-302,605.71			-302,605.71
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2024	41,796,155.28			41,796,155.28

Note: The charge-off during the period was for bad debts related to the transferred creditor's rights in Qingdao General Plastics Co., Ltd.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

*(4) Provision for bad debts*

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Charge-off	
Deposits, security deposits	398.45				398.45
Petty cash	7,909.74	-2,632.74			5,277.00
Current accounts and others	42,090,452.80	-299,972.97			41,790,479.83
<b>Total</b>	<b>42,098,760.99</b>	<b>-302,605.71</b>			<b>41,796,155.28</b>

*(5) Top five other receivables at the end of the period, grouped by debtor*

Name of Entity	Nature of the amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Shandong Huasheng Energy Co., Ltd.	Fund lending	211,658,300.16	Within 1 year	26.00	
Anyang Beifang Shengli Gas Co., Ltd.	Fund lending	128,295,443.07	Within 1 year	15.76	
Chongqing Hengrongda Technology Co., Ltd.	Fund lending	96,040,979.55	Within 1 year	11.80	
Heze Shengli Natural Gas Co., Ltd.	Fund lending	54,566,078.80	Within 1 year	6.70	
Dalian Shengyi New Energy Development Co., Ltd.	Fund lending	44,124,184.80	Within 1 year	5.42	
<b>Total</b>		<b>534,684,986.38</b>		<b>65.67</b>	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (3) Long-term equity investments

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Investment in subsidiaries	2,662,679,741.86		2,662,679,741.86	2,673,911,741.86		2,673,911,741.86
Investment in associates	549,118,046.02	30,387,267.77	518,730,778.25	766,561,351.01	30,387,267.77	736,174,083.24
<b>Total</b>	<b>3,211,797,787.88</b>	<b>30,387,267.77</b>	<b>3,181,410,520.11</b>	<b>3,440,473,092.87</b>	<b>30,387,267.77</b>	<b>3,410,085,825.10</b>

#### 1. Long-term equity investments

##### (1) Investment in subsidiaries

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Change in the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Additional investment	Reduced investment	Provision for impairment	Others		
Shaanxi Huashan Shengbang Plastic Co., Ltd.	29,579,999.99						29,579,999.99	
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	4,700,000.00						4,700,000.00	
Shandong Shengbang Plastic Co., Ltd.	120,003,708.73						120,003,708.73	
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	161,132,057.99						161,132,057.99	
Shandong Shengli Import & Export Co., Ltd.	20,000,000.00						20,000,000.00	
Shandong Lihuasheng Energy Co., Ltd.	100,000,000.00						100,000,000.00	
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	40,500,000.00						40,500,000.00	
Shandong Shengli Energy Co., Ltd.	20,000,000.00						20,000,000.00	
Heze Shengli Natural Gas Co., Ltd.	49,080,000.00						49,080,000.00	
Dezhou Shengli Natural Gas Co., Ltd.	14,440,000.00						14,440,000.00	
Linyi Shengli Energy Co., Ltd.	8,600,000.00						8,600,000.00	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Change in the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Additional investment	Reduced investment	Provision for impairment	Others		
Tai'an Shengli Energy Co., Ltd.	1,020,000.00						1,020,000.00	
Weifang Shengli Natural Gas Co., Ltd.	9,000,000.00						9,000,000.00	
Shandong Longyu Shengli Energy Co., Ltd.	17,250,000.00						17,250,000.00	
Dong'e County Dongtai Gas Co., Ltd.	236,469,997.44						236,469,997.44	
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	89,627,597.80						89,627,597.80	
Qingdao Runhao Natural Gas Co., Ltd.	90,955,734.61						90,955,734.61	
Shandong Lihuasheng Transportation Co., Ltd.	20,000,000.00						20,000,000.00	
Shandong Qinglin Taifeng Trading Co., Ltd.	11,232,000.00					11,232,000.00		
Bazhou Shengli Shunda Gas Co., Ltd.	165,750,000.00						165,750,000.00	
Dalian Shengyi New Energy Development Co., Ltd.	66,756,400.00						66,756,400.00	
Zibo Lvchuan Gas Co., Ltd.	127,688,431.80						127,688,431.80	
Anyang Beifang Shengli Gas Co., Ltd.	66,600,000.00						66,600,000.00	
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	103,000,000.00						103,000,000.00	
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	170,000,000.00						170,000,000.00	
Tianjin Hengrongda Technology Co., Ltd.	44,875,957.50						44,875,957.50	
Chongqing Shengbang Gas Co., Ltd.	663,800,000.00						663,800,000.00	
Weihai Shengli Huachang Gas Co., Ltd.	49,480,300.00						49,480,300.00	
Qingdao Shengxin Meijiuhui Co., Ltd.	900,000.00						900,000.00	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Change in the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Additional investment	Reduced investment	Provision for impairment	Others		
Puyang County Boyuan Natural Gas Co., Ltd.	89,250,000.00						89,250,000.00	
Qingdao Shengxin Hengchang Trading Co., Ltd.	79,219,556.00						79,219,556.00	
Shandong Shengbang Industrial Investment Co., Ltd.	3,000,000.00						3,000,000.00	
<b>Total</b>	<b>2,673,911,741.86</b>					<b>11,232,000.00</b>	<b>2,662,679,741.86</b>	

### (2) Investment in associates and joint ventures

Investee	Opening Balance	Increase/decrease in the current period								Closing Balance	Impairment provision Closing Balance
		Additional investment	Reduced investment	Investment income/loss recognised under the equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profits declared	Provision for impairment	Others		
Associates											
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	237,979,245.97			-1,356,484.17			212,623,878.35			23,998,883.45	
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	140,733,455.79			2,819,478.65		398,739.94	6,732,812.35			137,218,862.03	25,868,518.27
Shandong Shengli Bioengineering Co., Ltd.	242,787,915.19			9,662,848.96		307,527.23	14,092,323.38			238,665,968.00	
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	60,700,326.49			1,665,876.53		1,287,163.10				63,653,366.12	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	53,973,139.80			1,220,558.85						55,193,698.65	4,518,749.50
<b>Total</b>	<b>736,174,083.24</b>			<b>14,012,278.82</b>		<b>1,993,430.27</b>	<b>233,449,014.08</b>			<b>518,730,778.25</b>	<b>30,387,267.77</b>

**XVII. SUPPLEMENTARY INFORMATION**

**(1) Detailed statement of non-recurring profit or loss for the current period**

Item	Amount for the current period	Amount for the prior period	
		Before adjustment	After adjustment
1. Gain or loss on disposal of non-current assets, including the written-off portion of asset impairment provisions already made	10,222,239.59	10,787,015.58	10,787,015.58
2. Government grants included in profit or loss for the current period, excluding those closely related to the Company's normal business operations, compliant with national policies, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	5,850,648.49	22,931,354.16	22,931,354.16
3. Fees for the use of funds charged to non-financial enterprises and included in profit or loss for the current period	3,093,119.68	5,837,193.83	5,837,193.83
4. Reversal of impairment provision for receivables tested for impairment individually	2,094,016.18	5,853,856.15	5,853,856.15
5. Gain or loss arising from changes in the fair value of investment properties subsequently measured using the fair value model	-1,185,654.60	-228,010.00	-228,010.00
6. Other non-operating income and expenses	459,421.49	-1,313,820.64	-1,313,820.64
7. Other profit or loss items that meet the definition of non-recurring profit or loss	114,425.91	6,454,225.83	6,454,225.83
Less: Impact of income tax	1,898,522.76	8,175,573.81	8,175,573.81
Impact on non-controlling interests (after tax)	180,189.00	12,428,923.55	12,428,923.55
<b>Total</b>	<b>18,569,504.98</b>	<b>29,717,317.55</b>	<b>29,717,317.55</b>

Note: "Others" for the current period represents the refund of handling fees for withholding individual income tax, which is included in other income.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(2) Return on net assets and earnings per share**

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Profit for the reporting period</b>						
Net profit attributable to ordinary shareholders of the Company	4.01	5.46	0.13	0.17	0.13	0.17
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	3.37	4.40	0.11	0.14	0.11	0.14

Shandong Shengli Co., Ltd.  
20 March 2025

# Shandong Shengli Co., Ltd.

## Audit Report

Da Xin Shen Zi [2026] No. 3-00181

大信會計師事務所(特殊普通合夥)  
WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.



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## **AUDIT REPORT**

Da Xin Shen Zi [2026] No. 3-00181

**To the shareholders of Shandong Shengli Co., Ltd.:**

### **I. AUDIT OPINION**

We have audited the financial statements of Shandong Shengli Co., Ltd. (“**the Company**”), which comprise the consolidated and parent company balance sheets as at 31 December 2025, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of the Company as at 31 December 2025, and its consolidated and parent company operating results and consolidated and parent company cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### **II. BASIS FOR AUDIT OPINION**

We conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. In accordance with the Code of Ethics for Chinese Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled our other ethical responsibilities. We have complied with the independence requirements applicable to the audit of financial statements of public interest entities in our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **III. KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period’s financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**(1) Goodwill Impairment*****1. Description of the Matter***

As described in Note V (19) to the financial statements, as of 31 December 2025, the original book value of the Company's goodwill was RMB 1,329,939,600, with an impairment provision of RMB 141,522,700. Goodwill is material to the financial statements as a whole. As described in Note III (22) to the financial statements, goodwill arising from a business combination shall be tested for impairment at least annually, regardless of whether there is any indication of impairment. Due to the complexity of the goodwill impairment testing process, which requires significant judgment and assumptions from management, particularly in determining parameters such as the discount rate, future sales growth rates, and gross profit margins, and considering the materiality of goodwill to the financial statements as a whole, we have identified the goodwill impairment test as a key audit matter.

***2. Audit Response***

Our main audit procedures regarding goodwill impairment included:

- (1) Understanding and evaluating the design and operating effectiveness of the Company's key internal controls related to goodwill impairment;
- (2) Assessing the appropriateness of the impairment testing method and evaluating the reasonableness of the assumptions and methods used by management in estimating the recoverable amount of each asset group;
- (3) In conjunction with an analysis of the industry in which the target asset group operates, evaluating and reviewing the reasonableness of the significant estimates and judgments used by management in forecasting the present value of future cash flows in the impairment test;
- (4) Evaluating the competence, professional qualifications, and objectivity of the external valuation firm engaged by the Company;
- (5) Verifying the computational accuracy of the goodwill impairment testing model;
- (6) Assessing the reliability and historical accuracy of management's forecasting process by comparing the previous year's performance forecasts with the current year's actual results.

**(2) Revenue Recognition****1. Description of the Matter**

As described in Note V (42) to the financial statements, the Company's operating revenue for 2025 was RMB 4,165,107,900, primarily including revenue from gas sales and equipment and material sales. Operating revenue is one of the company's key performance indicators, and the revenue recognition process is relatively complex. Therefore, we have identified revenue recognition as a key audit matter.

**2. Audit Response**

Our main audit procedures regarding revenue recognition included the following:

- (1) Understanding and testing the design and operating effectiveness of the Company's key internal controls related to the sales cycle;
- (2) Understanding and evaluating whether the principles, methods, and specific timing of revenue recognition comply with the provisions of the Accounting Standards for Business Enterprises, and assessing the reasonableness of the accounting policies related to revenue recognition;
- (3) Sampling significant sales contracts to identify contract terms related to the transfer of risks and rewards of ownership of goods, and evaluating whether the revenue recognition accounting policy complies with the requirements of the Accounting Standards for Business Enterprises;
- (4) Analyzing sales revenue, including gross profit margin analysis, gas loss analysis, and engineering cost analysis, to check for any anomalies in the current period's sales revenue;
- (5) Performing detailed tests on sales revenue, including examining gas contracts, gas volume settlement sheets, meter reading records, payment receipts, etc.; examining gas supporting engineering contracts, material requisition forms, engineering settlement sheets, engineering acceptance reports; conducting on-site visits for important projects; and checking customer receipts, among other procedures;
- (6) Performing confirmation procedures with major customers to assess the authenticity and completeness of revenue recognition.

**IV. OTHER INFORMATION**

The management of the Company (“Management”) is responsible for the other information. The other information comprises the information included in the Company’s 2025 annual report, but does not include the financial statements and our auditor’s report.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. In this regard, we have nothing to report.

**V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing, and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Governance is responsible for overseeing the Company’s financial reporting process.

**VI. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

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In conducting our audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following work:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw attention in our audit report to the related disclosures in the financial statements; if the disclosures are inadequate, we should issue a modified opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure, and content of the financial statements, and evaluate whether the financial statements fairly present the relevant transactions and events.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit and assume full responsibility for the audit opinion.

We communicate with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant internal control deficiencies that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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From the matters communicated with governance, we determine those matters that were of most significance in the audit of the current period's financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation prohibits public disclosure of these matters, or in extremely rare circumstances, if we reasonably expect that the negative consequences of communicating a matter in our audit report would outweigh the public interest benefits, we determine that the matter should not be communicated in the audit report.

WUYIGE CERTIFIED PUBLIC  
ACCOUNTANTS LLP.

Beijing, China

Chinese Certified Public Accountant: Shen  
Wensheng (Engagement Partner)

Chinese Certified Public Accountant: Xiao  
Fujian

23 March 2026

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2025

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances	V, (1)	562,606,617.34	813,748,845.46
Trading financial assets			
Derivative financial assets			
Notes receivable	V, (2)	120,345.28	
Accounts receivable	V, (3)	458,701,916.82	453,795,336.50
Receivables financing	V, (5)	63,869,045.06	41,988,463.18
Prepayments	V, (6)	190,901,106.45	177,319,774.75
Other receivables	V, (7)	29,332,854.89	201,800,329.08
Of which: Interest receivable			
Dividends receivable			172,398,288.69
Inventories	V, (8)	343,621,518.73	399,539,931.27
Of which: Data resources			
Contract assets	V, (4)	11,496,533.75	16,083,027.36
Assets held for sale			
Non-current assets due within one year	V, (9)		509,282.19
Other current assets	V, (10)	109,093,806.48	13,267,297.62
<b>Total current assets</b>		<b>1,769,743,744.80</b>	<b>2,118,052,287.41</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables	V, (11)	14,029,674.19	37,259,571.08
Long-term equity investments	V, (12)	530,457,939.31	546,964,758.78
Investments in other equity instruments	V, (13)	262,557,112.84	275,726,325.64
Other non-current financial assets			
Investment properties	V, (14)	63,122,700.00	69,877,618.40
Fixed assets	V, (15)	1,947,024,998.66	1,975,872,755.15
Construction in progress	V, (16)	100,638,488.84	85,092,293.04
Productive biological assets			
Oil and gas properties			
Right-of-use assets	V, (17)	36,097,754.36	45,855,479.47

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Intangible assets	V, (18)	149,855,924.62	122,045,903.67
Of which: Data resources			
Development expenditures			
Of which: Data resources			
Goodwill	V, (19)	1,188,416,907.07	1,193,970,307.77
Long-term deferred expenses	V, (20)	11,149,063.70	12,516,504.22
Deferred tax assets	V, (21)	150,639,469.88	148,457,961.83
Other non-current assets	V, (22)	13,201,926.95	15,354,588.00
<b>Total non-current assets</b>		<u>4,467,191,960.42</u>	<u>4,528,994,067.05</u>
<b>Total assets</b>		<u><u>6,236,935,705.22</u></u>	<u><u>6,647,046,354.46</u></u>
<b>Current liabilities:</b>			
Short-term borrowings	V, (24)	709,633,065.35	838,531,231.62
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	V, (25)	421,250,000.00	517,800,000.00
Accounts payable	V, (26)	321,549,985.27	312,484,999.01
Receipts in advance			
Contract liabilities	V, (27)	575,412,314.34	682,361,514.62
Employee benefits payable	V, (28)	38,621,069.97	40,659,504.10
Taxes payable	V, (29)	47,037,189.90	30,031,101.19
Other payables	V, (30)	52,679,748.59	40,087,837.58
Of which: Interest payable			
Dividends payable		18,873,447.03	5,215,429.86
Liabilities held for sale			
Non-current liabilities due within one year	V, (31)	256,301,822.67	262,357,091.39
Other current liabilities	V, (32)	52,488,772.17	63,019,071.16
<b>Total current liabilities</b>		<u><u>2,474,973,968.26</u></u>	<u><u>2,787,332,350.67</u></u>
<b>Non-current liabilities:</b>			
Long-term borrowings	V, (33)	190,100,000.00	355,345,000.32
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities	V, (34)	42,718,222.99	48,309,965.57
Long-term payables			
Long-term employee benefits payable			

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Provisions			
Deferred income	V, (35)	9,441,024.17	10,124,255.69
Deferred tax liabilities	V, (21)	138,311,377.49	138,964,288.33
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>380,570,624.65</u>	<u>552,743,509.91</u>
<b>Total liabilities</b>		<u><u>2,855,544,592.91</u></u>	<u><u>3,340,075,860.58</u></u>
<b>Shareholders' equity:</b>			
Share capital	V, (36)	880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve	V, (37)	954,831,659.04	955,534,643.47
Less: Treasury shares			
Other comprehensive income	V, (38)	50,493,460.76	59,983,648.64
Special reserve	V, (39)	14,956,036.87	14,372,520.80
Surplus reserve	V, (40)	232,643,185.27	204,172,356.70
Retained earnings	V, (41)	921,026,728.69	843,887,505.84
<b>Total equity attributable to shareholders of the parent company</b>		<u><u>3,054,035,726.63</u></u>	<u><u>2,958,035,331.45</u></u>
Non-controlling interests		<u>327,355,385.68</u>	<u>348,935,162.43</u>
<b>Total shareholders' equity</b>		<u><u>3,381,391,112.31</u></u>	<u><u>3,306,970,493.88</u></u>
<b>Total liabilities and shareholders' equity</b>		<u><u>6,236,935,705.22</u></u>	<u><u>6,647,046,354.46</u></u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Balance Sheet

Prepared by: Shandong Shengli Co., Ltd. 31 December 2025

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
<b>Current Assets:</b>			
Cash and bank balances		297,526,340.17	352,543,256.50
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XV, (1)	52,250,666.13	39,539,003.48
Receivables financing		10,998,717.73	9,327,525.93
Prepayments		223,512.55	857,918.26
Other receivables	XV, (2)	872,923,838.87	835,548,647.94
Of which: Interest receivable			
Dividends receivable		12,495,000.00	63,124,932.25
Inventories		367,932.09	373,306.43
Of which: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			509,282.19
Other current assets		446,532.23	1,660,297.01
<b>Total current assets</b>		<b>1,234,737,539.77</b>	<b>1,240,359,237.74</b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			23,934,441.72
Long-term equity investments	XV, (3)	3,140,609,409.16	3,181,410,520.11
Investments in other equity instruments		488,557.44	423,125.64
Other non-current financial assets			
Investment properties			
Fixed assets		24,804,043.03	25,019,363.95
Construction in progress		4,253,478.71	16,166,824.55
Productive biological assets			
Oil and gas properties			
Right-of-use assets			

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Item	<i>Notes</i>	Closing Balance	Opening Balance
Intangible assets		19,312,020.18	3,419,867.84
Of which: Data resources			
Development expenditures			
Of which: Data resources			
Goodwill			
Long-term deferred expenses		970,571.32	1,242,278.48
Deferred tax assets		96,760,161.02	98,625,852.23
Other non-current assets			
<b>Total non-current assets</b>		<u>3,287,198,240.86</u>	<u>3,350,242,274.52</u>
<b>Total assets</b>		<u>4,521,935,780.63</u>	<u>4,590,601,512.26</u>
<b>Current liabilities:</b>			
Short-term borrowings		215,201,666.67	267,301,430.56
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		421,250,000.00	437,800,000.00
Accounts payable		20,642,293.99	10,228,720.76
Receipts in advance			
Contract liabilities		292,112.83	544,625.13
Employee benefits payable		4,128,817.42	2,959,939.23
Taxes payable		172,851.25	292,092.11
Other payables		790,170,222.70	894,325,926.48
Of which: Interest payable			
Dividends payable		14,699,171.99	1,497,902.15
Liabilities held for sale			
Non-current liabilities due within one year		111,506,020.33	92,950,195.39
Other current liabilities		32,858.47	70,801.27
<b>Total current liabilities</b>		<u>1,563,396,843.66</u>	<u>1,706,473,730.93</u>
<b>Non-current liabilities:</b>			
Long-term borrowings			159,392,749.99
Bonds payable			
Of which: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

<b>Item</b>	<i>Notes</i>	<b>Closing Balance</b>	<b>Opening Balance</b>
Provisions			
Deferred income			
Deferred tax liabilities		61,329.56	
Other non-current liabilities			
<b>Total non-current liabilities</b>		<u>61,329.56</u>	<u>159,392,749.99</u>
<b>Total liabilities</b>		<u>1,563,458,173.22</u>	<u>1,865,866,480.92</u>
<b>Shareholders' equity:</b>			
Share capital		880,084,656.00	880,084,656.00
Other equity instruments			
Of which: Preferred shares			
Perpetual bonds			
Capital reserve		1,032,993,172.72	1,034,013,082.20
Less: Treasury shares			
Other comprehensive income		-19,104,697.33	-19,108,799.57
Special reserve		368,543.46	153,620.45
Surplus reserve		232,218,175.57	203,747,347.00
Retained earnings		<u>831,917,756.99</u>	<u>625,845,125.26</u>
<b>Total shareholders' equity</b>		<u>2,958,477,607.41</u>	<u>2,724,735,031.34</u>
<b>Total liabilities and shareholders' equity</b>		<u>4,521,935,780.63</u>	<u>4,590,601,512.26</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Income Statement

Prepared by: Shandong Shengli Co., Ltd.

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	V, (42)	4,165,107,858.95	4,225,821,777.57
Less: Operating cost	V, (42)	3,485,966,414.38	3,543,211,543.99
Taxes and surcharges	V, (43)	13,582,168.35	12,803,531.91
Selling expenses	V, (44)	195,107,707.37	237,044,560.03
Administrative expenses	V, (45)	131,135,544.95	128,896,491.83
R&D expenses	V, (46)	22,555,627.24	54,183,246.05
Finance costs	V, (47)	57,541,988.66	82,226,848.29
Of which: Interest expense		62,530,791.14	91,152,703.03
Interest income		8,361,749.42	12,541,066.80
Add: Other income	V, (48)	5,269,395.46	7,773,548.31
Investment income (loss is indicated by “-”)	V, (49)	36,242,176.47	33,699,891.21
Of which: Investment income from associates and joint ventures		20,672,559.15	11,960,017.25
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “-”)			
Gain on changes in fair value (loss is indicated by “-”)	V, (50)	-6,754,918.40	-1,185,654.60
Credit impairment loss (loss is indicated by “-”)	V, (51)	-21,367,783.36	-20,682,306.24
Asset impairment loss (loss is indicated by “-”)	V, (52)	-5,729,684.33	-1,996,521.34
Gain on disposal of assets (loss is indicated by “-”)	V, (53)	-1,591,459.93	2,586,824.35
<b>II. Operating Profit (loss is indicated by “-”)</b>		265,286,133.91	187,651,337.16
Add: Non-operating income	V, (54)	3,651,936.41	5,295,398.70
Less: Non-operating expenses	V, (55)	3,358,193.66	4,890,371.61
<b>III. Total Profit (total loss is indicated by “-”)</b>		265,579,876.66	188,056,364.25
Less: Income tax expense	V, (56)	60,378,775.50	49,045,668.01
<b>IV. Net Profit (net loss is indicated by “-”)</b>		205,201,101.16	139,010,696.24
(1) By operating continuity:			
1. Net profit from continuing operations (net loss is indicated by “-”)		205,201,101.16	139,010,696.24
2. Net profit from discontinued operations (net loss is indicated by “-”)			
(2) By ownership:			
1. Net profit attributable to shareholders of the parent company (net loss is indicated by “-”)		155,774,876.81	117,241,568.50
2. Profit or loss attributable to non-controlling interests (net loss is indicated by “-”)		49,426,224.35	21,769,127.74

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		-9,921,881.21	1,673,629.58
(1) Other comprehensive income, net of tax, attributable to shareholders of the parent company		-9,490,187.88	1,727,750.16
1. Other comprehensive income that cannot be reclassified to profit or loss		-9,490,187.88	1,727,750.16
(1) Changes arising from the remeasurement of defined benefit plans			
(2) Other comprehensive income under the equity method that will not be reclassified to profit or loss			
(3) Changes in fair value of investments in other equity instruments	<i>V, (57)</i>	-9,490,187.88	1,727,750.16
(4) Changes in fair value attributable to own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income under the equity method that may be reclassified to profit or loss			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
(6) Currency translation differences			
(7) Others			
(2) Other comprehensive income, net of tax, attributable to non-controlling interests		-431,693.33	-54,120.58
<b>VI. Total Comprehensive Income</b>		195,279,219.95	140,684,325.82
(1) Total comprehensive income attributable to shareholders of the parent company		146,284,688.93	118,969,318.66
(2) Total comprehensive income attributable to non-controlling shareholders		48,994,531.02	21,715,007.16
<b>VII. Earnings per share</b>			
(1) Basic earnings per share		0.18	0.13
(2) Diluted earnings per share		0.18	0.13

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Income Statement

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Operating Revenue</b>	XV, (4)	87,282,685.39	89,224,885.14
Less: Operating cost	XV, (4)	71,901,602.09	70,260,616.28
Taxes and surcharges		325,957.27	333,515.50
Selling expenses		175,622.34	94,571.20
Administrative expenses		32,089,272.94	28,597,716.19
R&D expenses			2,676,591.40
Finance costs		6,363,899.24	11,643,426.42
Of which: Interest expense		11,324,081.99	19,896,099.83
Interest income		5,834,380.48	9,231,791.12
Add: Other income		338,853.38	509,192.83
Investment income (loss is indicated by “-”)	XV, (5)	308,548,872.69	127,184,545.84
Of which: Investment income from associates and joint ventures		20,671,800.08	14,012,278.82
Gain on derecognition of financial assets measured at amortised cost			
Net gain on net exposure hedging (loss is indicated by “-”)			
Gain on changes in fair value (loss is indicated by “-”)			
Credit impairment loss (loss is indicated by “-”)		1,059,890.67	6,245,642.71
Asset impairment loss (loss is indicated by “-”)			
Gain on disposal of assets (loss is indicated by “-”)		127.25	16,216.36
<b>II. Operating Profit (loss is indicated by “-”)</b>		286,374,075.50	109,574,045.89
Add: Non-operating income		226,200.00	1,567,583.41
Less: Non-operating expenses		26,298.60	1,676.41
<b>III. Total Profit (total loss is indicated by “-”)</b>		286,573,976.90	111,139,952.89
Less: Income tax expense		1,865,691.21	-7,196,505.17
<b>IV. Net Profit (net loss is indicated by “-”)</b>		284,708,285.69	118,336,458.06
(1) Net profit from continuing operations (net loss is indicated by “-”)		284,708,285.69	118,336,458.06
(2) Net profit from discontinued operations (net loss is indicated by “-”)			

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>V. Other comprehensive income, net of tax</b>		4,102.24	130,108.63
(1) Other comprehensive income that cannot be reclassified to profit or loss		4,102.24	130,108.63
1. Remeasurement of defined benefit plan changes			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		4,102.24	130,108.63
4. Changes in fair value attributable to own credit risk			
(2) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provision for other debt investments			
5. Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)			
6. Foreign currency financial statement translation differences			
7. Others			
<b>VI. Total Comprehensive Income</b>		284,712,387.93	118,466,566.69

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Notes	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		4,283,688,569.08	4,570,275,776.44
Tax refunds received		942,820.30	1,532,424.41
Cash received relating to other operating activities	V, (58)	16,204,009.80	18,450,933.47
<b>Subtotal of cash inflows from operating activities</b>		<b>4,300,835,399.18</b>	<b>4,590,259,134.32</b>
Cash paid for goods and services		3,535,366,101.59	3,786,924,526.97
Cash paid to and on behalf of employees		214,048,718.16	217,241,934.89
Taxes and levies paid		118,244,413.38	124,539,950.49
Cash paid relating to other operating activities	V, (58)	115,376,998.30	143,783,016.96
<b>Subtotal of cash outflows from operating activities</b>		<b>3,983,036,231.43</b>	<b>4,272,489,429.31</b>
Net cash flows from operating activities		317,799,167.75	317,769,705.01
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments			
Cash received from investment income		221,150,537.44	234,865,655.90
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,105,456.71	3,728,487.57
Net cash received from disposal of subsidiaries and other business units		2,780,859.18	17,602,175.97
Cash received relating to other investing activities	V, (58)	36,005,589.05	64,451,353.43
<b>Subtotal of cash inflows from investing activities</b>		<b>267,042,442.38</b>	<b>320,647,672.87</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		155,520,079.68	95,675,394.99
Cash paid for investments			13,876,000.00
Net cash paid to acquire subsidiaries and other business units			600,000.00
Cash paid relating to other investing activities	V, (58)	100,000,000.00	10,000,000.00
<b>Subtotal of cash outflows from investing activities</b>		<b>255,520,079.68</b>	<b>120,151,394.99</b>
Net cash flows from investing activities		11,522,362.70	200,496,277.88

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Of which: Cash received by subsidiaries from investments by non-controlling shareholders			
Cash received from borrowings		887,348,524.27	1,155,872,950.30
Cash received relating to other financing activities	V, (58)	46,016,148.43	93,460,970.58
<b>Subtotal of cash inflows from financing activities</b>		933,364,672.70	1,249,333,920.88
Cash paid to repay debts		1,182,886,447.08	1,611,521,681.02
Cash paid for distribution of dividends, profits or payment of interest		136,769,419.97	178,791,137.95
Of which: Dividends and profits paid by subsidiaries to non-controlling shareholders		45,401,816.52	36,317,643.30
Cash paid relating to other financing activities	V, (58)	33,482,081.36	8,955,232.66
<b>Subtotal of cash outflows from financing activities</b>		1,353,137,948.41	1,799,268,051.63
Net cash flows from financing activities		-419,773,275.71	-549,934,130.75
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Balance of cash and cash equivalents at the beginning of the period		-90,451,745.26	-31,668,147.86
		517,878,514.79	549,546,662.65
<b>VI. Balance of cash and cash equivalents at the end of the period</b>			
		427,426,769.53	517,878,514.79

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Parent Company Cash Flow Statement

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		230,458,501.52	323,335,692.81
Tax refunds received			
Cash received relating to other operating activities		9,473,512.32	1,134,970.17
<b>Subtotal of cash inflows from operating activities</b>		239,932,013.84	324,470,662.98
Cash paid for goods and services		217,153,489.33	348,209,501.38
Cash paid to and on behalf of employees		20,113,954.65	20,204,666.77
Taxes and levies paid		374,437.78	344,406.90
Cash paid relating to other operating activities		9,651,033.60	19,065,370.35
<b>Subtotal of cash outflows from operating activities</b>		247,292,915.36	387,823,945.40
Net cash flows from operating activities		-7,360,901.52	-63,353,282.42
<b>II. Cash flows from investing activities:</b>			
Proceeds from disposal of investments		24,200,060.58	13,820,000.00
Cash received from investment income		400,046,413.41	265,691,902.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		903,249.88	46,400.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		26,005,589.05	64,451,353.43
<b>Subtotal of cash inflows from investing activities</b>		451,155,312.92	344,009,656.18
Cash paid to acquire fixed assets, intangible assets and other long-term assets		7,563,632.50	18,973,020.43
Cash paid for investments		25,286,467.58	600,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
<b>Subtotal of cash outflows from investing activities</b>		32,850,100.08	19,573,020.43
Net cash flows from investing activities		418,305,212.84	324,436,635.75

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Item	<i>Notes</i>	Current Period Amount	Prior Period Amount
<b>III. Cash flows from financing activities:</b>			
Cash received from investments			
Cash received from borrowings		235,000,000.00	458,000,000.00
Cash received relating to other financing activities		68,143,390.28	68,342,439.44
<b>Subtotal of cash inflows from financing activities</b>		<b>303,143,390.28</b>	<b>526,342,439.44</b>
Cash paid to repay debts		426,980,465.82	719,471,802.90
Cash paid for distribution of dividends, profits or payment of interest		41,953,669.85	56,970,499.87
Cash paid relating to other financing activities		205,359,419.80	13,695,811.60
<b>Subtotal of cash outflows from financing activities</b>		<b>674,293,555.47</b>	<b>790,138,114.37</b>
Net cash flows from financing activities		-371,150,165.19	-263,795,674.93
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>39,794,146.13</b>	<b>-2,712,321.60</b>
Add: Balance of cash and cash equivalents at the beginning of the period		130,129,590.71	132,841,912.31
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>169,923,736.84</b>	<b>130,129,590.71</b>

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Current Period												Total shareholders' equity
	Equity attributable to shareholders of the parent company												
	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	
	Share capital	Preferred shares	Perpetual bonds	Others									
<b>I. Balance at the end of the previous year</b>	880,084,656.00				955,534,643.47		59,983,648.64	14,372,520.80	204,172,356.70	843,887,505.84	2,958,035,331.45	348,935,162.43	3,306,970,493.88
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00				955,534,643.47		59,983,648.64	14,372,520.80	204,172,356.70	843,887,505.84	2,958,035,331.45	348,935,162.43	3,306,970,493.88
<b>III. Increase/decrease in the current period</b> (decrease is indicated by "-")					-702,984.43		-9,490,187.88	583,516.07	28,470,828.57	77,139,222.85	96,000,395.18	-21,579,776.75	74,420,618.43
(1) Total comprehensive income							-9,490,187.88			155,774,876.81	146,284,688.93	48,994,531.02	195,279,219.95
(2) Capital contributed and reduced by shareholders										316,925.05	316,925.05	-29,563,012.02	-29,246,086.97
1. Ordinary shares contributed by shareholders												-28,420,000.00	-28,420,000.00
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others					316,925.05						316,925.05	-1,143,012.02	-826,086.97
(3) Profit distribution									28,470,828.57	-78,635,653.96	-50,164,825.39	-41,684,288.81	-91,849,114.20
1. Appropriation to surplus reserve									28,470,828.57	-28,470,828.57			
2. Distribution to shareholders											-50,164,825.39	-41,684,288.81	-91,849,114.20
3. Others													
(4) Internal transfer of shareholders' equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(5) Special reserve								583,516.07			583,516.07	672,993.06	1,256,509.13
1. Appropriation for the current period									23,587,630.00		23,587,630.00	8,433,495.61	32,021,125.61
2. Use in the current period									23,004,113.93		23,004,113.93	7,760,502.55	30,764,616.48
(6) Others					-1,019,909.48						-1,019,909.48		-1,019,909.48
<b>IV. Balance at the end of the current period</b>	880,084,656.00				954,831,659.04		50,493,460.76	14,956,036.87	232,643,185.27	921,026,728.69	3,054,035,726.63	327,355,385.68	3,381,391,112.31

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Consolidated Statement of Changes in Equity

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Prior Period												Total shareholders' equity
	Equity attributable to shareholders of the parent company											Non-controlling interests	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
		Preferred shares	Perpetual bonds	Others									
<b>I. Balance at the end of the previous year</b>	880,084,656.00				953,541,213.20		58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
<b>II. Balance at the beginning of the current year</b>	880,084,656.00				953,541,213.20		58,255,898.48	12,844,021.69	192,338,710.89	786,884,239.23	2,883,948,739.49	368,939,164.56	3,252,887,904.05
<b>III. Increase/decrease in the current period</b> (decrease is indicated by "-")					1,993,430.27		1,727,750.16	1,528,499.11	11,833,645.81	57,003,266.61	74,086,591.96	-20,004,002.13	54,082,589.83
(1) Total comprehensive income							1,727,750.16			117,241,568.50	118,969,318.66	21,715,007.16	140,684,325.82
(2) Capital contributed and reduced by shareholders												-5,852,320.08	-5,852,320.08
1. Ordinary shares contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others												-5,852,320.08	-5,852,320.08
(3) Profit distribution									11,833,645.81	-60,238,301.89	-48,404,656.08	-36,317,643.30	-84,722,299.38
1. Appropriation to surplus reserve									11,833,645.81	-11,833,645.81			
2. Distribution to shareholders										-48,404,656.08	-48,404,656.08	-36,317,643.30	-84,722,299.38
3. Others													
(4) Internal transfer of shareholders' equity													
1. Transfer from capital reserve to share capital													
2. Transfer from surplus reserve to share capital													
3. Use of surplus reserve to offset losses													
4. Transfer of defined benefit plan changes to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
(5) Special reserve							1,528,499.11			1,528,499.11		450,954.09	1,979,453.20
1. Appropriation for the current period							27,057,513.94			27,057,513.94		9,095,784.06	36,153,298.00
2. Use in the current period							25,529,014.83			25,529,014.83		8,644,829.97	34,173,844.80
(6) Others					1,993,430.27					1,993,430.27			1,993,430.27
<b>IV. Balance at the end of the current period</b>	880,084,656.00				955,534,643.47		59,983,648.64	14,372,520.80	204,172,356.70	843,887,505.84	2,958,035,331.45	348,935,162.43	3,306,970,493.88

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Current Period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others							
<b>I. Balance at the end of the previous year</b>	880,084,656.00			1,034,013,082.20		-19,108,799.57	153,620.45	203,747,347.00	625,845,125.26	2,724,735,031.34	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			1,034,013,082.20		-19,108,799.57	153,620.45	203,747,347.00	625,845,125.26	2,724,735,031.34	
<b>III. Increase/decrease in the current period (decrease is indicated by "-")</b>				-1,019,909.48		4,102.24	214,923.01	28,470,828.57	206,072,631.73	233,742,576.07	
(1) Total comprehensive income						4,102.24			284,708,285.69	284,712,387.93	
(2) Capital contributed and reduced by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											
(3) Profit distribution								28,470,828.57	-78,635,653.96	-50,164,825.39	
1. Appropriation to surplus reserve								28,470,828.57	-28,470,828.57		
2. Distribution to shareholders									-50,164,825.39	-50,164,825.39	
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve							214,923.01			214,923.01	
1. Appropriation for the current period							608,158.12			608,158.12	
2. Use in the current period							393,235.11			393,235.11	
(6) Others				-1,019,909.48						-1,019,909.48	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			1,032,993,172.72		-19,104,697.33	368,543.46	232,218,175.57	831,917,756.99	2,958,477,607.41	

# APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

## Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Shandong Shengli Co., Ltd. 2025

Unit: RMB

Item	Prior Period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others							
<b>I. Balance at the end of the previous year</b>	880,084,656.00			1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63	
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>II. Balance at the beginning of the current year</b>	880,084,656.00			1,032,019,651.93		-19,238,908.20	79,534.62	191,913,701.19	567,746,969.09	2,652,605,604.63	
<b>III. Increase/decrease in the current period (decrease is indicated by "-")</b>				1,993,430.27		130,108.63	74,085.83	11,833,645.81	58,098,156.17	72,129,426.71	
(1) Total comprehensive income						130,108.63			118,336,458.06	118,466,566.69	
(2) Capital contributed and reduced by shareholders											
1. Ordinary shares contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											
(3) Profit distribution								11,833,645.81	-60,238,301.89	-48,404,656.08	
1. Appropriation to surplus reserve								11,833,645.81	-11,833,645.81		
2. Distribution to shareholders									-48,404,656.08	-48,404,656.08	
3. Others											
(4) Internal transfer of shareholders' equity											
1. Transfer from capital reserve to share capital											
2. Transfer from surplus reserve to share capital											
3. Use of surplus reserve to offset losses											
4. Transfer of defined benefit plan changes to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others											
(5) Special reserve							74,085.83			74,085.83	
1. Appropriation for the current period							625,777.02			625,777.02	
2. Use in the current period							551,691.19			551,691.19	
(6) Others				1,993,430.27						1,993,430.27	
<b>IV. Balance at the end of the current period</b>	880,084,656.00			1,034,013,082.20		-19,108,799.57	153,620.45	203,747,347.00	625,845,125.26	2,724,735,031.34	

**Notes to the Financial Statements of Shandong Shengli Co., Ltd.**

(Unless otherwise specified, the amounts in these notes are denominated in RMB)

**I. BASIC INFORMATION OF THE ENTERPRISE****(1) Registered and Head Office Address of the Enterprise**

Shandong Shengli Co., Ltd. (“**the Company**”) was established as a joint-stock limited company exclusively initiated by Shandong Shengli Group Corporation, approved by the Shandong Provincial Commission for Economic Restructuring on 8 February 1994 with document Lu Ti Gai Sheng Zi (1994) No. 39, and formally founded on 26 April 1994 with the reply document Lu Ti Gai Sheng Zi (1994) No. 103. The Company’s A-shares were listed on the Shenzhen Stock Exchange on 3 July 1996, with the stock abbreviation “Shandong Shengli”, a share capital of 880,084,656.00 shares, and the stock code 000407.

The Company’s unified social credit code is 91370000163074944M.

Registered and head office address: 32nd Floor, Block B, Building 1, Jinan Pharma Valley, North Section of Gangxing 3rd Road, High-tech Zone, Jinan City, Shandong Province.

**(2) Main Business Activities Actually Engaged in by the Enterprise**

The Company’s principal industry and key development focus is the natural gas industry, supplemented by its business in natural gas equipment manufacturing. The natural gas industry is actively developing in areas such as urban gas, transportation, mid- and upstream business, and innovative value-added services, providing clean energy services such as natural gas to industrial, commercial, and residential customers. The company’s natural gas equipment manufacturing business focuses on the research, production, sales, and installation of plastic products. It is one of the earliest polyethylene pipe manufacturers in China and a participant in the formulation of national standards for PE pipes. Its polyethylene pipe products are widely used in many national key projects or major projects.

**(3) These financial statements were approved for issue by the Company’s Board of Directors on 23 March 2026.****II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****(1) Basis of Preparation**

The Company’s financial statements are prepared on a going concern basis, in accordance with actual transactions and events, and in compliance with the “Accounting Standards for Business Enterprises — Basic Standard” and specific accounting standards issued by the Ministry of Finance (the “**Accounting Standards for Business Enterprises**”), and based on the significant accounting policies and accounting estimates formulated.

**(2) Going Concern**

The Company has the ability to continue as a going concern for at least 12 months from the end of this reporting period, with no significant matters affecting its going concern ability.

**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES****(1) Statement of Compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company comply with the requirements of the “Accounting Standards for Business Enterprises” and truly and completely reflect the financial position as of 31 December 2025, and of its operating results and cash flows for the year 2025, as well as other relevant information.

**(2) Accounting Period**

The Company’s accounting year is the calendar year, from 1 January to 31 December each year.

**(3) Operating Cycle**

The Company uses a 12-month period as its normal operating cycle and uses the operating cycle as the standard for classifying the liquidity of assets and liabilities.

**(4) Functional Currency**

The Company’s functional currency is RMB.

**(5) Method and Basis for Determining Materiality Standards*****1. Materiality of Financial Statement Items***

The Company determines the materiality of financial statement items based on the principle of whether it affects the economic decisions of financial statement users, considering both the nature and the amount. The materiality of the amount of a financial statement item is based on a certain percentage of the relevant item to total assets, total liabilities, total owners’ equity, operating revenue, or net profit; the materiality of the nature of a financial statement item is based on factors that have a significant impact on the financial position and operating results, such as whether it is part of daily operating activities, whether it causes changes in profit or loss, and whether it affects regulatory indicators.

**2. Materiality of Detailed Items in the Notes to the Financial Statement Items**

The Company determines the materiality of detailed items in the notes to the financial statement items based on the materiality of the parent financial statement item, by reference to a certain percentage of the specific item to the parent item, or in combination with the amount, while also considering the nature of the specific item. Certain items may not be material to the financial statements but may be material to the notes and still require separate disclosure in the notes. The relevant materiality standards for the notes to the financial statement items are as follows:

<b>Item</b>	<b>Materiality Standard</b>
Receivables with significant individual provision for bad debts	RMB10 million
Significant recovery or reversal of bad debt provision for receivables	RMB10 million
Significant write-off of receivables	RMB10 million
Significant construction in progress projects	The detailed amount of a single construction in progress project exceeds 0.5% of total assets
Subsidiaries with material non-controlling interests	Non-controlling interests account for more than 5% of the equity, and the subsidiary's total assets, net assets, operating revenue, and net profit account for more than 10% of the corresponding items in the consolidated financial statements.
Material joint ventures or associates	The book value accounts for more than 20% of long-term equity investments, or the investment income (loss calculated in absolute terms) from joint ventures or associates accounts for more than 10% of the net profit in the consolidated financial statements

**(6) Business Combination**

**1. Business combination under common control**

In a business combination under common control, if the consideration paid by the combining party is in the form of cash, transfer of non-cash assets or assumption of liabilities, the initial investment cost of the long-term equity investment shall be measured at the combining party's share of the carrying amount of the combined party's net assets in the consolidated financial statements of the ultimate controlling party at the combination date. If the combining party issues equity instruments as consideration for the combination, the total par value of the issued shares shall be recorded as share capital. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration for the combination (or the total par value of the issued shares) shall be adjusted against capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted.

**2. Business combination not under common control**

For a business combination not under common control, the cost of the combination is the sum of the fair values of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to obtain control of the acquiree. In a business combination not under common control, the identifiable assets, liabilities, and contingent liabilities of the

acquiree that meet the recognition criteria are measured at fair value on the acquisition date. The excess of the cost of the combination over the acquirer's interest in the fair value of the acquiree's identifiable net assets is recognised as goodwill. If the cost of the combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference, after review, is recognised in non-operating income for the current period.

**(7) Criteria for Determining Control and Method for Preparing Consolidated Financial Statements**

***1. Criteria for Determining Control***

The scope of consolidation for consolidated financial statements is determined on the basis of control. An investee is considered to be controlled if the following three elements are present: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

***2. Method for Preparing Consolidated Financial Statements***

***(1) Unifying the accounting policies of the parent and subsidiary companies, and unifying their balance sheet dates and accounting periods***

If a subsidiary uses accounting policies or accounting periods that are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements in accordance with the Company's accounting policies or accounting periods when preparing the consolidated financial statements.

***(2) Elimination Items in Consolidated Financial Statements***

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and internal transactions between the parent company and its subsidiaries, as well as between subsidiaries, have been eliminated. The portion of a subsidiary's owners' equity that is not attributable to the Company is presented as non-controlling interests under the shareholders' equity section of the consolidated balance sheet. A subsidiary's long-term equity investment in the parent company is treated as the parent company's treasury stock, presented as a deduction from shareholders' equity under the "Less: Treasury Stock" item in the consolidated balance sheet.

*(3) Accounting Treatment for the Acquisition of a Subsidiary in a Combination*

For a subsidiary acquired in a business combination under common control, the combination is deemed to have occurred when the ultimate controlling party began to exercise control, and its assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the current period of the combination; for a subsidiary acquired in a business combination not under common control, its individual financial statements are adjusted based on the fair value of its identifiable net assets on the acquisition date when preparing the consolidated financial statements.

*(4) Accounting Treatment for the Disposal of a Subsidiary*

In the case of a partial disposal of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal proceeds and the share of the subsidiary's net assets continuously calculated from the acquisition date or combination date corresponding to the disposed long-term equity investment is adjusted to capital reserve in the consolidated financial statements. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted. If control over an investee is lost due to a partial disposal of an equity investment or other reasons, the remaining equity is remeasured at its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, and the share of the former subsidiary's net assets continuously calculated from the acquisition date or combination date based on the original shareholding ratio, is recognised as investment income in the period of loss of control, and goodwill is simultaneously written off. Other comprehensive income and other items related to the original subsidiary's equity investment are transferred to investment income for the current period upon loss of control.

**(8) Classification of Joint Arrangements and Accounting Treatment for Joint Operations**

**1. Classification of Joint Arrangements**

Joint arrangements are classified as either joint operations or joint ventures. A joint arrangement that is not structured through a separate entity is classified as a joint operation. A separate entity is an entity with a separately identifiable financial structure, including separate legal entities and entities that are not legal entities but are legally recognised. A joint arrangement structured through a separate entity is usually classified as a joint venture. If changes in relevant facts and circumstances cause a change in the rights and obligations of the joint venturers in the joint arrangement, the joint venturers shall reassess the classification of the joint arrangement.

**2. Accounting Treatment for Joint Operations**

As a participant in a joint operation, the Company recognizes the following items related to its interest in the joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises: recognizes the assets or liabilities it holds individually, and recognizes its share of the jointly held assets or liabilities; recognizes the revenue generated from the sale of its share of the output of the joint operation; recognizes its share of the revenue generated by the joint operation from the sale of its output; recognizes the expenses it incurs individually, and recognizes its share of the expenses incurred by the joint operation.

If the Company is a participant in a joint operation but does not have joint control, and if it has rights to the assets and obligations for the liabilities relating to the joint operation, it shall account for them in accordance with the provisions for participants in a joint operation; otherwise, it shall account for them in accordance with the relevant Accounting Standards for Business Enterprises.

### **3. *Accounting Treatment for Joint Ventures***

As a joint venturer in a joint venture, the Company accounts for its investment in the joint venture in accordance with the provisions of “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments”; as a non-joint venturer, the Company accounts for its investment based on the degree of its influence over the joint venture.

### **(9) Criteria for Determining Cash and Cash Equivalents**

The cash determined by the Company when preparing the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. The cash equivalents determined when preparing the cash flow statement refer to investments that are held for a short term, are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

### **(10) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements**

#### **1. *Translation of Foreign Currency Transactions***

The Company records foreign currency transactions by converting them into the functional currency at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange differences arising from the difference between the spot exchange rate on that day and the spot exchange rate at initial recognition or on the previous balance sheet date are recognised in profit or loss for the current period, except for exchange differences on foreign currency specific borrowings that meet the capitalization conditions, which are capitalized and included in the cost of the relevant asset during the capitalization period. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and their functional currency amounts are not changed. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a change in fair value (including exchange rate changes) and is recognised in profit or loss for the current period or as other comprehensive income.

## **2. Translation of Foreign Currency Financial Statements**

If the subsidiaries, joint ventures, associates, etc., of the Company use a functional currency different from that of the Company, their foreign currency financial statements must be translated before accounting and preparation of consolidated financial statements. In the balance sheet, asset and liability items are translated at the spot exchange rate on the balance sheet date. Owners' equity items, except for the "retained earnings" item, are translated at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The translation differences arising from the translation of foreign currency financial statements are presented under other comprehensive income in the owners' equity section of the balance sheet. Foreign currency cash flows shall be translated at the spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash is presented separately in the cash flow statement. Upon disposal of a foreign operation, the translation differences arising from the translation of foreign currency financial statements related to that foreign operation are transferred to profit or loss for the period of disposal, either in full or in proportion to the disposal of the foreign operation.

### **(11) Financial Instruments**

#### **1. Classification, Recognition, and Measurement of Financial Instruments**

##### *(1) Financial assets*

Based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Company classifies financial assets into the following three categories:

- ① Financial assets measured at amortised cost. The business model for managing such financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement, i.e., the cash flows generated on specific dates are solely payments of principal and interest on the outstanding principal amount. Such financial assets are subsequently recognised for interest income using the effective interest method.
- ② Financial assets measured at fair value with changes recognised in other comprehensive income. The business model for managing such financial assets is to both collect contractual cash flows and sell the financial assets, and the contractual cash flow characteristics of such financial assets are consistent with a basic lending arrangement. Such financial assets are subsequently measured at fair value, and their changes are recognised in other comprehensive income, but interest income calculated using the effective interest method, impairment losses or gains, and exchange gains and losses are recognised in profit or loss for the current period.
- ③ Financial assets measured at fair value with changes recognized in profit or loss for the current period. Financial assets held that are not classified as measured at amortised cost or at fair value with changes recognised in other comprehensive income are measured at fair value, and the resulting gains or losses (including interest and dividend income) are recognised in profit or loss for the current period. At initial recognition, a financial asset may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. Once made, this designation cannot be revoked.

For non-trading equity instrument investments, the Company may, at initial recognition, irrevocably designate them as financial assets measured at fair value with changes recognised in other comprehensive income. This designation is made on an individual investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective. Such financial assets are subsequently measured at fair value. Except for dividends received (excluding those that are a recovery of investment cost), which are recognised in profit or loss for the current period, other related gains and losses are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

## *(2) Financial liabilities*

Financial liabilities are classified at initial recognition as:

- ① Financial liabilities measured at fair value with changes recognised in profit or loss for the current period. Such financial liabilities are subsequently measured at fair value, and the resulting gains or losses are recognised in profit or loss for the current period.
- ② Financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or from continued involvement in the transferred financial assets.
- ③ Financial liabilities measured at amortised cost. Such financial liabilities are measured at amortised cost using the effective interest method.

## **2. Method for Determining the Fair Value of Financial Instruments**

For financial instruments with an active market, their fair value is determined by the quoted price in the active market; if no active market exists, valuation techniques are used to determine their fair value. In limited circumstances, if recent information to determine fair value is insufficient, or if the possible estimated amounts of fair value are widely distributed, and the cost represents the best estimate of fair value within that range, then that cost may represent an appropriate estimate of fair value within that range. The Company uses all information available after the initial recognition date regarding the performance and operations of the investee to determine whether the cost can represent the fair value.

## **3. Derecognition of Financial Instruments**

A financial asset is derecognised when one of the following conditions is met: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred and meets the conditions for derecognition.

If the current obligation of a financial liability is fully or partially discharged, the discharged portion is derecognised. If an existing liability is replaced by another financial liability with substantially different terms from the same creditor, or if the terms of an existing liability are substantially modified, the existing financial liability is derecognised and a new financial liability is recognised simultaneously. Financial assets bought or sold in a conventional manner are recognised and derecognised on a trade date basis.

**(12) Method for Determining and Accounting for Expected Credit Losses****1. Scope of Expected Credit Losses**

The Company, on the basis of expected credit losses, performs impairment accounting and recognizes a provision for bad debts for financial assets measured at amortised cost (including receivables, such as notes receivable and accounts receivable), receivables financing, lease receivables, and other receivables.

**2. Method for Determining Expected Credit Losses**

The general method for expected credit losses means that the Company assesses on each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition, dividing the process of credit impairment of financial instruments into three stages, and applying different accounting treatments for impairment of financial instruments at different stages: (1) Stage 1, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss provision at an amount equal to the 12-month expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount (i.e., without deducting the impairment provision) and the effective interest rate; (2) Stage 2, if the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its gross carrying amount and the effective interest rate; (3) Stage 3, if credit impairment has occurred after initial recognition, the Company measures the loss provision at an amount equal to the lifetime expected credit losses of the financial instrument, and calculates interest income based on its amortised cost (gross carrying amount less the impairment provision already made) and the effective interest rate.

The simplified method for expected credit losses is to always measure the loss provision at an amount equal to the lifetime expected credit losses.

**3. Accounting Method for Expected Credit Losses**

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase or reversal of the loss provision shall be recognised as an impairment loss or gain in profit or loss for the current period and, depending on the type of financial instrument, shall reduce the carrying amount of the financial asset presented in the balance sheet or be recognised as a provision (for loan commitments or financial guarantee contracts).

**4. Measurement of Loss Provision for Receivables and Lease Receivables**

(1) *Receivables that do not contain a significant financing component. For receivables arising from transactions governed by “Accounting Standards for Business Enterprises No. 14 – Revenue” that do not contain a significant financing component, the Company adopts a simplified method, which is to always measure the loss provision at an amount equal to the lifetime expected credit losses.*

- ① Portfolio categories and basis for determining the provision for bad debts based on credit risk characteristics

For receivables other than those individually assessed, the Company groups accounts receivable based on credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Aging Portfolio	Grouped by the aging of accounts receivable
Related Party Portfolio	Accounts receivable within the scope of the consolidated financial statements

For accounts receivable classified into portfolios, the Company calculates expected credit losses by preparing a provision matrix of accounts receivable against their lifetime expected credit loss rates, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

- ② Aging calculation method for the aging-based credit risk portfolio

For the aging-based portfolio, the aging of a receivable is calculated from the date the receivable arises. For customers with multiple transactions, the aging for each transaction is calculated separately based on its respective date of occurrence.

- ③ Criteria for making individual provisions for bad debts

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

*(2) Receivables and lease receivables that contain a significant financing component.*

For receivables and lease receivables that contain a significant financing component, the loss provision is measured using the general method, i.e., the “three-stage” model. The credit risk characteristic portfolios, the aging calculation method for the aging-based portfolio, and the criteria for making individual provisions are consistent with the standards applicable to receivables that do not contain a financing component.

**5. Method for Measuring Loss Provision for Other Financial Assets**

For financial assets other than the above, such as debt investments, other debt investments, other receivables, and long-term receivables other than lease receivables, the loss provision is measured using the general method, i.e., the “three-stage” model.

When measuring the credit impairment of a financial instrument, the Company assesses whether the credit risk has increased significantly by considering the following factors: (1) whether there has been a significant change in internal price indicators due to a change in credit risk; (2) if the existing financial instrument were originated or issued as a new financial instrument on the reporting date, whether the interest rate or other terms of the financial instrument would have changed significantly; (3) whether there has been a significant change in external market indicators of credit risk for the same financial instrument or for similar financial instruments with the same expected term; (4) whether there has been a significant actual or expected change in the external credit rating of the financial instrument; (5) whether the actual or expected internal credit rating of the debtor has been downgraded; (6) adverse changes in business, financial, or economic conditions that are expected to cause a significant change in the debtor’s ability to meet its debt obligations; (7) whether there has been a significant actual or expected change in the operating results of the debtor; (8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly; (9) whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates; (10) whether there has been a significant change in the value of collateral securing the debt or in the quality of guarantees or credit enhancements provided by third parties; (11) whether there has been a significant change in economic factors that is expected to reduce the debtor’s incentive to make payments on the contractual due date; (12) expected changes in the loan contract, including expected breaches of contract that may lead to the waiver or modification of contractual obligations, granting of interest-free periods, interest rate increases, requests for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument; (13) whether there has been a significant change in the expected performance and repayment behavior of the debtor; (14) whether the Company’s credit management methods for the financial instrument have changed.

*(1) Portfolio categories based on credit risk characteristics and the basis for their determination*

The Company groups other receivables into several credit risk characteristic portfolios based on the nature of the amounts, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Security deposits, deposits	Security deposits and deposits paid as required by customers
Portfolio 2: Petty cash	Employee petty cash
Portfolio 3: Other portfolios	Receivables other than security deposits, deposits, and petty cash

*(2) Criteria for making individual provisions for bad debts*

The Company makes individual provisions for bad debts for receivables where litigation has occurred, the customer is bankrupt, or is in significant financial difficulty, etc.

**(13) Inventories**

**1. Classification of Inventories**

Inventories refer to finished goods or commodities held for sale in the Company's daily activities, work-in-progress in the production process, and materials and supplies consumed in the production process or in providing services, etc., mainly including raw materials, packaging materials, low-value consumables, work-in-progress, finished goods (inventory goods), etc.

**2. Costing Method for Inventories Issued**

When inventories are issued, their actual cost is determined using the weighted average method.

**3. Inventory System**

The inventory system is a perpetual inventory system.

**4. Amortisation Method for Low-Value Consumables and Packaging Materials**

Low-value consumables and packaging materials are amortised using the one-time charge-off method.

**5. Recognition Criteria and Provision Method for Inventory Write-downs**

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than cost, a provision for inventory write-down is made. Such provision is made on an individual inventory item basis, but for large quantities of inventories with low unit prices, the provision is made by inventory category. If the factors that previously caused the inventory to be written down have disappeared, the amount of the write-down is reversed (but the reversal is limited to the amount of the original write-down).

The determination of the net realisable value of inventories is based on conclusive evidence obtained, and takes into account the purpose for which the inventories are held and the impact of events after the balance sheet date.

**(14) Contract Assets and Contract Liabilities****1. Contract assets**

The Company presents as a contract asset the right to consideration for goods or services that have been transferred to a customer (where that right is conditional on something other than the passage of time). The provision for impairment of contract assets is made by reference to the method for determining expected credit losses in the notes. Contract assets are classified into the following portfolios based on credit risk characteristics:

<b>Portfolio Category</b>	<b>Basis for Determination</b>
Portfolio 1: Retention money	Retention money as stipulated in the contract

**2. Contract liabilities**

The Company presents as a contract liability the obligation to transfer goods or provide services to a customer for which it has received or is due to receive consideration from the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

**(15) Non-current Assets or Disposal Groups Held for Sale****1. Recognition Criteria and Accounting Treatment for Non-current Assets or Disposal Groups Classified as Held for Sale**

If the Company primarily recovers the carrying amount of a non-current asset or disposal group through a sale rather than through continuing use, it is classified as held for sale and meets the following conditions: first, it is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups; second, the sale is highly probable, meaning the enterprise has made a resolution on a sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year. If relevant regulations require approval from the relevant authorities or regulatory bodies of the enterprise before the sale can be made, such approval should have been obtained.

When initially measuring or remeasuring a non-current asset or disposal group held for sale on the balance sheet date, if its carrying amount is higher than its fair value less costs to sell, the carrying amount shall be written down to its fair value less costs to sell. The amount of the write-down shall be recognised as an asset impairment loss in profit or loss for the current period, and a provision for impairment of assets held for sale shall be made at the same time.

For the amount of asset impairment loss recognised for a disposal group held for sale, such loss shall first be allocated to reduce the carrying amount of goodwill in the disposal group, and then to the other non-current assets in the disposal group pro rata based on the carrying amount of each non-current asset that is within the scope of the measurement requirements of “Accounting Standards for Business Enterprises — Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations”.

## **2. *Criteria for Determining and Presenting Discontinued Operations***

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and: represents a separate major line of business or geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; is a subsidiary acquired exclusively with a view to resale.

The Company presents profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. Impairment losses and reversal amounts of discontinued operations, as well as other operating gains and losses and disposal gains and losses, are presented as profit or loss from discontinued operations. The notes shall disclose the revenue, expenses, total profit, income tax expense (income), and net profit of the discontinued operation; the impairment loss and its reversal amount recognised for the assets or disposal group of the discontinued operation; the total gain or loss on disposal, income tax expense (income), and net gain or loss on disposal of the discontinued operation; the net cash flows from operating, investing, and financing activities of the discontinued operation; and the profit or loss from continuing operations and discontinued operations attributable to the owners of the parent company.

### **(16) Long-term equity investments**

#### **1. *Criteria for Determining Joint Control and Significant Influence***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities, which are activities that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control, including the sale and purchase of goods or services, management of financial assets, purchase and disposal of assets, research and development activities, and financing activities. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is presumed to exist when holding 20% or more but less than 50% of the voting power of the investee, or when holding less than 20% but meeting one of the following conditions: representation on the board of directors or equivalent governing body of the investee; participation in the policy-making processes of the investee; dispatch of management personnel to the investee; the investee is dependent on the technical or technological information of the investing company; significant transactions occur between the investee and the investing company.

#### **2. *Determination of Initial Investment Cost***

For a long-term equity investment acquired through a business combination, if it is a business combination under common control, the initial investment cost of the long-term equity investment shall be the share of the book value of the combined party's owners' equity in the ultimate controlling party's consolidated financial statements on the combination date; for a business combination not under common control, the initial investment cost of the long-term equity investment shall be the cost of the combination determined on the acquisition date; for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid; for a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued; for a long-term equity investment acquired through a debt restructuring, its initial investment cost is determined in accordance with the relevant provisions of the debt restructuring standards; for a long-term equity investment acquired through a non-monetary asset exchange, the initial investment cost is determined in accordance with the relevant provisions of the non-monetary asset exchange standards.

**3. Subsequent Measurement and Profit or Loss Recognition Method**

The Company uses the cost method to account for long-term equity investments where it can exercise control over the investee, and the equity method to account for long-term equity investments in associates and joint ventures. For an equity investment in an associate, if a portion of it is held indirectly through venture capital organizations, mutual funds, trust companies, or similar entities including investment-linked insurance funds, regardless of whether these entities have significant influence over that portion of the investment, it is treated in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments,” and the remaining portion is accounted for using the equity method.

**(17) Investment properties**

The Company’s categories of investment properties include leased land use rights, leased buildings, and land use rights held for capital appreciation and subsequent transfer. Investment properties are initially measured at cost and subsequently measured using the fair value model.

The basis for the Company to estimate the fair value of investment properties is its ability to obtain market prices and other relevant information for similar or comparable properties from the real estate market.

**(18) Fixed assets****1. Recognition Criteria for Fixed Assets**

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, leasing, or for administrative purposes, with a useful life of more than one accounting year. They are recognised when the following conditions are met simultaneously: it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; the cost of the fixed asset can be reliably measured.

**2. Depreciation Method for Fixed Assets**

The Company’s fixed assets are mainly classified into: buildings and structures, machinery and equipment, transportation equipment, gas transmission facilities, and others; the depreciation method used is the straight-line method. The useful life and estimated net residual value of fixed assets are determined based on the nature and usage of each category of fixed assets. At the end of the year, the useful life, estimated net residual value, and depreciation method of fixed assets are reviewed. If there are differences from the original estimates, corresponding adjustments are made. All fixed assets are depreciated, except for fully depreciated fixed assets that are still in use and land that is accounted for separately.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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Asset Class	Estimated Useful Life	Estimated Net Residual Value Rate	Annual Depreciation Rate
	(Years)	(%)	(%)
Buildings and structures (Note)	30-70	3	1.39-3.23
Machinery and equipment	8-20	3	4.85-12.13
Transportation equipment	6-10	3	9.70-16.17
Gas transmission facilities	14-30	3	3.23-6.93
Others	3-5	3	19.40-32.33

Note: For buildings of the Company's natural gas business located on leased land where the Company cannot obtain the property ownership certificate, they are depreciated over the lease term as stipulated in the signed land lease contract, with an estimated net residual value of 0.

**(19) Construction in progress**

The Company's construction in progress is mainly built through self-construction and outsourcing. The standard and timing for transferring construction in progress to fixed assets are based on when the construction in progress reaches its intended useable state. The criteria for determining the intended useable state should meet one of the following conditions: the physical construction (including installation) of the fixed asset has been fully or substantially completed; trial production or trial operation has been conducted, and the results indicate that the asset can operate normally or can stably produce qualified products, or the trial operation results indicate that it can operate normally or be used in business; the expenditure on the constructed fixed asset is minimal or has almost ceased; the purchased or constructed fixed asset has met the design or contract requirements, or is substantially consistent with the design or contract requirements.

**(20) Borrowing Costs**
***1. Recognition Principle for Capitalisation of Borrowing Costs***

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of the relevant asset; other borrowing costs are recognised as an expense in the period in which they are incurred and are charged to profit or loss for the current period. A qualifying asset is an asset, such as a fixed asset, investment property, or inventory, that necessarily takes a substantial period of time to get ready for its intended use or sale.

## **2. Method for Calculating the Capitalised Amount**

The capitalization period is the period from the time when capitalization of borrowing costs begins to the time when capitalization ceases, excluding periods when capitalization of borrowing costs is suspended. If an abnormal interruption occurs during the acquisition, construction, or production process, and the interruption period lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended.

For specific borrowings, the amount is determined by the actual interest expense incurred on the specific borrowings for the current period, less any interest income earned from depositing the unused borrowing funds in a bank or any investment income earned from temporary investments; for general borrowings, the amount is determined by multiplying the weighted average of the asset expenditures in excess of the specific borrowings by the capitalization rate of the general borrowings used, where the capitalization rate is the weighted average interest rate of the general borrowings; if the borrowing has a discount or premium, the amount of discount or premium to be amortised in each accounting period is determined using the effective interest method, and the interest amount for each period is adjusted accordingly.

The effective interest method is a method of calculating the amortised discount or premium or interest expense of a borrowing based on its effective interest rate. The effective interest rate is the rate that exactly discounts the future cash flows of a borrowing over its expected term to its current carrying amount.

### **(21) Intangible assets**

#### **1. Valuation Method for Intangible Assets**

The Company's intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actual price paid and related expenditures. For intangible assets contributed by investors, the actual cost is determined by the value stipulated in the investment contract or agreement, but if the stipulated value is not fair, the actual cost is determined by the fair value. For self-developed intangible assets, their cost is the total expenditure incurred before they reach their intended use.

#### **2. Useful Life and its Determination Basis, Estimation, Amortisation Method, or Review Procedures**

Intangible assets with a finite useful life are amortised as shown in the table below. At the end of the year, the useful life and amortisation method of the intangible assets are reviewed, and if there are differences from the original estimates, corresponding adjustments are made. Intangible assets with an indefinite useful life are not amortised, but their useful life is reviewed at the end of each year. When there is conclusive evidence that their useful life is finite, their useful life is estimated.

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## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

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The useful life, its determination basis, and amortisation method for intangible assets with a finite useful life are as follows:

Asset Class	Useful life (years)	Basis for Determining Useful Life	Amortisation Method
Land use rights	40-50	Statutory period	Straight-line method
Software, patented technology	3-20	The period during which the asset is expected to bring economic benefits to the Company.	Straight-line method

The Company classifies an intangible asset as having an indefinite useful life when it cannot foresee the period over which the asset is expected to generate economic benefits for the Company, or when the useful life is uncertain. The basis for determining an indefinite useful life is: it arises from contractual rights or other legal rights, but the contract or law does not specify a clear useful life; or after considering the industry situation or expert opinions, it is still not possible to determine the period over which the intangible asset will generate economic benefits for the Company.

At the end of each year, the useful life of intangible assets with an indefinite useful life is reviewed, primarily using a bottom-up approach. The relevant departments using the intangible assets conduct a basic review to evaluate whether there have been any changes in the basis for determining the indefinite useful life.

### 3. *Scope of R&D Expenditures and Related Accounting Treatment Methods*

The scope of the Company's R&D expenditures is primarily determined by its research and development projects. Such expenditures mainly include: compensation of R&D personnel, direct input costs, depreciation and long-term deferred expenses, design fees, amortisation of intangible assets, fees for outsourced research and development, and other expenses.

Expenditures in the research phase of an internal research and development project are recognised in profit or loss for the current period when they are incurred; expenditures in the development phase are capitalized if the following conditions are met simultaneously: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use or sell it; (3) the way in which the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or that the intangible asset itself has a market, and if the intangible asset will be used internally, its usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to complete the development of the intangible asset and to use or sell it; (5) the expenditure attributable to the development phase of the intangible asset can be reliably measured.

Specific criteria for dividing the research phase and development phase of an internal research and development project: The planned investigation phase for acquiring new technology and knowledge, etc., should be identified as the research phase, which is characterized by planning and exploration; the phase in which research findings or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use, should be identified as the development phase, which is characterized by specificity and a high probability of achieving results.

**(22) Impairment of long-term assets**

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, productive biological assets measured using the cost model, oil and gas assets, intangible assets, and other long-term assets are tested for impairment on the balance sheet date if there are indications of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment provision is made for the difference and is recognised as an impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The asset impairment provision is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflows independently.

Goodwill presented separately in the financial statements is tested for impairment at least annually, regardless of whether there is any indication of impairment. When testing for impairment, the carrying amount of goodwill is allocated to the asset group or group of asset groups that is expected to benefit from the synergies of the business combination. If the test result indicates that the recoverable amount of the asset group or group of asset groups including the allocated goodwill is less than its carrying amount, a corresponding impairment loss is recognised. The amount of the impairment loss is first applied to reduce the carrying amount of the goodwill allocated to the asset group or group of asset groups, and then to the other assets of the group or group of asset groups pro rata on the basis of the carrying amount of each asset in the group or group of asset groups.

Once the above asset impairment loss is recognised, the portion of the value that is subsequently recovered will not be reversed in future periods.

**(23) Long-term deferred expenses**

The Company's long-term deferred expenses refer to various expenses that have been incurred but have a benefit period of more than one year (excluding one year). Long-term deferred expenses are amortised over the benefit period of the expense item. If a long-term deferred expense item can no longer benefit future accounting periods, the unamortised balance of that item is fully charged to profit or loss for the current period.

**(24) Employee Benefits**

Employee benefits are all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for the termination of employment. Short-term employee benefits.

***1. Accounting Treatment for Short-term Employee Benefits***

During the accounting period in which an employee provides services to the Company, the actual short-term remuneration incurred is recognised as a liability and charged to profit or loss for the current period, unless the Accounting Standards for Business Enterprises require or permit it to be included in the cost of an asset. Staff welfare expenses incurred by the Company are recognised in profit or loss for the current period or in the cost of relevant assets based on the actual amount incurred. If staff welfare expenses are non-monetary, they are measured at fair value. During the accounting period in which employees provide services, the Company calculates and determines the corresponding amount of employee remuneration for medical insurance, work-related injury insurance, maternity insurance, and other social insurance premiums and housing provident funds paid for employees, as well as trade union funds and employee education funds accrued in accordance with regulations, based on the prescribed accrual basis and accrual ratio, and recognizes the corresponding liability, which is included in profit or loss for the current period or the cost of relevant assets.

***2. Accounting Treatment for Post-employment Benefits***

During the accounting period in which an employee provides services, the Company recognizes the amount to be contributed calculated according to the defined contribution plan as a liability and includes it in profit or loss for the current period or the cost of relevant assets. The benefit obligation arising from a defined benefit plan is attributed to the periods in which employees render services using the formula determined by the projected unit credit method, and is recognised in profit or loss for the current period or the cost of relevant assets.

***3. Accounting Treatment for Termination Benefits***

When the Company provides termination benefits to employees, it recognizes the employee remuneration liability arising from the termination benefits on the earlier of the following two dates and includes it in profit or loss for the current period: when the Company cannot unilaterally withdraw the termination benefits provided due to a plan to terminate the employment relationship or a redundancy proposal; when the Company recognizes the costs or expenses related to a restructuring that involves the payment of termination benefits.

***4. Accounting Treatment for Other Long-term Employee Benefits***

For other long-term employee benefits provided by the Company to its employees, if they meet the conditions of a defined contribution plan, they shall be treated in accordance with the relevant provisions for defined contribution plans; otherwise, the net liability or net asset of other long-term employee benefits shall be recognised and measured in accordance with the relevant provisions for defined benefit plans.

**(25) Provisions**

An obligation related to a contingent matter is recognised as a provision when it is a present obligation of the company, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably measured. The Company initially measures the provision at the best estimate of the expenditure required to settle the relevant present obligation. If the required expenditure falls within a continuous range and all outcomes within that range are equally likely, the best estimate is determined by the midpoint of that range; if multiple items are involved, the best estimate is determined by weighting all possible outcomes by their related probabilities.

On the balance sheet date, the carrying amount of the provision shall be reviewed. If there is conclusive evidence that the carrying amount does not truly reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

## **(26) Revenue**

The Company recognizes revenue when it has fulfilled its performance obligations in the contract, i.e., when the customer obtains control of the relevant goods or services, at the transaction price allocated to that performance obligation. Obtaining control of the relevant goods means being able to direct the use of the goods and obtain substantially all of their economic benefits. A performance obligation is a promise in a contract for the Company to transfer a distinct good or service to a customer. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties and amounts the Company expects to refund to the customer.

Whether a performance obligation is satisfied over time or at a point in time depends on the terms of the contract and relevant laws and regulations. If a performance obligation is satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Company recognizes revenue at a point in time when the customer obtains control of the relevant asset.

The Company determines whether it is acting as a principal or an agent in a transaction based on whether it has control over the goods or services before they are transferred to the customer. If the Company has control over the goods or services before they are transferred to the customer, the Company is the principal and recognizes revenue at the gross amount of consideration received or receivable; otherwise, the Company is an agent and recognizes revenue at the amount of commission or fee it expects to be entitled to, which is determined either by the net amount of consideration received or receivable after deducting the price payable to other relevant parties, or by a predetermined commission amount or percentage.

The specific principles and measurement methods for revenue recognition determined by the Company according to business type are as follows:

The company's revenue mainly includes gas sales revenue, gas connection business revenue, equipment and material sales revenue, and trade revenue; Based on the sales contract or agreement, taking into account factors such as the current right to receive payment for the goods, the transfer of major risks and rewards of ownership of the goods, the transfer of legal title to the goods, the transfer of physical possession of the goods, and the customer's acceptance of the goods, the Company recognizes revenue from natural gas sales at its filling stations after the gas (i.e., CNG or LNG) is transferred to the customer at the filling station; for pipeline natural gas sales, revenue is recognised when the pipeline natural gas is delivered to and consumed by the customer, i.e., when the customer obtains control of the goods, and the volume of gas sold is measured by the gas meter installed at the customer's premises; for the gas connection business, revenue is recognised when the connection project is completed, reaches the condition for gas supply, and the project acceptance procedures are completed; for equipment and material sales revenue and trade revenue, revenue is recognised when the products are dispatched and a receipt of delivery is received from the customer.

**(27) Contract Costs**

Contract costs include the incremental costs of obtaining a contract and the costs to fulfill a contract. The incremental costs of obtaining a contract (“**contract acquisition costs**”) are costs that would not have been incurred if the contract had not been obtained. If these costs are expected to be recovered, the Company recognizes them as an asset for contract acquisition costs.

Costs incurred to fulfill a contract that are not within the scope of other accounting standards for business enterprises, such as inventory, and that meet all of the following conditions are recognised as an asset for contract fulfillment costs: the costs relate directly to a contract or an anticipated contract that the entity can specifically identify, including direct labor, direct materials, manufacturing overhead (or similar costs), costs that are explicitly chargeable to the customer, and other costs that are incurred only because the entity entered into the contract; the costs generate or enhance resources that will be used in satisfying performance obligations in the future; the costs are expected to be recovered.

The Company includes contract fulfillment costs recognised as an asset in the “Inventories” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company includes contract acquisition costs recognised as an asset in the “Other Current Assets” item on the balance sheet if the amortisation period at initial recognition does not exceed one year or one normal operating cycle; if the amortisation period at initial recognition is more than one year or one normal operating cycle, it is included in the “Other Non-current Assets” item on the balance sheet.

The Company amortises assets recognised for contract acquisition costs and contract fulfillment costs on the same basis as the revenue recognition for the goods related to that asset, and charges it to profit or loss for the current period. If the amortisation period for an asset arising from the incremental costs of obtaining a contract is one year or less, the asset is expensed as incurred.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two items, the Company shall make a provision for impairment for the excess amount and recognize it as an asset impairment loss: the remaining consideration expected to be received for the transfer of the goods related to that asset; the estimated costs to be incurred for the transfer of the related goods.

If the factors that caused the impairment in a previous period subsequently change, such that the difference between the two items mentioned above is higher than the carrying amount of the asset, the previously made provision for asset impairment shall be reversed and recognized in profit or loss for the current period, but the carrying amount of the asset after the reversal shall not exceed the carrying amount that would have been determined had no impairment provision been made for the asset.

**(28) Government grants****1. *Types and Accounting Treatment of Government Grants***

Government grants are monetary or non-monetary assets obtained by the Company from the government free of charge (but do not include capital invested by the government as an owner). If a government grant is a monetary asset, it shall be measured at the amount received or receivable. If a government grant is a non-monetary asset, it shall be measured at fair value; if the fair value cannot be reliably obtained, it shall be measured at a nominal amount.

Government grants related to daily activities are recognised in other income based on the substance of the economic transaction. Government grants not related to daily activities are recognised in non-operating income.

Government grants for which government documents clearly stipulate that they are for the acquisition, construction, or other formation of long-term assets are recognised as asset-related government grants. If government documents do not clearly specify the object of the grant, and if it can form a long-term asset, the portion of the government grant corresponding to the value of the asset is treated as an asset-related government grant, and the remaining portion is treated as a revenue-related government grant; if it is difficult to distinguish, the entire government grant is treated as a revenue-related government grant. Asset-related government grants are recognised as deferred income. The amount recognised as deferred income is recognised in profit or loss for the current period on a reasonable and systematic basis over the useful life of the related asset.

Government grants other than those related to assets are recognised as revenue-related government grants. Revenue-related government grants used to compensate for related expenses or losses in future periods are recognised as deferred income and are recognised in profit or loss for the current period in the periods in which the related expenses are recognised; those used to compensate for related expenses or losses already incurred by the enterprise are directly recognised in profit or loss for the current period.

If the Company obtains a policy-based preferential loan interest subsidy, and the finance department allocates the interest subsidy funds to the lending bank, which then provides the loan to the Company at a policy-based preferential interest rate, the loan is recorded at the actual amount of the loan received, and the related borrowing costs are calculated based on the loan principal and the policy-based preferential interest rate; if the finance department allocates the interest subsidy funds directly to the Company, the Company will offset the corresponding interest subsidy against the related borrowing costs.

**2. *Timing of Recognition of Government Grants***

Government grants are recognised when the conditions attached to the government grant are met and the grant can be received. Government grants measured at the amount receivable are recognised at the end of the period when there is conclusive evidence that the relevant conditions stipulated in the fiscal support policy can be met and it is expected that the fiscal support funds can be received. Other government grants, except for those measured at the amount receivable, are recognised upon actual receipt of the grant funds.

**(29) Deferred tax assets and deferred tax liabilities****1. Recognition of Deferred Tax**

Based on the difference between the carrying amount of an asset or liability and its tax base (for items not recognised as assets or liabilities, if their tax base can be determined according to tax law, that tax base is used to determine the difference), a deferred tax asset or deferred tax liability is recognised by applying the applicable tax rate for the period in which the asset is expected to be recovered or the liability is expected to be settled.

**2. Measurement of Deferred Tax**

The recognition of a deferred tax asset is limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable profit will be available in future periods to utilize the deductible temporary differences, a previously unrecognised deferred tax asset from prior accounting periods is recognised. If it is probable that sufficient taxable profit will not be available in future periods to utilize the deferred tax asset, the carrying amount of the deferred tax asset is reduced.

For taxable temporary differences associated with investments in subsidiaries and associates, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with investments in subsidiaries and associates, a deferred tax asset is recognised when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

**(30) Leases**

On the contract inception date, the Company will assess whether the contract is, or contains, a lease. If a contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration, the contract is, or contains, a lease.

**1. Lessee's Accounting Treatment**

On the lease commencement date, the Company recognizes a right-of-use asset and a lease liability for leases other than short-term leases and low-value asset leases, and recognizes depreciation expense and interest expense separately during the lease term.

*(1) Right-of-use Asset*

On the lease commencement date, the right-of-use asset is initially measured at cost. This cost includes the initial measurement amount of the lease liability, lease payments made on or before the lease commencement date less any lease incentives received, initial direct costs, etc.

For leases where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the estimated remaining useful life of the leased asset; if it cannot be reasonably determined, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the carrying amount of the right-of-use asset, its carrying amount is written down to the recoverable amount.

*(2) Lease Liability*

The lease liability is initially measured at the present value of the lease payments that are not yet paid on the lease commencement date. Lease payments include fixed payments, as well as amounts payable when it is reasonably certain that a purchase option or a termination option will be exercised. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss for the current period when they are actually incurred.

The Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate. The interest expense on the lease liability for each period during the lease term is calculated using a fixed periodic interest rate, which is the discount rate used by the Company or a revised discount rate, and is recognised in finance costs.

**2. *Judgment Basis and Accounting Treatment for Simplified Accounting of Short-term Leases and Low-value Asset Leases as a Lessee***

For short-term leases with a lease term of 12 months or less and low-value leases, the Company elects not to recognize a right-of-use asset and a lease liability, and recognizes the related rental expenses in profit or loss for the current period or the cost of relevant assets on a straight-line basis over the lease term.

**3. *Classification Criteria and Accounting Treatment for Leases as a Lessor***

On the lease commencement date, the Company recognizes a lease as a finance lease if it substantially transfers all the risks and rewards incidental to ownership of the leased asset; otherwise, it is an operating lease.

*(1) Accounting Treatment for Operating Leases*

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs are capitalised and are recognised as an expense over the lease term on the same basis as the lease income. Variable rents not included in the lease receivables are recognized as rental income when they are actually incurred.

*(2) Accounting Treatment for Finance Leases*

On the lease commencement date, the difference between the sum of the finance lease receivables and the unguaranteed residual value and their present value is recognised as unrealized finance income, which is recognised as lease income in the future periods when rent is received, and the finance lease asset is derecognised. Initial direct costs are included in the initial carrying amount of the finance lease receivable.

**(31) Changes in Significant Accounting Policies and Accounting Estimates**

*1. Changes in Significant Accounting Policies*

None

*2. Significant Changes in Accounting Estimates*

None

**IV. TAXATION**

**(1) Main Tax Types and Rates**

<b>Tax Type</b>	<b>Tax Basis</b>	<b>Tax Rate</b>
Value-added tax	Output tax less deductible input tax	6%, 9%, 13%
Urban maintenance and construction tax	Actual turnover tax payable	5%, 7%
Education surcharge	Actual turnover tax payable	3%
Local education surcharge	Actual turnover tax payable	2%
Enterprise income tax	Taxable income	15%, 20%, 25%

<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Shandong Shengli Co., Ltd.	25%
Shandong Shengbang Plastic Co., Ltd.	15%
Chongqing Shengbang Pipeline Co., Ltd.	15%
Chongqing Shengbang Gas Co., Ltd.	15%
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	15%
Weihai Lanweimeirun Life Service Co., Ltd.	20%
Qingdao Shengli Meijiuhui Co., Ltd.	20%
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	20%
Dezhou Shengli Natural Gas Co., Ltd.	20%
Binzhou Shengbang Pipeline Co., Ltd.	20%
Wenzhou Shengran Intelligent Technology Co., Ltd.	20%
Dong'e County Ruitai Trading Co., Ltd.	20%
Puyang Boyuan Energy Technology Co., Ltd.	20%
Puyang Shengli Clean Energy Co., Ltd.	20%
Anyang Beisheng New Energy Development Co., Ltd.	20%
Chongqing Zhongbang Gas Equipment Co., Ltd.	20%

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**


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<b>Name of Taxpayer</b>	<b>Income Tax Rate</b>
Chongqing Libang Construction Labor Co., Ltd.	20%
Chongqing Lixing Pipe Industry Co., Ltd.	20%
Chongqing Zhongzhu Pipe Industry Co., Ltd.	20%
Bazhou Shengshun Gas Sales Co., Ltd.	20%
Bazhou Shunsheng New Energy Development Co., Ltd.	20%
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	20%
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	20%
Shandong Shengbang Industrial Investment Co., Ltd.	20%
Tai'an Shengli Energy Co., Ltd.	20%
Weifang Shengli Natural Gas Co., Ltd.	20%
Other companies	25%

**(2) Significant Tax Incentives and Approvals**

1. The subsidiary Shandong Shengbang Plastic Co., Ltd. has obtained a high-tech enterprise certificate, issued on 7 December 2023, with certificate number GR202337004185. Its enterprise income tax for 2025 is calculated and paid at a rate of 15%.
2. The subsidiaries Chongqing Shengbang Gas Co., Ltd., Chongqing Shengbang Pipeline Co., Ltd., and Qinzhou Shengli Natural Gas Utilization Co., Ltd., after application and approval, enjoy the tax incentive policy for encouraged industries in the western region, and their enterprise income tax for 2025 is calculated and paid at a rate of 15%.
3. According to the “Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households with Relevant Tax and Fee Policies” (Ministry of Finance and State Taxation Administration Announcement [2023] No. 12), the policy of calculating the taxable income for small and micro-profit enterprises at a reduced 25% of the actual amount and levying enterprise income tax at a rate of 20% has been extended to 31 December 2027. The subsidiaries Weihai Lanweimeirun Life Service Co., Ltd., Qingdao Shengli Meijiuhui Co., Ltd., Qingdao Shengli Petrochemical Products Sales Co., Ltd., Dezhou Shengli Natural Gas Co., Ltd., Binzhou Shengbang Pipeline Co., Ltd., Wenzhou Shengran Intelligent Technology Co., Ltd., Dong’e County Ruitai Trading Co., Ltd., Puyang Boyuan Energy Technology Co., Ltd., Puyang Shengli Clean Energy Co., Ltd., Anyang Beisheng New Energy Development Co., Ltd., Chongqing Zhongbang Gas Equipment Co., Ltd., Chongqing Zhongan Engineering Construction Co., Ltd., Chongqing Libang Construction Labor Co., Ltd., Chongqing Lixing Pipe Industry Co., Ltd., Chongqing Zhongzhu Pipe Industry Co., Ltd., Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd., Zibo Lvchuan Photovoltaic New Energy Co., Ltd., Bazhou Shengshun Gas Sales Co., Ltd., Bazhou Shunsheng New Energy Co., Ltd., and Weifang Shengli Natural Gas Co., Ltd. are small and micro enterprises and are subject to the preferential enterprise income tax policy for small and micro enterprises.

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**

**(1) Cash and bank balances**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Cash on hand	112,957.40	341,408.84
Bank deposits	412,313,812.13	470,703,783.92
Other cash and bank balances	150,179,847.81	342,703,652.70
<b>Total</b>	<b>562,606,617.34</b>	<b>813,748,845.46</b>

Other cash and bank balances

<b>Category</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Pledged deposits for bank acceptance bills	127,300,000.00	258,900,000.00
Letter of credit and letter of guarantee margin	3,553,617.99	18,926,376.14
Bank certificate of deposit	15,000,000.00	60,000,000.00
Interest on bank time deposits and pledged deposits	302,607.42	1,412,065.41
Funds from third-party platforms such as POS machines, WeChat, and Alipay	4,023,622.40	3,465,211.15
<b>Total</b>	<b>150,179,847.81</b>	<b>342,703,652.70</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Notes receivable**

**1. Classification of notes receivable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Commercial acceptance bills	120,755.85	
Less: Provision for bad debts	410.57	
<b>Total</b>	<b>120,345.28</b>	

**2. Disclosure by bad debt provision method**

<b>Category</b>	<b>Closing Balance</b>				<b>Carrying amount</b>
	<b>Gross carrying amount</b>		<b>Provision for bad debts</b>		
	<b>Amount</b>	<b>Ratio (%)</b>	<b>Amount</b>	<b>Provision ratio (%)</b>	
Notes receivable with provision for bad debts made on a portfolio basis	120,755.85	100.00	410.57	0.34	120,345.28
Of which: Aging portfolio	120,755.85	100.00	410.57	0.34	120,345.28
<b>Total</b>	<b>120,755.85</b>	<b>100.00</b>	<b>410.57</b>	<b>0.34</b>	<b>120,345.28</b>

**(1) Notes receivable with provision for bad debts made on an aging portfolio basis**

<b>Aging</b>	<b>Closing Balance</b>			<b>Opening Balance</b>		
	<b>Gross carrying amount</b>	<b>Provision for bad debts</b>	<b>Provision ratio (%)</b>	<b>Gross carrying amount</b>	<b>Provision for bad debts</b>	<b>Provision ratio (%)</b>
Within 1 year	120,755.85	410.57	0.34			

**3. Provision for bad debts**

<b>Category</b>	<b>Change in the current period</b>					<b>Closing Balance</b>
	<b>Opening Balance</b>	<b>Provision</b>	<b>Recovery or reversal</b>	<b>Write-off</b>	<b>Other changes</b>	
Portfolio provision		410.57				410.57

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(3) Accounts receivable**

**1. Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	313,212,537.07	293,484,903.93
1 to 2 years	81,143,055.58	91,397,826.51
2 to 3 years	49,327,856.85	46,537,662.63
3 to 4 years	32,579,409.55	25,915,377.52
4 to 5 years	9,152,049.59	45,324,246.02
Over 5 years	164,470,065.61	135,227,965.83
<b>Subtotal</b>	<b>649,884,974.25</b>	<b>637,887,982.44</b>
Less: Provision for bad debts	191,183,057.43	184,092,645.94
<b>Total</b>	<b>458,701,916.82</b>	<b>453,795,336.50</b>

**2. Disclosure by bad debt provision method**

<b>Category</b>	<b>Closing Balance</b>				
	<b>Gross carrying amount</b>		<b>Provision for bad debts</b>		<b>Carrying amount</b>
	<b>Amount</b>	<b>Ratio (%)</b>	<b>Amount</b>	<b>Provision ratio (%)</b>	
Accounts receivable with provision for bad debts made on an individual assessment basis	1,358,942.05	0.21	1,358,942.05	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	648,526,032.20	99.79	189,824,115.38	29.27	458,701,916.82
Of which: Aging portfolio	648,526,032.20	99.79	189,824,115.38	29.27	458,701,916.82
<b>Total</b>	<b>649,884,974.25</b>	<b>100.00</b>	<b>191,183,057.43</b>	<b>29.42</b>	<b>458,701,916.82</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Category	Opening Balance				Carrying amount
	Gross carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Accounts receivable with provision for bad debts made on an individual assessment basis	2,575,539.86	0.40	2,575,539.86	100.00	
Accounts receivable with provision for bad debts made on a portfolio basis	635,312,442.58	99.60	181,517,106.08	28.57	453,795,336.50
Of which: Aging portfolio	635,312,442.58	99.60	181,517,106.08	28.57	453,795,336.50
<b>Total</b>	<b>637,887,982.44</b>	<b>100.00</b>	<b>184,092,645.94</b>	<b>28.86</b>	<b>453,795,336.50</b>

(1) *Accounts receivable with provision for bad debts made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Within 1 year	313,212,537.07	1,065,510.84	0.34	293,484,903.93	999,402.52	0.34
1 to 2 years	81,143,055.58	1,971,776.25	2.43	91,394,886.51	2,220,896.20	2.43
2 to 3 years	49,324,916.85	6,875,893.44	13.94	46,533,092.63	6,486,713.13	13.94
3 to 4 years	32,574,839.55	10,599,852.78	32.54	25,912,017.52	8,431,770.49	32.54
4 to 5 years	9,148,689.59	6,189,088.52	67.65	45,159,870.95	30,550,652.70	67.65
Over 5 years	163,121,993.56	163,121,993.55	100.00	132,827,671.04	132,827,671.04	100.00
<b>Total</b>	<b>648,526,032.20</b>	<b>189,824,115.38</b>		<b>635,312,442.58</b>	<b>181,517,106.08</b>	

3. *Provision for bad debts*

Category	Opening Balance	Change in the current period				Closing Balance
		Provision	Recovery or reversal	Write-off	Other changes	
Individual provision	2,575,539.86	-78,081.12		1,138,516.69		1,358,942.05
Portfolio provision	181,517,106.08	16,251,506.96		6,332,598.38	-1,611,899.28	189,824,115.38
<b>Total</b>	<b>184,092,645.94</b>	<b>16,173,425.84</b>		<b>7,471,115.07</b>	<b>-1,611,899.28</b>	<b>191,183,057.43</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Top five debtors by closing balance of accounts receivable and contract assets at the end of the period**

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82		60,539,091.82	9.14	60,539,091.82
Bazhou Municipal People's Government Office	36,137,350.00		36,137,350.00	5.46	29,185,194.79
Zibo Zichuan District Housing and Urban-Rural Development Bureau	25,774,478.62		25,774,478.62	3.89	7,865,067.93
Chongqing Zhongan Engineering Construction Co., Ltd.	22,490,186.47		22,490,186.47	3.40	76,466.63
People's Government of Xiaoli Town, Changqing District, Jinan City	16,296,935.69		16,296,935.69	2.46	1,786,886.02
<b>Total</b>	<b>161,238,042.60</b>		<b>161,238,042.60</b>	<b>24.35</b>	<b>99,452,707.19</b>

**(4) Contract assets**

**1. Classification of contract assets**

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Retention money	12,261,094.39	764,560.64	11,496,533.75	16,666,432.37	583,405.01	16,083,027.36

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Disclosure by method of providing for impairment**

Category	Closing Balance				
	Gross carrying amount		Impairment provision		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Contract assets with provision for impairment made on a portfolio basis	12,261,094.39	100	764,560.64	6.24	11,496,533.75
Of which: Aging portfolio	12,261,094.39	100	764,560.64	6.24	11,496,533.75
<b>Total</b>	<b>12,261,094.39</b>	<b>100</b>	<b>764,560.64</b>	<b>6.24</b>	<b>11,496,533.75</b>

Category	Opening Balance				
	Gross carrying amount		Impairment provision		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Contract assets with provision for impairment made on a portfolio basis	16,666,432.37	100.00	583,405.01	3.50	16,083,027.36
Of which: Aging portfolio	16,666,432.37	100.00	583,405.01	3.50	16,083,027.36
<b>Total</b>	<b>16,666,432.37</b>	<b>100.00</b>	<b>583,405.01</b>	<b>3.50</b>	<b>16,083,027.36</b>

*(1) Contract assets with provision for impairment made on an aging portfolio basis*

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Provision ratio (%)	Gross carrying amount	Impairment provision	Provision ratio (%)
Within 1 year	11,321,871.91	38,494.40	0.34	15,024,401.87	51,082.99	0.34
1 to 2 years				822,759.02	19,993.04	2.43
2 to 3 years	119,951.00	16,721.17	13.94			
3 to 4 years				339,803.43	110,572.04	32.54
4 to 5 years	339,803.43	229,877.02	67.65	240,219.80	162,508.69	67.65
Over 5 years	479,468.05	479,468.05	100.00	239,248.25	239,248.25	100.00
<b>Total</b>	<b>12,261,094.39</b>	<b>764,560.64</b>		<b>16,666,432.37</b>	<b>583,405.01</b>	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Movement in impairment provision for contract assets**

Item	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Charge-off/Write-off	
Retention money	583,405.01	181,155.63			764,560.64

**(5) Receivables financing**

**1. Classification of receivables financing**

Item	Closing Balance	Opening Balance
Bank acceptance bill	63,869,045.06	41,988,463.18

**2. Receivables financing endorsed or discounted but not yet matured at the balance sheet date**

Item	Amount derecognized at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bill	56,839,734.26	

**(6) Prepayments**

**1. Prepayments by aging**

Aging	Closing Balance		Opening Balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	184,726,338.06	96.76	173,527,245.50	97.86
1 to 2 years	3,092,178.85	1.62	475,891.37	0.27
2 to 3 years	814,529.61	0.43	2,475,015.22	1.40
Over 3 years	2,268,059.93	1.19	841,622.66	0.47
<b>Total</b>	<b>190,901,106.45</b>	<b>100.00</b>	<b>177,319,774.75</b>	<b>100.00</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Top five prepayments by counterparty at the end of the period**

<b>Name of Entity</b>	<b>Closing Balance</b>	<b>Percentage of the total closing balance of prepayments (%)</b>
Sinopec Gas Company Shandong Natural Gas Sales Center	36,679,459.35	19.21
PetroChina Natural Gas Sales Hebei Branch	18,471,229.38	9.68
Wenzhou Gas Group Longcang Co., Ltd.	13,649,376.94	7.15
PetroChina Natural Gas Sales Chuanyu Branch Chongqing Sales Department	13,528,630.32	7.09
Chongqing Yeyanqi Exploration and Development Co., Ltd.	9,029,931.16	4.73
<b>Total</b>	<b>91,358,627.15</b>	<b>47.86</b>

**(7) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends receivable	172,398,288.69	
Other receivables	29,332,854.89	29,402,040.39
<b>Total</b>	<b>29,332,854.89</b>	<b>201,800,329.08</b>

**1. Dividends receivable**

<b>Item (or investee)</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	172,398,288.69	

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Other receivables**

*(1) Disclosure by aging*

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	10,322,620.74	22,217,361.64
1 to 2 years	19,021,150.69	4,965,443.18
2 to 3 years	4,618,427.74	381,789.89
3 to 4 years	196,820.70	792,551.60
4 to 5 years	754,503.33	890,900.32
Over 5 years	49,267,656.89	48,966,923.98
<b>Subtotal</b>	84,181,180.09	78,214,970.61
Less: Provision for bad debts	54,848,325.20	48,812,930.22
<b>Total</b>	<b>29,332,854.89</b>	<b>29,402,040.39</b>

*(2) Disclosure by nature*

<b>Nature of amount</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Current accounts and others	84,181,180.09	78,214,970.61
<b>Subtotal</b>	84,181,180.09	78,214,970.61
Less: Provision for bad debts	54,848,325.20	48,812,930.22
<b>Total</b>	<b>29,332,854.89</b>	<b>29,402,040.39</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(3) *Other receivables with provision for expected credit losses recognised under the general model*

Provision for bad debts	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit impaired)	Stage 3 Lifetime expected credit losses (credit impaired)	Total
Balance as at 1 January 2025	48,812,930.22			48,812,930.22
Balance as at 1 January 2025 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3	-585,005.96		585,005.96	
—Transfer back to Stage 2				
—Reversal to Stage 1				
Provision for the current period	-1,040.79		6,260,883.52	6,259,842.73
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period	224,110.25			224,110.25
Other changes	337.50			337.50
Balance as at 31 December 2025	<u>48,002,435.72</u>		<u>6,845,889.48</u>	<u>54,848,325.20</u>

(4) *Provision for bad debts*

Category	Change in the current period				Closing Balance	
	Opening Balance	Provision	Recovery or reversal	Charge-off		Other changes
Petty cash, deposits, security deposits	838,943.24	363,181.47		279.11		1,201,845.60
Intercompany balances and others	47,973,986.98	5,896,323.76		223,831.14		53,646,479.60
<b>Total</b>	<u>48,812,930.22</u>	<u>6,259,505.23</u>		<u>224,110.25</u>		<u>54,848,325.20</u>

(5) *Top five other receivables at the end of the period, grouped by debtor*

Name of Entity	Nature of amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Nantong Xuanneng Energy Trading Co., Ltd.	LNG purchase payables	11,755,857.53	1-2 years	13.96	5,931,632.22

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Name of Entity	Nature of amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Shandong Huahai Petrochemical Sales Co., Ltd.	Oil product purchase	6,085,145.22	1-2 years	7.23	914,257.26
PipeChina Group Southwest Oil and Gas Pipeline Co., Ltd. Nanning Oil and Gas Transmission Branch	Letter of guarantee margin	5,600,000.00	Within 1 year	6.65	280,000.00
Hebei Financial Leasing Co., Ltd.	Security deposit	4,425,000.00	2-3 years	5.26	221,250.00
Qingzhou Xinneng Natural Gas Co., Ltd.	Equity transfer receivable	1,994,773.01	Over 5 years	2.37	1,994,773.01
<b>Total</b>		<b>29,860,775.76</b>		<b>35.47</b>	<b>9,341,912.49</b>

### (8) Inventories

#### 1. Classification of Inventories

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for write-down	Carrying amount	Gross carrying amount	Provision for write-down	Carrying amount
Raw materials	196,195,893.16	11,850,781.11	184,345,112.05	209,510,043.09	11,855,653.11	197,654,389.98
Low-value consumables	1,730,095.62		1,730,095.62	2,584,980.42		2,584,980.42
Contract fulfillment costs	87,315,492.05		87,315,492.05	113,012,020.91		113,012,020.91
Inventory goods	74,638,994.61	7,426,458.64	67,212,535.97	91,507,021.71	13,483,628.37	78,023,393.34
Goods dispatched	2,998,546.82		2,998,546.82	7,866,892.64		7,866,892.64
Others	19,736.22		19,736.22	398,253.98		398,253.98
<b>Total</b>	<b>362,898,758.48</b>	<b>19,277,239.75</b>	<b>343,621,518.73</b>	<b>424,879,212.75</b>	<b>25,339,281.48</b>	<b>399,539,931.27</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Changes in the provision for inventory write-downs**

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Charge-off	Others	
Raw materials	11,855,653.11			4,872.00		11,850,781.11
Inventory goods	13,483,628.37			6,057,169.73		7,426,458.64
<b>Total</b>	<b>25,339,281.48</b>			<b>6,062,041.73</b>		<b>19,277,239.75</b>

**(9) Non-current assets due within one year**

Item	Closing Balance	Opening Balance
Long-term receivables due within one year		509,282.19

**(10) Other current assets**

Item	Closing Balance	Opening Balance
Input tax to be deducted	8,003,777.83	10,102,638.51
Prepaid taxes	874,973.10	3,164,659.11
Large-denomination certificate of deposit and interest	100,215,055.55	
<b>Total</b>	<b>109,093,806.48</b>	<b>13,267,297.62</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(11) Long-term receivables**

**1. Long-term receivables**

Item	Closing Balance			Opening Balance			Discount rate range
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount	
Finance lease receivables	18,824,966.74		18,824,966.74	18,824,966.74		18,824,966.74	5.5%
Of which: Unrealized finance income	4,795,292.55		4,795,292.55	5,499,837.38		5,499,837.38	5.5%
Loan receivable from Shandong Shengbang Lvye Chemical Co., Ltd. (Note)				25,000,000.00	1,065,558.28	23,934,441.72	
<b>Total</b>	<b>14,029,674.19</b>		<b>14,029,674.19</b>	<b>38,325,129.36</b>	<b>1,065,558.28</b>	<b>37,259,571.08</b>	

Note: On 23 January 2017, the Company transferred the equity interest in its subsidiary, Shandong Shengbang Lvye Chemical Co., Ltd., and the related other receivables are being recovered in instalments; on 10 September 2021, as approved at the 21st (provisional) meeting of the Company's ninth Board of Directors, the Company entered into a "Package Agreement for Debt Settlement" with Shandong Shengbang Lvye Chemical Co., Ltd. Under the agreement, Lvye Chemical is to settle the outstanding debt balance with the Company, for which the Company agreed to extend the repayment period, and Lvye Chemical shall pay the corresponding interest for the extension period. The principal and interest for the current year have been fully recovered, and the Company has completed the required decision-making and disclosure procedures in accordance with regulations.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Bad debt provision for long-term receivables**

<b>Provision for bad debts</b>	<b>Stage 1 12 months expected credit losses</b>	<b>Stage 2 Lifetime expected credit losses (not credit impaired)</b>	<b>Stage 3 Lifetime expected credit losses (credit impaired)</b>	<b>Total</b>
Balance as at 1 January 2025	1,065,558.28			1,065,558.28
Balance as at 1 January 2025 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-1,065,558.28			-1,065,558.28
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2025				

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (12) Long-term equity investments

Investee	Increase/decrease in the current period									Closing balance (carrying amount)	Closing balance of impairment provision
	Opening balance (carrying amount)	Additional investment	Reduced investment	Investment income/loss recognised under the equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profits declared for distribution	Provision for impairment	Others		
Associates											
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	52,232,863.98			1,404.28						52,234,268.26	
Shandong Shengli Bioengineering Co., Ltd.	238,665,968.00			33,941,610.30		813,338.34	31,412,938.36			242,007,978.28	
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	63,653,366.12			-16,541,961.76		-2,295,599.00	49,000.00			44,766,805.36	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	55,193,698.65			975,953.41			2,160,000.00			54,009,652.06	4,518,749.50
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	137,218,862.03			2,295,552.92		462,351.18	2,537,530.78			137,439,235.35	25,868,518.27
<b>Total</b>	<b>546,964,758.78</b>			<b>20,672,559.15</b>		<b>-1,019,909.48</b>	<b>36,159,469.14</b>			<b>530,457,939.31</b>	<b>30,387,267.77</b>

### (13) Investments in other equity instruments

Item	Increase/decrease in the current period						Closing Balance
	Opening Balance	Additional investment	Reduced investment	Gains included in other comprehensive income for the current period	Losses included in other comprehensive income for the current period	Others	
Bank of Qingdao	423,125.64			65,431.80			488,557.44
Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.	2,392,400.00			426,196.22			2,818,596.22
PipeChina Group Tianjin LNG Co., Ltd.	272,910,800.00				13,660,840.82		259,249,959.18
<b>Total</b>	<b>275,726,325.64</b>			<b>491,628.02</b>	<b>13,660,840.82</b>		<b>262,557,112.84</b>

### (14) Investment properties

Investment properties measured at fair value

Item	Total
I. Opening balance	69,877,618.40
II. Change in the current period	-6,754,918.40
Add: Change in fair value	-6,754,918.40
III. Closing balance	63,122,700.00

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Note: The Company accounts for the property located at Haikou Road, Shinan District, Qingdao City as an investment property. The fair value of this asset is determined based on the “Consulting Project on the Investment Property of Qingdao Shengxin Hengchang Trading Co., Ltd. for the Purpose of Understanding its Asset Value” (Zhe Zhong Qi Hua Zi Zi (2026) No. 0015) issued by Zhejiang Zhongqi Hua Asset Appraisal Co., Ltd.

**(15) Fixed assets**

<b>Item</b>	<b><u>Closing Balance</u></b>	<b><u>Opening Balance</u></b>
Fixed assets	<u>1,947,024,998.66</u>	<u>1,975,872,755.15</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**1. Fixed assets**

**(1) Fixed assets**

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Gas transmission facilities	Others	Total
<b>I. Gross carrying amount</b>						
1. Opening Balance	322,264,648.36	602,097,772.58	58,088,804.37	1,903,582,945.04	36,629,565.63	2,922,663,735.98
2. Increase in the current period	11,729,265.33	17,569,070.12	1,244,700.76	62,928,336.67	2,575,580.11	96,046,952.99
(1) Purchase	10,088,602.67	16,274,426.25	1,244,700.76	2,927,194.33	2,031,239.45	32,566,163.46
(2) Transfer from construction in progress	1,640,662.66	1,294,643.87		60,001,142.34	544,340.66	63,480,789.53
3. Decrease in the current period	13,892,235.02	61,687,042.03	2,765,447.81	1,058,976.91	5,489,072.61	84,892,774.38
(1) Disposal or write-off	5,495,843.98	61,687,042.03	2,714,088.81	1,058,976.91	5,126,044.32	76,081,996.05
(2) Disposal of subsidiary	8,396,391.04		51,359.00		363,028.29	8,810,778.33
4. Closing Balance	320,101,678.67	557,979,800.67	56,568,057.32	1,965,452,304.80	33,716,073.13	2,933,817,914.59
<b>II. Accumulated depreciation</b>						
1. Opening Balance	88,237,602.47	353,817,466.51	43,001,594.72	419,249,004.89	29,079,657.23	933,385,325.82
2. Increase in the current period	10,308,710.22	25,575,849.17	3,321,390.39	67,877,231.02	791,200.69	107,874,381.49
(1) Provision	10,308,710.22	25,575,849.17	3,321,390.39	67,877,231.02	791,200.69	107,874,381.49
(2) Reclassifications						
3. Decrease in the current period	3,881,783.17	48,902,320.77	2,678,651.46	164,215.14	4,631,656.43	60,258,626.97
(1) Disposal or write-off	2,392,027.22	48,902,320.77	2,628,833.23	164,215.14	4,283,650.06	58,371,046.42
(2) Disposal of subsidiary	1,489,755.95		49,818.23		348,006.37	1,887,580.55
4. Closing Balance	94,664,529.52	330,490,994.91	43,644,333.65	486,962,020.77	25,239,201.49	981,001,080.34
<b>III. Impairment provision</b>						
1. Opening Balance	5,294,284.41	6,236,859.69	36,363.35	1,829,693.57	8,453.99	13,405,655.01
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period	2,394,821.76	5,201,697.55	10,830.81		6,469.30	7,613,819.42
(1) Disposal or write-off	1,094,162.62	5,201,697.55	10,830.81		2,338.23	6,309,029.21
(2) Disposal of subsidiary	1,300,659.14				4,131.07	1,304,790.21
4. Closing Balance	2,899,462.65	1,035,162.14	25,532.54	1,829,693.57	1,984.69	5,791,835.59
<b>IV. Carrying amount</b>						
1. Closing carrying amount	222,537,686.50	226,453,643.62	12,898,191.13	1,476,660,590.46	8,474,886.95	1,947,024,998.66
2. Opening carrying amount	228,732,761.48	242,043,446.38	15,050,846.30	1,482,504,246.58	7,541,454.41	1,975,872,755.15

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

(2) *Fixed assets fully depreciated but still in use as of 31 December 2025*

Category	Gross carrying amount	Accumulated depreciation	Impairment provision	Carrying amount
Buildings and structures	7,416,981.91	6,895,260.67		521,721.24
Machinery and equipment	42,802,935.16	40,799,018.27	483,349.31	1,520,567.58
Transportation equipment	21,011,273.81	20,322,364.16		688,909.65
Gas transmission facilities	61,947,530.63	59,294,065.60	86,070.71	2,567,394.32
Others	47,545,293.31	46,093,250.15		1,452,043.16
<b>Total</b>	<b>180,724,014.82</b>	<b>173,403,958.85</b>	<b>569,420.02</b>	<b>6,750,635.95</b>

**(16) Construction in progress**

Item	Closing Balance	Opening Balance
Construction in progress	<u>100,638,488.84</u>	<u>85,092,293.04</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**1. Construction in progress**

*(1) Construction in progress projects*

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Construction in progress	102,568,251.37	1,929,762.53	100,638,488.84	87,022,055.57	1,929,762.53	85,092,293.04

*(2) Impairment provision for construction in progress projects*

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Linyi Shengli Project	1,929,762.53			1,929,762.53
<b>Total</b>	<b>1,929,762.53</b>			<b>1,929,762.53</b>

**(17) Right-of-use assets**

Item	Land and buildings thereon
<b>I. Gross carrying amount</b>	
1. Opening Balance	70,560,010.79
2. Increase in the current period	3,830,623.25
(1) New leases	3,830,623.25
3. Decrease in the current period	14,440,133.87
(1) Lease expirations	1,233,372.31
(2) Lease terminations	13,206,761.56
4. Closing Balance	59,950,500.17
<b>II. Accumulated depreciation</b>	
1. Opening Balance	24,704,531.32
2. Increase in the current period	7,757,729.35
(1) Provision	7,757,729.35
3. Decrease in the current period	8,609,514.86
(1) Lease expirations	1,233,372.31
(2) Lease terminations	7,376,142.55
4. Closing Balance	23,852,745.81
<b>III. Carrying amount</b>	
1. Closing carrying amount	36,097,754.36
2. Opening carrying amount	45,855,479.47

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(18) Intangible assets**

Item	Land use rights	Software	Patented technology	Others	Total
<b>I. Gross carrying amount</b>					
1. Opening Balance	146,245,503.35	15,291,489.04	54,800.00	408,070.97	161,999,863.36
2. Increase in the current period	19,443,013.99	17,765,659.88			37,208,673.87
(1) Purchase	19,443,013.99	17,765,659.88			37,208,673.87
3. Decrease in the current period	4,839,568.90	669,217.12			5,508,786.02
(1) Disposal		669,217.12			669,217.12
(2) Disposal of subsidiary	4,839,568.90				4,839,568.90
4. Closing Balance	160,848,948.44	32,387,931.80	54,800.00	408,070.97	193,699,751.21
<b>II. Accumulated amortisation</b>					
1. Opening Balance	30,834,486.01	9,076,888.45	13,678.98	28,906.25	39,953,959.69
2. Increase in the current period	3,578,387.79	1,889,318.77	3,133.08	20,405.16	5,491,244.80
(1) Provision	3,578,387.79	1,889,318.77	3,133.08	20,405.16	5,491,244.80
3. Decrease in the current period	932,160.78	669,217.12			1,601,377.90
(1) Disposal		669,217.12			669,217.12
(2) Disposal of subsidiary	932,160.78				932,160.78
4. Closing Balance	33,480,713.02	10,296,990.10	16,812.06	49,311.41	43,843,826.59
<b>III. Carrying amount</b>					
1. Closing carrying amount	127,368,235.42	22,090,941.70	37,987.94	358,759.56	149,855,924.62
2. Opening carrying amount	115,411,017.34	6,214,600.59	41,121.02	379,164.72	122,045,903.67

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (19) Goodwill

#### 1. Gross carrying amount of goodwill

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Arising from business combination	Other (Note)	Disposal	Other (Note)	
Dong'e County Dongtai Gas Co., Ltd.	191,676,567.67		37,961,916.33			229,638,484.00
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	37,961,916.33				37,961,916.33	
Shandong Longyu Shengli Energy Co., Ltd.	5,961,571.56					5,961,571.56
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00			4,900,000.00		
Puyang Boyuan Natural Gas Co., Ltd.	63,180,188.59					63,180,188.59
Bazhou Shengli Shunda Gas Co., Ltd.	95,681,106.01					95,681,106.01
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Zibo Lvchuan Gas Co., Ltd.	72,927,861.05					72,927,861.05
Anyang Beifang Shengli Gas Co., Ltd.	43,195,836.86					43,195,836.86
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	132,745,684.23					132,745,684.23
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	94,749,476.27					94,749,476.27
Chongqing Shengbang Gas Co., Ltd.	477,021,251.91					477,021,251.91
Weihai Shengli Huachang Gas Co., Ltd.	14,773,471.28					14,773,471.28
Puyang County Boyuan Natural Gas Co., Ltd.	69,548,160.04					69,548,160.04
<b>Total</b>	<b>1,334,839,558.90</b>		<b>37,961,916.33</b>	<b>4,900,000.00</b>	<b>37,961,916.33</b>	<b>1,329,939,558.90</b>

Note: Other changes were due to the absorption and merger of Dong'e County Dongtai Compressed Natural Gas Co., Ltd. by Dong'e County Dongtai Gas Co., Ltd. during the current period.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Goodwill impairment provision

Item	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
		Provision	Others	Disposal	Others	
Shandong Longyu Shengli Energy Co., Ltd.	801,939.30					801,939.30
Dalian Shengyi New Energy Development Co., Ltd.	30,516,467.10					30,516,467.10
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	40,044,169.36					40,044,169.36
Chongqing Shengbang Gas Co., Ltd.	8,489,766.22					8,489,766.22
Dong'e Sunshine Clean Energy Co., Ltd.	4,900,000.00			4,900,000.00		—
Anyang Beifang Shengli Gas Co., Ltd.	32,118,508.80	4,970,702.26				37,089,211.06
Puyang County Boyuan Natural Gas Co., Ltd.	22,731,199.14					22,731,199.14
Weihai Shengli Huachang Gas Co., Ltd.	1,267,201.21	582,698.44				1,849,899.65
<b>Total</b>	<b>140,869,251.13</b>	<b>5,553,400.70</b>		<b>4,900,000.00</b>		<b>141,522,651.83</b>

### 3. Information on the asset group or group of asset groups to which goodwill is allocated

The Company's goodwill was formed upon the acquisition of the equity of the above-mentioned companies. The cash flows generated by each company are independent of other assets or asset groups. Therefore, each company is identified as an asset group. The asset group to which goodwill is allocated at the end of the period is consistent with the asset group determined at the acquisition date and in previous years' goodwill impairment tests.

### 4. Status of significant goodwill impairment testing

The Company performed an impairment test on the goodwill of each asset group as of 31 December 2025. The asset groups are consistent with the asset group combinations identified at the acquisition date, and their scope includes the fixed assets, intangible assets, and other related operating assets that make up the asset groups. The recoverable amount of the asset groups was determined by reference to the "Asset Valuation Report on the Recoverable Amount Assessment Project for the Asset Groups of 11 Companies Including Anyang Beifang Shengli Gas Co., Ltd. for the Purpose of Goodwill Impairment Testing for Shandong Shengli Co., Ltd. for Financial Reporting Purposes" (Zhe Zhong Qi Hua Ping Bao Zi (2026) No. 0084) issued by Zhejiang Zhongqi Hua Asset Appraisal Co., Ltd.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(1) The main parameters of each asset group are as follows:

Company to which the asset group belongs	Forecast period	Stable period	Stable period growth rate	Profit margin	Discount rate % (pre-tax weighted average cost of capital)
Anyang Beifang Shengli Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.54%
Bazhou Shengli Shunda Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.06%
Dong'e County Dongtai Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.80%
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.18%
Puyang Boyuan Natural Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.88%
Puyang County Boyuan Natural Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.03%
Shandong Longyu Shengli Energy Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.04%
Weihai Shengli Huachang Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.82%
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.17%
Chongqing Shengbang Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	8.79%
Zibo Lvchuan Gas Co., Ltd.	2026 to 2030	2031 and beyond	Zero	Calculated based on forecast revenue, costs, expenses, etc.	9.26%

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Goodwill impairment calculation process

Company to which the asset group belongs	Company's shareholding ratio (1)	Carrying amount of goodwill (2)	Recoverable amount of the asset group (3)	Carrying amount of the goodwill-related asset group (4)	Goodwill appreciation amount (5): Positive value of (3)-(4) multiplied by (1)	Goodwill impairment amount (6): Positive value of (4)-(3) multiplied by (1)
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	55.00%	92,701,514.87	289,070,000.00	268,033,657.15	11,569,988.57	
Anyang Beifang Shengli Gas Co., Ltd.	60.00%	6,106,625.80	202,350,000.00	210,634,503.76		4,970,702.26
Bazhou Shengli Shunda Gas Co., Ltd.	51.00%	95,681,106.01	1,023,900,000.00	457,887,751.95	288,666,246.51	
Dong'e County Dongtai Gas Co., Ltd.	100.00%	229,638,484.00	437,300,000.00	419,404,032.53	17,895,967.47	
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	100.00%	94,749,476.27	173,780,000.00	162,429,625.78	11,350,374.22	
Puyang Boyuan Natural Gas Co., Ltd.	51.00%	63,180,188.59	222,840,000.00	220,155,860.29	1,368,911.25	
Puyang County Boyuan Natural Gas Co., Ltd.	51.00%	46,816,960.90	152,340,000.00	151,360,402.37	499,594.79	
Shandong Longyu Shengli Energy Co., Ltd.	50.00%	5,159,632.26	41,640,000.00	39,487,024.72	1,076,487.64	
Weihai Shengli Huachang Gas Co., Ltd.	94.50%	12,923,571.63	63,900,000.00	64,516,612.11		582,698.44
Chongqing Shengbang Gas Co., Ltd.	100.00%	468,531,485.69	992,210,000.00	883,848,553.53	108,361,446.47	
Zibo Lvchuan Gas Co., Ltd.	62.704%	72,927,861.05	482,600,000.00	324,800,337.79	98,946,700.19	

### (20) Long-term deferred expenses

Category	Opening Balance	Increase in the current period	Amortisation for the current period	Closing Balance
Building renovation fees, etc.	9,732,699.94	2,836,219.63	3,672,363.39	8,896,556.18
Gas meters and ancillary equipment	2,783,804.28		531,296.76	2,252,507.52
<b>Total</b>	<b>12,516,504.22</b>	<b>2,836,219.63</b>	<b>4,203,660.15</b>	<b>11,149,063.70</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(21) Deferred tax assets, deferred tax liabilities**

**1. Deferred tax assets and deferred tax liabilities are not presented on a net basis**

Item	Closing Balance		Opening Balance	
	Deferred tax asset/liability	Deductible/taxable temporary differences	Deferred tax asset/liability	Deductible/taxable temporary differences
Deferred tax assets:				
Provision for bad and doubtful debts and inventory write-downs	56,135,431.05	255,121,236.26	51,713,798.66	236,376,084.21
Deductible losses	75,825,911.48	303,954,861.24	76,401,028.96	306,257,685.28
Unrealised profit from internal sales	5,496,485.53	21,900,070.81	5,878,573.26	24,315,758.77
Deferred income	1,287,498.34	5,944,496.43	1,030,648.19	4,976,996.92
Changes in fair value of investments in other equity instruments	420,350.95	1,681,403.78	526,900.00	2,107,600.00
Lease liabilities	11,473,792.53	52,251,113.39	12,907,012.76	62,204,864.80
<b>Subtotal</b>	<b>150,639,469.88</b>	<b>640,853,181.91</b>	<b>148,457,961.83</b>	<b>636,238,989.98</b>
Deferred tax liabilities:				
Gain or loss on changes in fair value of investment properties	6,772,772.60	27,091,090.40	8,461,502.20	33,846,008.80
One-off pre-tax deduction for depreciation of fixed assets	91,351,481.30	387,674,390.97	83,546,522.52	357,755,102.70
Revaluation surplus on assets from business combinations not under common control	4,393,856.58	17,575,426.30	6,497,565.85	27,849,679.39
Changes in fair value of investments in other equity instruments	24,745,631.86	98,982,527.42	28,099,512.51	112,398,050.00
Right-of-use assets	11,047,635.15	49,920,965.87	12,359,185.25	57,114,730.15
<b>Subtotal</b>	<b>138,311,377.49</b>	<b>581,244,400.96</b>	<b>138,964,288.33</b>	<b>588,963,571.04</b>

**2. Details of unrecognised deferred tax assets**

Item	Closing Balance	Opening Balance
Provision for bad and doubtful debts and inventory write-downs	10,952,357.33	23,517,736.72
Impairment provision for fixed assets and construction in progress	7,721,598.12	13,788,354.72
Changes in fair value of other equity instruments	19,108,799.57	19,108,799.57
Impairment provision for long-term equity investments	30,387,267.77	30,387,267.77
Deductible losses	305,428,260.55	310,702,626.69
<b>Total</b>	<b>373,598,283.34</b>	<b>397,504,785.47</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Expiry of deductible losses for which no deferred tax asset has been recognised**

<b>Year</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
2025		38,442,546.08
2026	81,974,877.95	90,242,844.80
2027	27,316,218.83	28,216,756.26
2028	57,509,327.36	59,557,418.36
2029	79,103,789.35	94,243,061.19
2030	59,524,047.06	
<b>Total</b>	<b><u>305,428,260.55</u></b>	<b><u>310,702,626.69</u></b>

**(22) Other non-current assets**

<b>Item</b>	<b>Closing Balance</b>			<b>Opening Balance</b>		
	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>	<b>Gross carrying amount</b>	<b>Impairment provision</b>	<b>Carrying amount</b>
Prepayments for equipment and engineering	<u>13,201,926.95</u>	<u>                    </u>	<u>13,201,926.95</u>	<u>15,354,588.00</u>	<u>                    </u>	<u>15,354,588.00</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(23) Assets with restricted ownership or use**

Status at the end of the period				
Item	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	127,300,000.00	127,300,000.00	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	3,553,617.99	3,553,617.99	Security deposit	Letter of credit and letter of guarantee margin
Cash and bank balances	4,023,622.40	4,023,622.40	Cannot be withdrawn on the same day	Receivables from third-party platforms (e.g., POS machines, WeChat and Alipay) and others
Cash and bank balances	302,607.42	302,607.42	Unmatured interest	Unusable
Long-term equity investments	905,807,978.28	905,807,978.28		Pledge
Equity pledge loan	Fixed assets	502,205,745.13	366,510,829.90	Mortgage
Mortgage loan	Investment properties	63,122,700.00	63,122,700.00	Mortgage
Mortgage loan	Intangible assets	37,414,932.62	27,106,017.24	Mortgage
Mortgage loan	<b>Total</b>	<b>1,643,731,203.84</b>	<b>1,497,727,373.23</b>	
At the beginning of the period				
Item	Gross carrying amount	Carrying amount	Type of restriction	Restriction details
Cash and bank balances	258,900,000.00	258,900,000.00	Security deposit	Pledged deposits for bank acceptance bills
Cash and bank balances	18,926,376.14	18,926,376.14	Security deposit	Letter of credit and letter of guarantee margin
Cash and bank balances	6,631,889.12	6,631,889.12	Cannot be withdrawn on the same day	Receivables from third-party platforms (e.g., POS machines, WeChat and Alipay) and others
Cash and bank balances	1,412,065.41	1,412,065.41	Unmatured interest	Unusable
Long-term equity investments	1,138,935,965.44	1,138,935,965.44	Pledge	Equity pledge loan
Fixed assets	708,240,803.64	568,342,624.00	Mortgage	Mortgage loan
Intangible assets	34,259,069.32	26,879,369.07	Mortgage	Mortgage loan
<b>Total</b>	<b>2,167,306,169.07</b>	<b>2,020,028,289.18</b>		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(24) Short-term borrowings**

*1. Classification of short-term borrowings*

<b>Borrowing conditions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Mortgage loan	87,200,000.00	9,200,000.00
Guaranteed loans	473,713,972.30	542,160,067.73
Unsecured loans	148,000,000.00	286,000,000.00
Loan interest	719,093.05	1,171,163.89
<b>Total</b>	<b><u>709,633,065.35</u></b>	<b><u>838,531,231.62</u></b>

*2. Overdue and unpaid short-term borrowings: None*

**(25) Notes payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Bank acceptance bill	291,250,000.00	517,800,000.00
Commercial acceptance bills	130,000,000.00	
<b>Total</b>	<b><u>421,250,000.00</u></b>	<b><u>517,800,000.00</u></b>

**(26) Accounts payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	177,598,748.50	184,647,666.73
Over 1 year	143,951,236.77	127,837,332.28
<b>Total</b>	<b><u>321,549,985.27</u></b>	<b><u>312,484,999.01</u></b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(27) Contract liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Receipts in advance for natural gas and initial installation fees, etc.	<u>575,412,314.34</u>	<u>682,361,514.62</u>

**(28) Employee benefits payable**

**1. Employee benefits payable by category**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Short-term remuneration	39,730,270.52	198,860,396.01	200,857,782.95	37,732,883.58
Post-employment benefits – defined contribution plan	929,233.58	17,175,486.46	17,216,533.65	888,186.39
Termination benefits		3,337,869.91	3,337,869.91	
<b>Total</b>	<u>40,659,504.10</u>	<u>219,373,752.38</u>	<u>221,412,186.51</u>	<u>38,621,069.97</u>

**2. Short-term employee benefits**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>
Salaries, bonuses, allowances, and subsidies	26,381,321.30	171,574,381.29	169,237,363.84	28,718,338.75
Staff welfare expenses		7,840,771.27	7,840,771.27	
Social insurance premiums	1,459,365.08	9,565,035.13	9,655,465.60	1,368,934.61
Of which: Medical and maternity insurance premiums	1,415,627.05	8,824,252.56	8,892,912.88	1,346,966.73
Work-related injury insurance premiums	43,738.03	740,782.57	762,552.72	21,967.88
Housing provident fund	83,815.76	8,933,212.89	8,960,446.31	56,582.34
Trade union funds and employee education funds	11,805,768.38	946,995.43	5,163,735.93	7,589,027.88
<b>Total</b>	<u>39,730,270.52</u>	<u>198,860,396.01</u>	<u>200,857,782.95</u>	<u>37,732,883.58</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Defined contribution plan**

Item	<u>Opening Balance</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Closing Balance</u>
Basic pension insurance	914,197.66	16,501,461.91	16,541,644.52	874,015.05
Unemployment insurance premiums	15,035.92	674,024.55	674,889.13	14,171.34
<b>Total</b>	<u>929,233.58</u>	<u>17,175,486.46</u>	<u>17,216,533.65</u>	<u>888,186.39</u>

**(29) Taxes payable**

Item	<u>Closing Balance</u>	<u>Opening Balance</u>
Value-added tax	10,651,055.71	7,361,264.32
Enterprise income tax	32,976,596.33	19,650,108.25
Urban maintenance and construction tax	870,424.62	458,733.22
Education surcharge	635,146.64	361,369.31
Property tax	531,389.46	517,183.21
Land use tax	592,369.84	488,221.58
Individual income tax	220,247.74	339,783.08
Stamp duty	497,558.06	854,438.22
Other taxes and fees	62,401.50	
<b>Total</b>	<u>47,037,189.90</u>	<u>30,031,101.19</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(30) Other payables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends payable	18,873,447.03	5,215,429.86
Other payables	33,806,301.56	34,872,407.72
<b>Total</b>	<b>52,679,748.59</b>	<b>40,087,837.58</b>

**1. Dividends payable**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Ordinary share dividends	14,699,171.99	1,497,902.15
Dividends payable to non-controlling shareholders of the subsidiary Zibo Lvchuan Gas Co., Ltd.	4,174,275.04	3,717,527.71
<b>Total</b>	<b>18,873,447.03</b>	<b>5,215,429.86</b>

**2. Other payables**

**(1) By nature**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Security deposit	7,567,448.30	6,926,586.90
Equity purchase consideration payable	16,980,300.00	16,980,300.00
Others	9,258,553.26	10,965,520.82
<b>Total</b>	<b>33,806,301.56</b>	<b>34,872,407.72</b>

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**(31) Non-current liabilities due within one year**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Long-term borrowings and interest due within one year	250,509,889.96	253,407,062.93
Lease liabilities due within one year	5,791,932.71	8,950,028.46
<b>Total</b>	<b>256,301,822.67</b>	<b>262,357,091.39</b>

**(32) Other current liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Output tax to be carried forward	52,488,772.17	63,019,071.16

**(33) Long-term borrowings**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Interest rate range</b>
Guaranteed loans	293,136,126.63	243,911,831.31	2.7%-3.4%
Mortgage loan	74,058,502.26	152,800,485.97	3.2%
Pledged loans	53,653,346.62	184,039,745.97	4.70%
<b>Unsecured loans</b>	19,761,914.45	28,000,000.00	2.75%, 2.8%
Subtotal	440,609,889.96	608,752,063.25	
Less: Long-term borrowings and interest due within one year	250,509,889.96	253,407,062.93	
<b>Total</b>	<b>190,100,000.00</b>	<b>355,345,000.32</b>	

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**(34) Lease liabilities**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Lease payments	61,661,370.83	72,615,041.06
Less: Unrealized finance charges	13,151,215.13	15,355,047.03
Less: Lease liabilities due within one year	5,791,932.71	8,950,028.46
<b>Total</b>	<b>42,718,222.99</b>	<b>48,309,965.57</b>

Lease liabilities are analysed by the maturity of undiscounted remaining contractual obligations as follows:

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year	5,791,932.71	8,950,028.46
1 to 2 years	11,058,974.38	9,089,985.41
2 to 3 years	5,441,331.98	11,309,408.04
3 to 4 years	4,816,506.29	5,691,765.64
4 to 5 years	5,168,537.74	5,066,939.95
Over 5 years	29,384,087.73	32,506,913.56
<b>Total</b>	<b>61,661,370.83</b>	<b>72,615,041.06</b>

**(35) Deferred income**

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>	<b>Decrease in the current period</b>	<b>Closing Balance</b>	<b>Reason</b>
Government grants	10,124,255.69		683,231.52	9,441,024.17	Asset-related government grants

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Government grant projects:

Item	Opening Balance	New grants for the current period	Amount included in other income for the current period	Closing Balance	Asset-related/Revenue-related
Reward funds for fixed asset investment projects	2,125,111.44		163,470.12	1,961,641.32	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	665,000.00		47,500.00	617,500.00	Asset-related
Special funds for supporting facilities for clean heating and natural gas supply to every village in Dong'e County	1,455,555.59		133,333.32	1,322,222.27	Asset-related
National subsidy from the central budget for infrastructure investment	1,843,749.88		125,000.04	1,718,749.84	Asset-related
Special funds for the PE new material pipe project	1,471,010.41		102,252.68	1,368,757.73	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	715,875.07		41,499.96	674,375.11	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	1,847,953.30		70,175.40	1,777,777.90	Asset-related
<b>Total</b>	<b>10,124,255.69</b>		<b>683,231.52</b>	<b>9,441,024.17</b>	

### (36) Share capital

Item	Opening Balance	Increase/decrease in the current period (+, -)				Closing Balance
		Issuance of new shares	Bonus shares	Conversion of capital reserve	Others	
Total number of shares	880,084,656.00					880,084,656.00

### (37) Capital reserve

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Capital premium (share premium)	950,383,092.10	316,925.05		950,700,017.15
Other capital reserves	5,151,551.37		1,019,909.48	4,131,641.89
<b>Total</b>	<b>955,534,643.47</b>	<b>316,925.05</b>	<b>1,019,909.48</b>	<b>954,831,659.04</b>

Note: The capital premium arose from the acquisition of the subsidiary, Zibo Lvchuan Gas Co., Ltd., during the period, while the change in other capital reserves was attributable to the change in the special reserve of an associate company.

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**(38) Other comprehensive income**

Item	Current Period Amount					Closing Balance
	Opening Balance	Amount	Less: Income tax expense	Attributable	Attributable	
		before income tax for the current period		to the parent company after tax	to non-controlling interests after tax	
Other comprehensive income that cannot be reclassified to profit or loss	59,983,648.64	-13,169,212.80	-3,247,331.59	-9,490,187.88	-431,693.33	50,493,460.76
Of which: Changes in fair value of investments in other equity instruments	59,983,648.64	-13,169,212.80	-3,247,331.59	-9,490,187.88	-431,693.33	50,493,460.76

**(39) Special reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Safety production fees	14,372,520.80	23,587,630.00	23,004,113.93	14,956,036.87

**(40) Surplus reserve**

Item	Opening Balance	Increase in the current period	Decrease in the current period	Closing Balance
Statutory surplus reserve	203,800,866.00	28,470,828.57		232,271,694.57
Discretionary surplus reserve	371,490.70			371,490.70
<b>Total</b>	<b>204,172,356.70</b>	<b>28,470,828.57</b>		<b>232,643,185.27</b>

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**(41) Retained earnings**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Retained earnings at the end of the previous period before adjustment	843,887,505.84	786,884,239.23
Total adjustment to opening retained earnings (increase +, decrease -)		
Retained earnings at the beginning of the period after adjustment	843,887,505.84	786,884,239.23
Add: Net profit attributable to shareholders of the parent company for the current period	155,774,876.81	117,241,568.50
Less: Appropriation to statutory surplus reserve	28,470,828.57	11,833,645.81
Ordinary share dividends payable	50,164,825.39	48,404,656.08
Retained earnings at the end of the period	921,026,728.69	843,887,505.84

**(42) Operating revenue and operating cost**

**1. Operating revenue and operating cost**

<b>Item</b>	<b>Current Period Amount</b>		<b>Prior Period Amount</b>	
	<b>Revenue</b>	<b>Cost</b>	<b>Revenue</b>	<b>Cost</b>
Main business revenue	4,159,879,936.99	3,485,067,297.21	4,224,947,612.75	3,542,798,328.98
Other business revenue	5,227,921.96	899,117.17	874,164.82	413,215.01
<b>Total</b>	<b>4,165,107,858.95</b>	<b>3,485,966,414.38</b>	<b>4,225,821,777.57</b>	<b>3,543,211,543.99</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Breakdown of operating revenue and operating cost

Revenue classification	Natural gas business segment		Equipment and material manufacturing business segment		Trading and other business segment		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
By business type								
Gas sales business	3,261,983,147.69	2,636,021,180.44					3,261,983,147.69	2,636,021,180.44
Equipment and material manufacturing business			897,896,789.30	849,046,116.77			897,896,789.30	849,046,116.77
Commodity trading and other businesses					5,227,921.96	899,117.17	5,227,921.96	899,117.17
<b>Total</b>	<b>3,261,983,147.69</b>	<b>2,636,021,180.44</b>	<b>897,896,789.30</b>	<b>849,046,116.77</b>	<b>5,227,921.96</b>	<b>899,117.17</b>	<b>4,165,107,858.95</b>	<b>3,485,966,414.38</b>
By timing of transfer of goods								
Revenue recognised at a point in time	3,261,983,147.69	2,636,021,180.44	897,896,789.30	849,046,116.77	2,407,312.08	409,810.45	4,162,287,249.07	3,485,477,107.66
Revenue recognized over a period of time					2,820,609.88	489,306.72	2,820,609.88	489,306.72
<b>Total</b>	<b>3,261,983,147.69</b>	<b>2,636,021,180.44</b>	<b>897,896,789.30</b>	<b>849,046,116.77</b>	<b>5,227,921.96</b>	<b>899,117.17</b>	<b>4,165,107,858.95</b>	<b>3,485,966,414.38</b>

### (43) Taxes and surcharges

Item	Current Period Amount	Prior Period Amount
Urban maintenance and construction tax	3,909,333.67	3,009,652.80
Land use tax	2,485,458.73	2,139,283.96
Education surcharge	2,953,043.61	2,317,931.17
Stamp duty	2,160,093.09	2,573,683.48
Property tax	1,967,734.38	2,666,052.98
Vehicle and vessel tax	103,617.62	95,678.94
Water conservancy construction fund	423.15	824.52
Others	2,464.10	424.06
<b>Total</b>	<b>13,582,168.35</b>	<b>12,803,531.91</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(44) Selling expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	87,397,442.06	92,424,830.80
Depreciation and amortisation expenses	65,327,511.90	86,354,678.32
Safety production fees	22,907,176.05	31,868,311.18
Entertainment expenses	3,169,109.14	3,744,976.95
Lease expenses	2,035,718.82	2,026,842.90
Travel expenses	1,298,622.51	1,354,663.55
Vehicle expenses	1,885,889.71	1,403,574.25
Repair costs	3,208,271.31	2,482,599.35
Utilities	3,037,737.24	3,237,517.62
Others	4,840,228.63	12,146,565.11
<b>Total</b>	<b>195,107,707.37</b>	<b>237,044,560.03</b>

**(45) Administrative expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Employee Benefits	77,285,248.21	69,553,637.65
Entertainment expenses	11,860,283.33	13,535,194.23
Depreciation and amortisation expenses	12,267,428.95	12,819,474.44
Lease expenses	3,881,640.42	4,237,260.45
Repair costs	1,237,269.34	878,095.67
Professional fees	4,219,125.45	4,804,869.50
Travel expenses	1,527,592.44	1,146,754.66
Property and utility fees	2,433,780.69	3,106,969.17
Vehicle miscellaneous expenses	3,348,100.25	3,154,813.07
Others	13,075,075.87	15,659,422.99
<b>Total</b>	<b>131,135,544.95</b>	<b>128,896,491.83</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(46) R&D expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Material costs	9,278,601.80	28,465,298.77
Employee Benefits	10,658,171.38	22,165,163.67
Depreciation expense	1,433,889.72	2,256,840.82
Others	1,184,964.34	1,295,942.79
<b>Total</b>	<b>22,555,627.24</b>	<b>54,183,246.05</b>

**(47) Finance costs**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest expenses	62,530,791.14	91,152,703.03
Less: Interest income	8,361,749.42	12,541,066.80
Handling fee expenses	3,372,946.94	3,615,212.06
<b>Total</b>	<b>57,541,988.66</b>	<b>82,226,848.29</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(48) Other income**

Category	Current Period Amount	Prior Period Amount	Asset-related/ Revenue-related
National subsidy from the central budget for infrastructure investment	125,000.04	125,000.04	Asset-related
Fixed asset investment project rewards	163,470.12	163,470.12	Asset-related
Special funds for supporting facilities for clean heating and natural gas supply to every village in Dong'e County	133,333.32	133,333.32	Asset-related
Special funds for the PE new material pipe project	102,252.68	102,252.68	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project	47,500.00	47,500.00	Asset-related
Funds for the 15,000-ton polyethylene pipe production line technical transformation project (second batch)	41,499.96	41,499.96	Asset-related
Subsidy funds for the natural gas pipeline network of the modern agricultural industrial park	70,175.40	70,175.40	Asset-related
Tax subsidies	16,650.00	105,485.20	Revenue-related
Tax and fee reductions	2,651,257.02	1,818,018.06	Revenue-related
Job stabilization subsidies	514,966.37	514,368.86	Revenue-related
Individual income tax handling fee refund	224,901.63	114,425.91	Revenue-related
Emergency supply guarantee subsidy	630,000.00	3,239,785.00	Revenue-related
Business contribution award and annual factory rent subsidy		272,620.79	Revenue-related
Others	548,388.92	1,025,612.97	Revenue-related
<b>Total</b>	<b>5,269,395.46</b>	<b>7,773,548.31</b>	

**(49) Investment income**

Category	Current Period Amount	Prior Period Amount
Investment income from long-term equity investments accounted for using the equity method	20,672,559.15	11,960,017.25
Dividend income from investments in other equity instruments during the holding period	12,592,779.61	14,040,520.17
Investment income from the disposal of long-term equity investments	87,768.41	7,699,353.79
Gain on debt restructuring	2,889,069.30	
<b>Total</b>	<b>36,242,176.47</b>	<b>33,699,891.21</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(50) Gain on changes in fair value**

<b>Source of gain on changes in fair value</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment properties measured at fair value	-6,754,918.40	-1,185,654.60

**(51) Credit impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Credit impairment loss on notes receivable	-410.57	
Credit impairment loss on accounts receivable	-16,173,425.84	-26,526,959.35
Credit impairment loss on other receivables	-6,259,505.23	-108,845.34
Credit impairment loss on long-term receivables	1,065,558.28	5,953,498.45
<b>Total</b>	<b>-21,367,783.36</b>	<b>-20,682,306.24</b>

**(52) Asset impairment loss**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Inventory write-down loss	4,872.00	-289,633.13
Impairment provision for contract assets	-181,155.63	-243,873.38
Goodwill impairment loss	-5,553,400.70	-1,463,014.83
<b>Total</b>	<b>-5,729,684.33</b>	<b>-1,996,521.34</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(53) Gain on disposal of assets**

<b>Category</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Gain or loss on disposal of long-term assets not classified as held for sale	-1,591,459.93	2,586,824.35

**(54) Non-operating income**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Government grants not related to ordinary activities		9,544.15	
Others	3,651,936.41	5,285,854.55	3,651,936.41
<b>Total</b>	<b>3,651,936.41</b>	<b>5,295,398.70</b>	<b>3,651,936.41</b>

**(55) Non-operating expenses**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>	<b>Amount included in non-recurring profit or loss for the current period</b>
Loss on damage and write-off of non-current assets	1,583,756.98	72,335.20	1,583,756.98
Penalty expenses	69,393.67	60,000.00	69,393.67
External donations	169,500.00	69,585.00	169,500.00
Others	1,535,543.01	4,688,451.41	1,535,543.01
<b>Total</b>	<b>3,358,193.66</b>	<b>4,890,371.61</b>	<b>3,358,193.66</b>

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(56) Income tax expense**

*1. Details of income tax expense*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Current income tax expense	59,965,862.79	53,227,361.02
Deferred income tax expense	412,912.71	-4,181,693.01
<b>Total</b>	<b>60,378,775.50</b>	<b>49,045,668.01</b>

*2. Reconciliation between accounting profit and income tax expense*

<b>Item</b>	<b>Amount</b>
Total profit	265,579,876.66
Income tax expense calculated at the statutory/applicable tax rate	66,394,969.17
Impact of different tax rates applicable to subsidiaries	-9,693,183.81
Impact of adjustments to prior period income tax	2,448,651.64
Impact of non-taxable income	-20,789,838.81
Impact of non-deductible costs, expenses, and losses	1,225,076.45
Impact of using deductible temporary differences or deductible losses for which no deferred tax asset was recognised in prior periods	-1,542,387.81
Impact of deductible temporary differences or deductible losses for which no deferred tax asset was recognised in the current period	13,181,784.76
Reversal of deferred tax assets recognised for unutilised tax losses upon expiry	13,123,939.98
Impact of additional deductions for R&D expenses and wages for disabled employees	-3,970,236.07
Income tax expense	60,378,775.50

**(57) Other comprehensive income**

For details, see Note V, (38).

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(58) Statement of cash flows**

**1. Cash flows relating to operating activities**

*(1) Other cash receipts from operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Interest received	8,361,749.42	12,541,066.80
Government grants received	1,710,005.29	5,167,416.97
Others	6,132,255.09	742,449.70
<b>Total</b>	<b>16,204,009.80</b>	<b>18,450,933.47</b>

*(2) Other cash payments for operating activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash expenses in selling expenses	48,847,379.90	55,109,923.15
Cash expenses in administrative and R&D expenses	52,156,200.87	76,025,006.37
Others	14,373,417.53	12,648,087.44
<b>Total</b>	<b>115,376,998.30</b>	<b>143,783,016.96</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Cash related to investing activities**

*(1) Significant cash received relating to investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Dividend from Qingdao Shengtong Coast Real Estate Development Co., Ltd.	172,398,288.69	200,000,000.00

*(2) Other cash received from investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Recovery of principal and interest on the Lvye Chemical loan	26,005,589.05	64,451,353.43
Recovery of time deposits upon maturity	10,000,000.00	
<b>Total</b>	<b>36,005,589.05</b>	<b>64,451,353.43</b>

*(3) Other cash paid for investing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Payments for large-amount bank certificates of deposit	100,000,000.00	
Purchase of bank time deposits		10,000,000.00
<b>Total</b>	<b>100,000,000.00</b>	<b>10,000,000.00</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Cash related to financing activities**

*(1) Cash received relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Cash received related to financing, such as margin deposits and time deposits	46,016,148.43	87,460,970.58
Cash received from the transfer of creditor's rights		6,000,000.00
<b>Total</b>	<b>46,016,148.43</b>	<b>93,460,970.58</b>

*(2) Cash paid relating to other financing activities*

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Lease payments made	8,195,613.78	8,852,492.94
Payment for acquisition of minority interests in subsidiaries	25,286,467.58	
Payment of financing guarantee fees, handling fees, etc.		102,739.72
<b>Total</b>	<b>33,482,081.36</b>	<b>8,955,232.66</b>

*(3) Changes in various liabilities arising from financing activities*

<b>Item</b>	<b>Opening Balance</b>	<b>Increase in the current period</b>		<b>Decrease in the current period</b>		<b>Closing Balance</b>
		<b>Cash changes</b>	<b>Non-cash changes</b>	<b>Cash changes</b>	<b>Non-cash changes</b>	
Short-term borrowings	838,531,231.62	696,881,857.61		825,327,953.04	452,070.84	709,633,065.35
Non-current liabilities due within one year	262,357,091.39				6,055,268.72	256,301,822.67
Long-term borrowings	355,345,000.32	190,466,666.66	1,846,827.06	357,558,494.04		190,100,000.00
<b>Total</b>	<b>1,456,233,323.33</b>	<b>887,348,524.27</b>	<b>1,846,827.06</b>	<b>1,182,886,447.08</b>	<b>6,507,339.56</b>	<b>1,156,034,888.02</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(59) Supplementary Information to the Cash Flow Statement**

**1. Supplementary Information to the Cash Flow Statement**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	205,201,101.16	139,010,696.24
Add: Provision for asset impairment	5,729,684.33	1,996,521.34
Credit impairment loss	21,367,783.36	20,682,306.24
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and depreciation of investment properties	107,852,672.67	108,855,507.95
Depreciation of right-of-use assets	7,757,729.35	8,389,317.02
Amortisation of intangible assets	5,461,918.44	4,725,809.83
Amortisation of long-term deferred expenses	4,120,326.93	4,760,873.27
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by “-”)	1,591,459.93	-2,586,824.35
Loss on write-off of fixed assets (gain is indicated by “-”)	1,556,478.68	72,335.20
Loss on changes in fair value (gain is indicated by “-”)	6,754,918.40	1,185,654.60
Finance costs (gain is indicated by “-”)	62,530,791.14	91,152,703.03
Investment loss (gain is indicated by “-”)	-36,242,176.47	-33,699,891.21
Decrease in deferred tax assets (increase is indicated by “-”)	-2,288,057.11	-2,705,482.75
Increase in deferred tax liabilities (decrease is indicated by “-”)	2,700,969.81	-1,476,210.26
Decrease in inventories (increase is indicated by “-”)	55,606,541.40	-4,835,283.98
Decrease in operating receivables (increase is indicated by “-”)	-58,019,808.47	-71,160,940.02
Increase in operating payables (decrease is indicated by “-”)	-73,883,165.80	53,402,612.86
Others		
Net cash flows from operating activities	317,799,167.75	317,769,705.01
2. Significant investing and financing activities that do not involve cash receipts and disbursements		
Debt converted to capital		
Convertible corporate bonds due within one year		
Additions of fixed assets under finance leases		
3. Net change in cash and cash equivalents		
Closing balance of cash	427,426,769.53	517,878,514.79
Less: Opening balance of cash	517,878,514.79	549,546,662.65
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-90,451,745.26	-31,668,147.86

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Net cash received from the disposal of subsidiaries in the current period**

<b>Item</b>	<b>Amount</b>
Cash or cash equivalents received in the current period from the disposal of subsidiaries in the current period	2,782,879.15
Of which: Dong'e Sunshine Clean Energy Co., Ltd.	2,782,879.15
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	2,019.97
Of which: Dong'e Sunshine Clean Energy Co., Ltd.	2,019.97
Net cash received from the disposal of subsidiaries	2,780,859.18

**3. Cash and cash equivalents**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
<b>I. Cash</b>	427,426,769.53	517,878,514.79
Of which: Cash on hand	112,957.40	341,408.84
Bank deposits available for payment at any time	412,313,812.13	467,537,105.95
Other Cash and bank balances available for payment at any time	15,000,000.00	50,000,000.00
<b>II. Cash equivalents</b>		
Of which: Bond investments maturing within three months		
<b>III. Closing balance of cash and cash equivalents</b>	427,426,769.53	517,878,514.79
Of which: Cash and cash equivalents of the parent company or subsidiaries within the group with restricted use		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**4. Cash and bank balances not classified as cash and cash equivalents**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Reason</b>
Pledged deposits for bank acceptance bills	127,300,000.00	258,900,000.00	Frozen security deposit
Margin for letters of credit and letters of guarantee	3,553,617.99	18,926,376.14	Frozen security deposit
Time deposit		10,000,000.00	With maturity of over three months or pledged
Unmatured interest	302,607.42	1,412,065.41	Unusable
Funds from third-party platforms such as POS machines, WeChat, and Alipay, and others	4,023,622.40	6,631,889.12	Cannot be withdrawn on the same day
<b>Total</b>	<b>135,179,847.81</b>	<b>295,870,330.67</b>	—

**(60) Leases**

**1. As a lessee**

<b>Item</b>	<b>Amount</b>
Short-term lease expenses under simplified treatment included in the cost of relevant assets or profit or loss for the current period	5,917,359.24
Total cash outflow related to leases	<u>14,112,973.02</u>

**2. As a lessor**

**(1) Operating lease**

<b>Item</b>	<b>Rental income</b>	<b>Of which: Income related to variable lease payments not included in the lease receivables</b>
Rent, etc.	2,820,609.88	2,820,609.88

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

(2) *Finance lease*

<b>Item</b>	<b>Sales profit or loss</b>	<b>Finance income</b>	<b>Income related to variable lease payments not included in the net investment in the lease</b>
Qingdao Runhao Hongfa Station		638,083.72	
Qingdao Runhao Chunchun Station		66,461.11	
<b>Total</b>		<b>704,544.83</b>	

Reconciliation of undiscounted lease receivables to net investment in the lease

<b>Item</b>	<b>Amount</b>
Undiscounted lease receivables	18,824,966.74
Less: Unrealized finance income	4,795,292.55
Net investment in the lease	<b>14,029,674.19</b>

Undiscounted lease receivables for the next five years

<b>Item</b>	<b>Annual undiscounted lease receivables</b>	
	<b>Amount at the end of the period</b>	<b>Amount at the beginning of the period</b>
Second year	5,596,330.28	
Third year	1,414,875.00	5,596,330.28
Fourth year		1,414,875.00
Fifth year		
Total undiscounted lease receivables after five years	11,813,761.47	11,813,761.47

VI. CHANGES IN THE SCOPE OF CONSOLIDATION

(1) Disposal of subsidiary equity

1. Transactions or events resulting in the loss of control over a subsidiary

Name of subsidiary	Date of loss of control	Disposal consideration at the date of loss of control	Disposal ratio (%) at the date of loss of control	Disposal method at the date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposed investment
Dong'e Sunshine Clean Energy Co., Ltd.	3 January 2025	2,782,878.15	51%	Disposal	Signing of the equity transfer contract, receipt of the equity transfer payment, and transfer of control.	87,768.41

(2) Other reasons for changes in the scope of consolidation

In May 2025, the Company deregistered Qingdao Shengli Runhao Energy Co., Ltd.;

In May 2025, the Company deregistered Shandong Lihuasheng Transportation Co., Ltd.;

In November 2025, the Company deregistered Shaanxi Huashan Shengbang Plastic Co., Ltd.;

In October 2025, Dong'e County Dongtai Gas Co., Ltd. absorbed and merged with Dong'e County Dongtai Compressed Natural Gas Co., Ltd.

VII. INTERESTS IN OTHER ENTITIES

(1) Interests in Subsidiaries

1. Composition of the Enterprise Group

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Qingdao Shengxin Hengchang Trading Co., Ltd.	Qingdao City, Shandong Province	90 million RMB	Qingdao City, Shandong Province	Sales	100.00		Establishment
Dong'e County Dongtai Gas Co., Ltd.	Dong'e County, Shandong Province	10 million RMB	Dong'e County, Shandong Province	Natural gas sales	100.00		Business combination not under common control
Dong'e County Ruitai Trading Co., Ltd.	Dong'e County, Shandong Province	1 million RMB	Dong'e County, Shandong Province	Sales	100.00		Establishment
Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	Qingdao City, Shandong Province	86.4 million RMB	Qingdao City, Shandong Province	Natural gas sales		100.00	Business combination not under common control

**APPENDIX IV**
**FINANCIAL INFORMATION OF SHANDONG SHENGLI**

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Weihai Shengli Huachang Gas Co., Ltd.	Weihai City, Shandong Province	45 million RMB	Weihai City, Shandong Province	Natural gas sales	94.50		Business combination not under common control
Weihai Lanweimeirun Life Service Co., Ltd.	Weihai City, Shandong Province	1 million RMB	Weihai City, Shandong Province	Natural gas equipment sales		94.50	Establishment
Shandong Shengbang Plastic Co., Ltd.	Dongying City, Shandong Province	210 million RMB	Dongying City, Shandong Province	Manufacturing	100.00		Establishment
Shandong Shengbang Pipeline Technology Co., Ltd.	Dongying City, Shandong Province	50 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Chongqing Shengbang Pipeline Co., Ltd.	Chongqing City	50 million RMB	Chongqing City	Manufacturing		100.00	Establishment
Binzhou Shengbang Pipeline Co., Ltd.	Dongying City, Shandong Province	1 million RMB	Dongying City, Shandong Province	Manufacturing		100.00	Establishment
Qingdao Shengli Meijiuhui Co., Ltd.	Qingdao City, Shandong Province	1 million RMB	Qingdao City, Shandong Province	Sales	100.00		Establishment
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	50 million RMB	Qingdao City, Shandong Province	Property	100.00		Business combination not under common control
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	Qingdao City, Shandong Province	5 million RMB	Qingdao City, Shandong Province	Sales	94.00		Establishment
Shandong Shengli Import & Export Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Sales	100.00		Establishment
Shandong Lihuasheng Energy Co., Ltd.	Jinan City, Shandong Province	100 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Huasheng Energy Co., Ltd.	Yanzhou City, Shandong Province	100 million RMB	Yanzhou City, Shandong Province	Natural gas sales		60.00	Establishment
Shandong Shengli Energy Co., Ltd.	Jinan City, Shandong Province	20 million RMB	Jinan City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shengli Natural Gas Co., Ltd.	Heze City, Shandong Province	50 million RMB	Heze City, Shandong Province	Natural gas sales	100.00		Establishment
Heze Shenghong Gas Co., Ltd.	Heze City, Shandong Province	10 million RMB	Heze City, Shandong Province	Natural gas sales		100.00	Establishment
Shandong Shengbang Industrial Investment Co., Ltd.	Jinan City, Shandong Province	3 million RMB	Jinan City, Shandong Province	Sales	100.00		Establishment
Dezhou Shengli Natural Gas Co., Ltd.	Dezhou City, Shandong Province	25 million RMB	Dezhou City, Shandong Province	Natural gas sales	95.00	5.00	Establishment
Linyi Shengli Energy Co., Ltd.	Linyi City, Shandong Province	10 million RMB	Linyi City, Shandong Province	Natural gas sales	76.00		Establishment
Tai'an Shengli Energy Co., Ltd.	Tai'an City, Shandong Province	10 million RMB	Tai'an City, Shandong Province	Natural gas sales	51.00		Establishment
Chongqing Shengbang Gas Co., Ltd.	Dazu District, Chongqing City	280 million RMB	Dazu District, Chongqing City	Natural gas sales	100.00		Business combination not under common control
Chongqing Zhongbang Gas Equipment Co., Ltd.	Dazu District, Chongqing City	2 million RMB	Dazu District, Chongqing City	Natural gas equipment sales		100.00	Establishment
Chongqing Libang Construction Labor Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Engineering		100.00	Establishment
Chongqing Lixing Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Chongqing Zhongzhu Pipe Industry Co., Ltd.	Dazu District, Chongqing City	0.5 million RMB	Dazu District, Chongqing City	Sales		100.00	Establishment
Weifang Shengli Natural Gas Co., Ltd.	Weifang City, Shandong Province	10 million RMB	Weifang City, Shandong Province	Natural gas sales	100.00		Establishment
Shandong Longyu Shengli Energy Co., Ltd. (Note)	Jinan City, Shandong Province	25 million RMB	Jinan City, Shandong Province	Natural gas sales	50.00		Business combination not under common control

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Name of subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Method of acquisition
					Directly	Indirectly	
Bazhou Shengli Shunda Gas Co., Ltd.	Bazhou City, Hebei Province	130 million RMB	Bazhou City, Hebei Province	Natural gas sales	51.00		Business combination not under common control
Bazhou Shengshun Gas Sales Co., Ltd.	Bazhou City, Hebei Province	15.38 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Bazhou Shunsheng New Energy Development Co., Ltd.	Bazhou City, Hebei Province	1 million RMB	Bazhou City, Hebei Province	Natural gas sales		51.00	Establishment
Puyang Boyuan Natural Gas Co., Ltd.	Qingfeng County, Henan Province	24.11 million RMB	Qingfeng County, Henan Province	Natural gas sales		51.00	Business combination not under common control
Puyang Boyuan Energy Technology Co., Ltd.	Qingfeng County, Henan Province	1 million RMB	Qingfeng County, Henan Province	Natural gas equipment sales		51.00	Establishment
Dalian Shengyi New Energy Development Co., Ltd.	Dalian City, Liaoning Province	35 million RMB	Dalian City, Liaoning Province	Natural gas sales	100.00		Business combination not under common control
Puyang County Boyuan Natural Gas Co., Ltd.	Puyang County, Henan Province	20 million RMB	Puyang County, Henan Province	Natural gas sales	51.00		Business combination not under common control
Puyang Shengli Clean Energy Co., Ltd.	Puyang County, Henan Province	10 million RMB	Puyang County, Henan Province	Natural gas sales		30.600	Establishment
Zibo Lvchuan Gas Co., Ltd.	Zibo City, Shandong Province	50 million RMB	Zibo City, Shandong Province	Natural gas sales	74.79		Business combination not under common control
Zibo Lvchuan Ruyi Gas Safety Technology Co., Ltd.	Zibo City, Shandong Province	2 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		74.79	Establishment
Zibo Lvchuan Photovoltaic New Energy Co., Ltd.	Zibo City, Shandong Province	1 million RMB	Zibo City, Shandong Province	Natural gas equipment sales		74.79	Establishment
Anyang Beifang Shengli Gas Co., Ltd.	Anyang City, Henan Province	39 million RMB	Anyang City, Henan Province	Natural gas sales	60.00		Business combination not under common control
Anyang Beisheng New Energy Development Co., Ltd.	Anyang City, Henan Province	1 million RMB	Anyang City, Henan Province	Natural gas equipment sales		60.00	Establishment
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	Wenzhou City, Zhejiang Province	60 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales	55.00		Business combination not under common control
Wenzhou Shengran Intelligent Technology Co., Ltd.	Wenzhou City, Zhejiang Province	2 million RMB	Wenzhou City, Zhejiang Province	Natural gas sales		55.00	Establishment
Chongqing Hengrongda Technology Co., Ltd.	Chongqing City	47.36785 million RMB	Tianjin City	Investment	95.00		Business combination not under common control
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	Nanchang City, Jiangxi Province	50 million RMB	Nanchang City, Jiangxi Province	Investment	100.00		Business combination not under common control
Pengze County Natural Gas Co., Ltd.	Jiujiang City, Jiangxi Province	30 million RMB	Jiujiang City, Jiangxi Province	Natural gas sales		85.00	Business combination not under common control
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	Qinzhou City, Guangxi	50 million RMB	Qinzhou City, Guangxi	Natural gas sales	81.00		Establishment

Note: The Company holds a 50% equity interest in Shandong Longyu Shengli Energy Co., Ltd. According to its articles of association, the Company determines its production and operation and therefore has effective control over it. Accordingly, it is included in the consolidation scope of the Company's financial statements.

### 2. Significant non-wholly-owned subsidiaries

No.	Name of company	Non-controlling shareholding ratio (%)	Profit or loss attributable to non-controlling shareholders for the current period	Dividends declared and paid to minority shareholders for the current period	Cumulative non-controlling interests at the end of the period
1	Bazhou Shengli Shunda Gas Co., Ltd.	49.00	27,869,937.38	19,600,000.00	143,816,048.63
2	Zibo Lvchuan Gas Co., Ltd.	25.21	9,976,348.24	4,660,770.54	31,160,471.58
3	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	19.00	4,247,239.46	3,203,800.00	15,724,258.53
4	Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	45.00	9,207,617.07	6,750,000.00	47,496,928.64

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Key financial information of significant non-wholly-owned subsidiaries (excluding those classified as held for sale)**

Name of subsidiary	Closing Balance					Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
Bazhou Shengli Shunda Gas Co., Ltd.	357,626,238.31	282,937,246.88	640,563,485.19	308,961,463.97	38,099,881.18	347,061,345.15
Zibo Lvchuan Gas Co., Ltd.	165,698,008.98	214,790,754.01	380,488,762.99	143,175,210.44	31,691,260.56	174,866,471.00
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	138,605,448.19	179,515,042.16	318,120,490.35	216,697,534.05	18,663,795.64	235,361,329.69
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	161,400,406.33	100,230,852.59	261,631,258.92	68,139,644.09	87,942,884.54	156,082,528.63
Bazhou Shengli Shunda Gas Co., Ltd.	375,333,045.20	288,805,876.41	664,138,921.61	375,958,218.49	13,641,309.45	389,599,527.94
Zibo Lvchuan Gas Co., Ltd.	165,794,150.07	213,848,391.37	379,642,541.44	169,054,454.44	26,366,226.17	195,420,680.61
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	171,143,504.23	165,807,517.57	336,951,021.80	218,491,371.38	40,927,082.48	259,418,453.86
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	95,161,503.61	101,932,866.95	197,094,370.56	85,797,636.20	12,048,266.72	97,845,902.92

Name of subsidiary	Current Period Amount			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Bazhou Shengli Shunda Gas Co., Ltd.	668,185,975.55	56,877,423.22	56,877,423.22	41,294,733.77
Zibo Lvchuan Gas Co., Ltd.	472,479,738.48	39,570,451.15	39,890,098.31	52,029,942.82
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	188,789,038.88	22,353,891.88	22,353,891.88	34,113,894.20
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	215,783,115.87	20,461,371.27	20,461,371.27	17,553,180.33
Bazhou Shengli Shunda Gas Co., Ltd.	673,875,151.21	48,940,312.35	48,940,312.35	77,055,927.28
Zibo Lvchuan Gas Co., Ltd.	481,985,418.49	19,931,589.60	19,525,047.45	40,739,701.66
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	122,420,725.33	19,513,697.73	19,513,697.73	18,350,993.42
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	208,600,153.31	15,231,589.79	15,231,589.79	30,674,017.98

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Transactions with changes in ownership interests in a subsidiary that do not result in a loss of control

#### 1. Explanation of changes in ownership interests in a subsidiary

In 2025, the Company acquired a 12.08% equity interest in Zibo Lvchuan Gas Co., Ltd. from its minority shareholders. Upon completion of the acquisition, the Company's shareholding in Zibo Lvchuan Gas Co., Ltd. increased from 62.70% to 74.79%.

#### 2. Impact of the transaction on non-controlling interests and equity attributable to shareholders of the parent company

Item	Zibo Lvchuan Gas Co., Ltd.
Purchase cost/Disposal consideration	25,286,467.58
Of which: Cash	25,286,467.58
Less: Share of net assets of the subsidiary attributable to the equity interest acquired/disposed of	25,603,392.63
Difference	-316,925.05
Of which: Adjustment to capital reserve	-316,925.05

### (3) Interests in joint ventures and associates

#### 1. Joint ventures and associates

Name of company	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment for the investment
				Directly	Indirectly	
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Real estate	17.00	20.00	Equity method
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Natural Gas	49.00		Equity method
Shandong Shengli Bioengineering Co., Ltd.	Jining City, Shandong Province	Jining City, Shandong Province	Biopharmaceuticals	45.00		Equity method
Shengbang Plastic Pipeline System Group Co., Ltd.	Jinan City, Shandong Province	Jinan City, Shandong Province	Plastic pipeline engineering	40.00		Equity method
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Rizhao City, Shandong Province	Rizhao City, Shandong Province	Natural Gas	49.00		Equity method
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Linyi City, Shandong Province	Linyi City, Shandong Province	Natural Gas	30.00		Equity method

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Key financial information of significant associates**

Item	Closing balance/ Amount for the current period		Opening balance/ Amount for the prior period	
	Qingdao		Qingdao	
	PetroChina Kunlun Shengli Gas Co., Ltd.	Shandong Shengli Bioengineering Co., Ltd.	PetroChina Kunlun Shengli Gas Co., Ltd.	Shandong Shengli Bioengineering Co., Ltd.
Current assets	47,751,332.87	442,342,641.90	25,013,006.04	364,102,767.21
Of which: Cash and cash equivalents		164,796,092.01	2,129.53	17,488,949.77
Non-current assets	184,402,176.35	357,647,739.79	200,727,579.98	382,133,318.23
Total assets	232,153,509.22	799,990,381.69	225,740,586.02	746,236,085.44
Current liabilities	40,706,692.53	257,350,744.46	31,968,310.92	181,886,104.30
Non-current liabilities	21,967,725.95	10,040,818.76	24,742,925.83	39,177,852.17
Total liabilities	62,674,418.48	267,391,563.22	56,711,236.75	221,063,956.47
Non-controlling interests				
Equity attributable to shareholders of the parent company	169,479,090.74	532,598,818.47	169,029,349.27	525,172,128.97
Share of net assets calculated based on shareholding ratio	83,044,754.46	239,669,468.30	82,824,381.14	236,327,458.02
Adjustments	54,394,480.89	2,338,509.98	54,394,480.89	2,338,509.98
Of which: Goodwill	54,394,480.89	2,338,509.98	54,394,480.89	2,338,509.98
Carrying amount of equity investments in associates	137,439,235.35	242,007,978.28	137,218,862.03	238,665,968.00
Operating revenue	98,004,125.56	664,427,399.66	227,224,533.03	527,335,424.03
Finance costs	-3,515,351.39	3,892,521.58	-296,743.85	565,591.39
Income tax expense	1,920,785.08	12,950,832.05	2,286,156.99	1,971,464.26
Net profit	4,684,801.88	75,425,800.67	5,754,038.06	21,472,997.69
Total comprehensive income	4,684,801.88	75,425,800.67	5,754,038.06	21,472,997.69
Dividends received from associates in the current period	2,537,530.78	31,412,938.36	6,732,812.35	14,092,323.38

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**3. Aggregated financial information of insignificant joint ventures and associates**

Item	Closing balance/ Current Period Amount	Opening balance/ Prior Period Amount
Associates:		
Total carrying amount of investments	151,001,174.32	171,079,928.75
Total of the following items calculated based on shareholding ratio:		
Net profit	-16,550,202.45	2,325,661.45
Total comprehensive income	-16,550,202.45	2,325,661.45

**4. Excess losses incurred by joint ventures or associates**

Name of the joint venture or associate	Cumulative unrecognised losses from prior periods	Unrecognised loss for the current period (or share of net profit for the current period)	Cumulative unrecognised loss at the end of the current period
Shengbang Plastic Pipeline System Group Co., Ltd.	13,611,899.24	234.79	13,612,134.03

**VIII.GOVERNMENT GRANTS**

**(1) Liability items involving government grants**

Financial statement item	Opening Balance	New grant amount for the current period	Amount included in non-operating income for the current period	Transferred to other income in the current period	Other changes in the current period	Closing Balance	Asset-related/ Revenue-related
Deferred income	10,124,255.69			683,231.52		9,441,024.17	Asset-related

**(2) Government grants recognised in profit or loss for the current period**

<b>Type</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Asset-related	683,231.52	683,231.52
Revenue-related	4,361,262.31	6,985,435.03
<b>Total</b>	<b>5,044,493.83</b>	<b>7,668,666.55</b>

**IX. RISKS RELATED TO FINANCIAL INSTRUMENTS**

**(1) Risks of Financial Instruments**

In its ordinary course of business, the Company is exposed to various financial risks, including market risk, credit risk and liquidity risk. The Company’s goal in risk management is to achieve an appropriate balance between risk and return, to minimize the negative impact of risks on the Company’s operating performance, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company’s fundamental risk management strategy is to identify and analyse the various risks to which it is exposed, establish appropriate risk tolerance levels, manage such risks, and monitor them in a timely and reliable manner to ensure they are controlled within predefined limits.

**1. Market Risk**

*(1) Foreign exchange risk — Cash flow fluctuation risk*

The Company promptly settles its foreign currency funds, maintaining a small foreign currency balance and thus has low exposure to foreign exchange risk.

*(2) Interest Rate Risk*

The Company’s borrowings are at fixed interest rates, resulting in low interest rate risk.

*(3) Other Price Risks*

The Company is exposed to price fluctuation risk for its raw materials and finished products. It mitigates this risk by maintaining a reasonable level of inventory for both.

**2. Credit Risk**

To mitigate credit risk, the Company’s finance department is responsible for setting credit limits, conducting credit approvals, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Company reviews the recoverability of each individual receivable as at each balance sheet date to ensure that an adequate provision for bad debts is made for unrecoverable amounts.

**3. Liquidity Risk**

It is the Company’s policy to regularly review its current and expected liquidity requirements and its compliance with loan agreements, to ensure that it maintains sufficient cash reserves and has secured adequate committed standby funds from major financial institutions to meet its short- and long-term liquidity needs.

**(2) Transfer of Financial Assets**

**1. Classification of Transfer Methods**

<b>Transfer Method</b>	<b>Nature of the transferred financial asset</b>	<b>Amount of the transferred financial asset</b>	<b>Derecognition</b>	<b>Basis for determining derecognition</b>
Endorsed or discounted notes in receivables financing	Bank acceptance bills that have been endorsed or discounted but have not yet matured in receivables financing	56,839,734.26	Derecognition	The credit risk and deferred payment risk are minimal, and the risks and rewards of ownership of the notes have been transferred.

**2. Financial assets derecognised due to transfer**

<b>Category of financial asset</b>	<b>Method of transfer</b>	<b>Amount of the derecognised financial asset</b>	<b>Gains and losses related to derecognition</b>
Bank acceptance bills that have not yet matured in receivables financing	Endorsement, discounting	56,839,734.26	

**X. FAIR VALUE**

**(1) Fair Value Hierarchy for Assets Measured at Fair Value**

Item	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Closing Balance
I. Recurring Fair Value Measurement				
(1) Receivables financing			63,869,045.06	63,869,045.06
(2) Investments in other equity instruments	488,557.44		262,068,555.40	262,557,112.84
1. Equity investment held in Bank of Qingdao	488,557.44			488,557.44
2. Equity investment held in Zibo Zichuan Beihai Rural Commercial Bank Co., Ltd.			2,818,596.22	2,818,596.22
3. Holding in PipeChina Group Tianjin LNG Co., Ltd.			259,249,959.18	259,249,959.18
(3) Investment properties	63,122,700.00			63,122,700.00
1. Leased-out buildings and structures	63,122,700.00			63,122,700.00
Total assets continuously measured at fair value	63,611,257.44		325,937,600.46	389,548,857.90

**(2) Basis for determining the market price of items continuously measured at Level 1 fair value**

The Company's investment properties are subsequently measured at fair value, as unadjusted quoted prices are available in an active market with sufficient trading volume and frequency to provide continuous pricing information. The Company's equity investment in Bank of Qingdao has an unadjusted market price with sufficient trading volume and frequency to provide continuous pricing information, as the Company is a listed company.

**(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for items continuously measured at Level 3 fair value**

The carrying amount of receivables financing approximates its fair value due to its short remaining term, and thus its face value is used as its fair value. Other equity instrument investments represent unlisted equity investments held by the Company, and their fair value is determined based on an appraisal report from an independent professional valuer engaged by the Company.

**XI. Related Party Relationships and Transactions**

**(1) The Company's Parent Company**

<u>Name of the parent company</u>	<u>Place of registration</u>	<u>Nature of business</u>	<u>Registered capital</u>	<u>Parent company's shareholding ratio (%) in the Company</u>	<u>Parent company's voting rights ratio (%) in the Company</u>
China Oil and Gas Investment Group Co., Ltd.	Zhuhai City	Investment	75 million USD	22.16	25.16

Note 1: Shandong Shengli Investment Co., Ltd. has entrusted 3% of its voting rights to China Oil and Gas Investment Group Co., Ltd.

Note 2: The actual controller of the Company is Mr. Xu Tieliang.

**(2) Information on the Company's Subsidiaries**

For details, see Note "VIII. Interests in Other Entities".

**(3) Information on the Company's Joint Ventures and Associates**

For joint ventures or associates, see Note "VIII. Interests in Other Entities". Information on other joint ventures or associates that had related party transactions with the Company during the current period or had balances from related party transactions with the Company in prior periods is as follows:

<u>Name of the joint venture or associate</u>	<u>Relationship with the Company</u>
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Associates
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	Associates
Shandong Shengli Bioengineering Co., Ltd.	Associates
Shengbang Plastic Pipeline System Group Co., Ltd.	Associates
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	Associates
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	Associates

**(4) Information on Other Related Parties**

<b>Name of the other related party</b>	<b>Relationship with the Company</b>
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Under the same actual controller as the Company
CCNG Logistics (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
CCNG Energy (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Qinghai China Oil Gas Engineering Co., Ltd.	Under the same actual controller as the Company
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Under the same actual controller as the Company
Xining China Oil Gas Co., Ltd.	Under the same actual controller as the Company
Xining Zhuoran Trading Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
China City Natural Gas Investment Group Co., Ltd.	Under the same actual controller as the Company
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Under the same actual controller as the Company
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Under the same actual controller as the Company
Qinghai China Oil and Gas Investment Co., Ltd.	Under the same actual controller as the Company
China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology Products (Huimin) Co., Ltd.	Under the same actual controller as the Company
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Under the same actual controller as the Company
Degao Zhiyuan (Guangdong) Technology Co., Ltd.	Under the same actual controller as the Company
Chongqing Zhongan Engineering Construction Co., Ltd.	Under the same actual controller as the Company
Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.	Under the same actual controller as the Company

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(5) Related Party Transactions**

**1. Related party transactions for the purchase and sale of goods, and the provision and receipt of services**

Purchase of goods/receipt of services

Name of the related party	Content of the related party transaction	Current Period Amount	Approved transaction limit	Whether the transaction limit was exceeded	Prior Period Amount
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Gas equipment	8,430,093.73			9,164,197.35
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Food, etc.	385,791.22			18,166.00
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Gas equipment	11,922,116.89			11,481,928.17
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Gas equipment	8,261,165.61			2,798,720.77
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Food, etc.	7,075.47	RMB 43 million	No	
Degao Zhiyuan (Guangdong) Technology Co., Ltd.	Software payment	2,748,907.99			6,549,636.00
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Gas equipment	301,886.80			
Qinghai China Oil Gas Engineering Co., Ltd.	Gas equipment	18,867.92			
Qizhi Zhijia Technology Products (Huimin) Co., Ltd.	Food, etc.	5,398.23			
Qinghai China Oil Gas Engineering Co., Ltd.	Design and supervision services	327,111.20			704,346.55
Qinghai China Oil and Gas Investment Co., Ltd.	Design and supervision services				5,339.98
China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	Design and supervision services	251,107.55			22,544.55
China City Natural Gas Investment Group Co., Ltd.	Design and supervision services		RMB 5.6 million	No	40,850.84
China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	Design and supervision services	322,191.53			246,639.10
Chongqing Zhongan Engineering Construction Co., Ltd.	Construction and installation fees	2,187,589.82			
Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.	Consulting fees				472,641.51

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Sale of goods/provision of services

Name of the related party	Content of the related party transaction	Current Period Amount	Prior Period Amount
Shenxian PetroChina Kunlun Gas Co., Ltd. (Note)	Natural Gas		2,969,720.26
China City Natural Gas Investment Group Co., Ltd.	Red wine	9,133.66	
Shandong Shengli Bioengineering Co., Ltd.	Red wine	744.55	
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Red wine	16,104.92	
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Red wine	153,992.16	106,682.18
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Food, etc.	28,917.70	61,469.98
Qizhi Zhijia Technology (Nantong) Co., Ltd.	Food, etc.	12,956.59	
Qizhi Zhijia Technology Products (Huimin) Co., Ltd.	Food, etc.		677.98
Qingyun China Oil Gas Co., Ltd.	Food, etc.	9,469.03	
Shandong Qizhi Energy Equipment Technology Co., Ltd.	Food, etc.		1,326.73
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE pipes	392,257.90	264,845.40
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	PE raw materials	20,376,628.33	13,220,457.30
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	PE raw materials	1,886.80	
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Gas equipment	1,554,858.32	1,701,440.89
Chongqing Zhongan Engineering Construction Co., Ltd.	Gas equipment	27,893,290.23	3,329,203.55
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Gas equipment	471.70	
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Gas equipment	9,929.21	
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Design and supervision services		9,405.94
Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	Construction and installation fees	128,546.21	46,851.10
Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	Construction and installation fees	2,372,699.03	2,752,427.19
Chongqing Zhongan Engineering Construction Co., Ltd.	Construction and installation fees	11,233,493.41	
Qinghai China Oil Gas Engineering Co., Ltd.	Construction and installation fees	151,288.68	
Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	Construction and installation fees		42,730.09
CCNG Logistics (Zhuhai) Co., Ltd.	Transportation revenue		81,671.68
Qinghai China Oil Gas Engineering Co., Ltd.	Design services	111,342.26	

Note: The Company sold its equity interest in Shenxian PetroChina Kunlun Gas Co., Ltd. in June 2024, and the related party relationship ceased from the date of sale.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**2. Related Party Leases**

The Company as a lessor

<b>Name of the lessee</b>	<b>Type of leased asset</b>	<b>Lease income recognised in the current period</b>	<b>Lease income recognised in the prior period</b>
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	Property	107,368.53	

**3. Related Party Guarantees**

For guarantees for subsidiaries and investee companies, see Note “XII. Commitments and Contingencies” under “(II) Guarantees for External Parties and Subsidiaries”.

**4. Key Management Personnel Remuneration**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Key Management Personnel Remuneration	RMB3.9177 million	RMB4.7226 million

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(6) Unsettled receivables from and payables to related parties**

**1. Receivables**

Item name	Related party	Closing Balance		Opening Balance	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Shengbang Plastic Pipeline System Group Co., Ltd.	60,539,091.82	60,539,091.82	60,539,091.82	60,539,091.82
Accounts receivable	Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.	10,034,985.33	327,324.06	6,009,616.33	115,599.91
Accounts receivable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	3,104,000.00	10,553.60	124,015.00	421.65
Accounts receivable	Chongqing Zhongan Engineering Construction Co., Ltd.	22,490,186.47	76,466.63	3,762,000.00	12,790.80
Accounts receivable	Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	21,848.00	74.28		
Accounts receivable	Qingyun China Oil Gas Co., Ltd.	535.00	1.82		
Dividends receivable	Qingdao Shengtong Coast Real Estate Development Co., Ltd.			172,398,288.69	
<b>Total</b>		<b>96,190,646.62</b>	<b>60,953,512.21</b>	<b>242,833,011.84</b>	<b>60,667,904.18</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Payables**

<b>Item name</b>	<b>Related party</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Contract liabilities	Xining Zhuoran Trading Co., Ltd.		61,946.90
Contract liabilities	Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	18,000.00	14,309.73
Accounts payable	China City Natural Gas Investment Group Co., Ltd.	58,282.07	58,282.07
Accounts payable	China City Natural Gas Investment Group Co., Ltd. Zhuhai Engineering Branch	365,960.69	84,146.52
Accounts payable	Qizhi Zhijia Technology (Zhuhai) Co., Ltd.	8,749,054.19	3,030,984.00
Accounts payable	Qinghai China Oil Gas Engineering Co., Ltd.	988,015.56	485,152.77
Accounts payable	Shandong Qizhi Energy Equipment Technology Co., Ltd.	16,072,429.42	15,500,140.14
Accounts payable	Shandong Qizhi Gas Equipment Manufacturing Co., Ltd.	10,729,051.62	6,700,926.51
Accounts payable	Qinghai China Oil and Gas Investment Co., Ltd.	5,660.38	5,660.38
Accounts payable	China Oil Zhixin Engineering Management (Zhuhai) Co., Ltd.	120,918.87	22,770.00
Accounts payable	Degao Zhiyuan (Guangdong) Technology Co., Ltd.	210,000.00	138,930.00
Accounts payable	Yangguang Huicai Supply Chain Management (Zhuhai) Co., Ltd.		501,000.00
Accounts payable	Chongqing Zhongan Engineering Construction Co., Ltd.	512,081.79	
Other payables	Qinghai China Oil Gas Engineering Co., Ltd.	1,000.00	1,000.00
Other payables	Qinghai Hongli Gas Pipeline Installation Engineering Co., Ltd.		5,000.00
Other payables	Shandong Qizhi Energy Equipment Technology Co., Ltd.	1,800.00	1,800.00

**XII. COMMITMENTS AND CONTINGENCIES**

**(1) Commitments**

None

**(2) Contingencies**

**1. Guarantees provided to external parties**

Guarantor	Guaranteed party	Lending bank	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Shandong Shengli Co., Ltd.	Jinan Fanteng Trading Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2026-1-31	2029-1-30	No
Shandong Shengli Co., Ltd.	Shandong Shengdi Landscape Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	1,000.00	2026-1-31	2029-1-30	No
Shandong Shengli Co., Ltd.	Shandong Pingtong Municipal Engineering Co., Ltd.	Qilu Bank Co., Ltd. Jinan Lishan East Road Branch	2,485.00	2026-1-31	2029-1-30	No
<b>Total</b>			<b>4,485.00</b>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 2. Guarantees for subsidiaries

Guarantor	Guaranteed party	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,000.00	2026-4-1	2029-3-31	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,000.00	2026-4-8	2029-4-7	No
Shandong Shengli Co., Ltd.	Shandong Shengbang Plastic Co., Ltd.	1,000.00	2026-12-10	2029-12-9	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	980.00	2028-4-30	2031-4-29	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	500.00	2026-9-3	2029-9-2	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	1,000.00	2027-2-26	2030-2-25	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Pipeline Co., Ltd.	1,000.00	2026-7-29	2029-7-28	No
Shandong Shengli Co., Ltd.	Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	500.00	2026-6-26	2029-6-25	No
Shandong Shengli Co., Ltd.	Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	500.00	2026-6-19	2029-6-18	No
Shandong Shengli Co., Ltd.	Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	1,000.00	2026-2-25	2029-2-24	No
Shandong Shengli Co., Ltd.	Shandong Shengli Runhao Energy Supply Chain Co., Ltd.	1,000.00	2026-11-20	2029-11-19	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	1,300.00	2026-5-15	2029-5-14	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	1,100.00	2026-6-15	2029-6-14	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	600.00	2026-8-5	2029-8-4	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	1,000.00	2026-6-5	2029-6-4	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	2,100.00	2027-1-12	2030-1-11	No
Shandong Shengli Co., Ltd.	Dong'e County Dongtai Gas Co., Ltd.	1,900.00	2028-9-16	2031-9-15	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,000.00	2026-1-15	2029-1-14	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	12,000.00	2026-10-8	2029-10-7	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	5,000.00	2026-6-18	2029-6-17	No
Shandong Shengli Co., Ltd.	Shandong Shengli Import & Export Co., Ltd.	3,300.00	2026-2-9	2029-2-8	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	980.00	2026-12-6	2029-12-5	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,960.00	2026-10-17	2029-10-16	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2027-2-4	2030-2-3	No
Shandong Shengli Co., Ltd.	Pengze County Natural Gas Co., Ltd.	1,000.00	2026-2-27	2029-2-26	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	4,000.00	2026-1-15	2029-1-14	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	980.00	2028-4-30	2031-4-29	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	3,000.00	2026-9-3	2029-9-2	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	960.00	2026-12-2	2029-12-1	No
Shandong Shengli Co., Ltd.	Chongqing Shengbang Gas Co., Ltd.	2,000.00	2026-12-12	2029-12-11	No

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Guarantor	Guaranteed party	Guaranteed amount (RMB0,000)	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	2,540.00	2026-12-27	2029-12-26	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	5,600.00	2026-2-13	2029-2-12	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	1,000.00	2026-10-1	2029-9-30	No
Shandong Shengli Co., Ltd.	Qinzhou Shengli Natural Gas Utilization Co., Ltd.	6,000.00	2026-5-13	2029-5-12	No
Shandong Shengli Co., Ltd.	Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	7,600.00	2027-1-9	2030-1-8	No
Shandong Shengli Co., Ltd.	Bazhou Shengli Shunda Gas Co., Ltd.	1,453.50	2028-5-30	2031-5-29	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	300.00	2026-7-5	2029-7-4	No
Shandong Shengli Co., Ltd.	Weihai Shengli Huachang Gas Co., Ltd.	494.00	2026-5-23	2029-5-22	No
Shandong Shengli Co., Ltd.	Puyang County Boyuan Natural Gas Co., Ltd.	204.00	2026-4-8	2029-4-7	No
Shandong Shengli Co., Ltd.	Puyang Boyuan Natural Gas Co., Ltd.	510.00	2026-3-17	2029-3-16	No
<b>Total</b>		<u>82,361.50</u>			

Note: The guarantee start date refers to the start date for fulfilling the guarantee obligation after the loan matures, and the guarantee maturity date refers to the date on which the guarantee obligation expires as stipulated in the guarantee agreement.

### 3. As of 31 December 2025, the Company's outstanding letter of credit balances are as follows:

Name of applicant	USD	Equivalent in RMB
Shandong Shengli Import & Export Co., Ltd.	2,085,930.00	14,661,584.78

## XIII. EVENTS AFTER THE BALANCE SHEET DATE

### (1) Profit distribution

Proposed profit or dividend: On 23 March 2026, the Company's Board of Directors resolved to propose a profit distribution plan for 2025. The plan entails distributing a cash dividend of RMB0.45 (tax inclusive) per 10 shares to all shareholders from retained earnings, based on a total share capital of 880,084,656 shares. The total cash dividend amounts to RMB39,603,809.52 (tax inclusive). The above proposal is subject to approval by the shareholders at a general meeting before implementation.

**XIV. OTHER IMPORTANT MATTERS**

**(1) Segment reporting**

**1. Basis of determination and accounting policies for segment reporting**

Basic information on operating segments: The Company and its subsidiaries (collectively, the “Group”) are engaged in businesses including the natural gas business, equipment and material manufacturing and sales business, trading business, and other businesses. The Group is organised and managed separately based on the nature of the business and the products and services provided.

The classification and content of the Group’s operating segments are as follows:

- A. Natural gas business segment: Sale of natural gas;
- B. Equipment and material manufacturing business segment: Production and sale of equipment and materials, and sale of related raw materials;
- C. Trading and other business segment: Trading of refined oil products, investment and other businesses.

For the purposes of resource allocation and performance evaluation, management reviews the operating results of each business unit separately.

Segment reporting information is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management. These measurement bases are consistent with the accounting and measurement bases used in preparing the financial statements.

**2. Financial information for segment reporting**

Item	Natural gas business segment	Equipment and material manufacturing business segment	Trading and other business segment	Inter-segment elimination	Consolidated statement data
I. Operating Revenue	3,264,044,989.16	897,896,789.30	15,779,815.65	-12,613,735.16	4,165,107,858.95
II. Operating cost	2,636,510,487.16	849,046,116.77	409,810.45		3,485,966,414.38
III. Total profit	300,214,287.98	-4,332,641.17	-16,521,294.70	-13,780,475.46	265,579,876.66
IV. Income tax expense	58,931,861.38	958,625.64	488,288.48		60,378,775.50
V. Net profit	241,282,426.60	-5,291,266.81	-17,009,583.18	-13,780,475.46	205,201,101.16
VI. Total assets	4,272,725,199.24	643,101,760.21	4,585,529,014.39	-3,264,420,268.62	6,236,935,705.22
VII. Total liabilities	2,565,561,726.55	400,389,718.26	1,500,663,187.27	-1,611,070,039.17	2,855,544,592.91

**(2) Other important transactions and matters affecting investors’ decisions**

On 10 November 2025, the Company held the 7th meeting (provisional) of the 11th Board of Directors, at which it reviewed and adopted the “Proposal on the Company’s Issuance of Shares and Payment of Cash to Purchase Assets and Raise Supporting Funds and Related Party Transaction” and other proposals related to this transaction. The Company intends to purchase, by way of issuing shares and paying cash, 100% equity interest in China Oil and Gas (Zhuhai Hengqin) Co., Ltd. (“**China Oil Zhuhai**”) held by China Oil and Gas Investment Group Co., Ltd. (“**China Oil Investment**”), 100% equity interest in Tiandashengtong New Energy (Zhuhai) Co., Ltd. (“**Tiandashengtong**”) held by Tiandalitong New Energy (Zhuhai) Co., Ltd. (“**Tiandalitong**”), as well as 51% equity interest in Nantong Oil & Gas Co., Ltd. (“**Nantong Oil**”) and 40% equity interest in Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd. (“**Ganhe China Oil**”) held by China City Natural Gas Investment Group Co., Ltd. (“**CCNG**”). Among them, Tiandashengtong indirectly controls 40% equity interest in Ganhe China Oil and 49% equity interest in Nantong Oil through its subsidiary, China Oil and Gas (Zhuhai) Investment Co., Ltd. (“**Zhuhai Investment**”). Therefore, upon completion of this transaction, the Company will hold a total of 100% equity interest in China Oil Zhuhai, 100% equity interest in Tiandashengtong, and will control a total of 80% equity interest in Ganhe China Oil and 100% equity interest in Nantong Oil.

This transaction constitutes a related party transaction and is expected to constitute a major asset reorganisation. This transaction will not lead to a change in the Company’s actual controller. As of the audit report date, the audit, valuation, due diligence and other work related to the assets involved in this transaction are proceeding in an orderly manner.

**XV. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS**

**(1) Accounts receivable**

*1. Disclosure by aging*

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	51,695,695.13	39,425,030.98
1 to 2 years	574,201.58	124,858.47
<b>Over 5 years</b>	31,635,967.91	31,635,967.91
<b>Subtotal</b>	83,905,864.62	71,185,857.36
Less: Provision for bad debts	31,655,198.49	31,646,853.88
<b>Total</b>	<u>52,250,666.13</u>	<u>39,539,003.48</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**2. Disclosure by bad debt provision method**

Category	Closing Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	83,905,864.62	100.00	31,655,198.49	37.73
Of which: Portfolio 1: Related party portfolio	50,143,494.67	59.76		
Portfolio 2: Aging portfolio	33,762,369.95	40.24	31,655,198.49	93.76
<b>Total</b>	<b>83,905,864.62</b>	<b>100.00</b>	<b>31,655,198.49</b>	<b>37.73</b>

Category	Opening Balance			
	Gross carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Provision ratio (%)
Accounts receivable with provision for bad debts made on a portfolio basis	71,185,857.36	100.00	31,646,853.88	44.46
Of which: Portfolio 1: Related party portfolio	37,115,645.14	52.14		
Portfolio 2: Aging portfolio	34,070,212.22	47.86	31,646,853.88	92.89
<b>Total</b>	<b>71,185,857.36</b>	<b>100.00</b>	<b>31,646,853.88</b>	<b>44.46</b>

(1) Accounts receivable for which provision for bad debts is made on a portfolio basis based on credit risk characteristics

① Portfolio 1: Related party portfolio

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision ratio %	Provision for bad debts	Gross carrying amount	Provision ratio %	Provision for bad debts
Within 1 year	50,143,494.67			37,115,645.14		

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

② Portfolio 2: Aging portfolio

Aging	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for bad debts	Provision ratio (%)	Gross carrying amount	Provision for bad debts	Provision ratio (%)
Within 1 year	1,552,200.46	5,277.48	0.34	2,309,385.84	7,851.91	0.34
1 to 2 years	574,201.58	13,953.10	2.43	124,858.47	3,034.06	2.43
Over 5 years	31,635,967.91	31,635,967.91	100.00	31,635,967.91	31,635,967.91	100
<b>Total</b>	<b>33,762,369.95</b>	<b>31,655,198.49</b>		<b>34,070,212.22</b>	<b>31,646,853.88</b>	

3. *Provision for bad debts*

Category	Opening Balance	Change in the current period			Closing Balance
		Provision	Recovery or reversal	Other changes	
Aging Portfolio	31,646,853.88	8,344.61			31,655,198.49

4. *Top five debtors by closing balance of accounts receivable and contract assets at the end of the period*

Name of Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Chongqing Shengbang Pipeline Co., Ltd.	30,299,292.00		30,299,292.00	36.11	
Anyang Beifang Shengli Gas Co., Ltd.	5,541,243.57		5,541,243.57	6.60	
Weihai Lanweimeirun Life Service Co., Ltd.	2,418,159.00		2,418,159.00	2.88	
Oilfield Drilling Technology Research Institute	1,975,802.85		1,975,802.85	2.35	1,975,802.85
Heze Shengli Natural Gas Co., Ltd.	1,808,720.12		1,808,720.12	2.16	
<b>Total</b>	<b>42,043,217.54</b>		<b>42,043,217.54</b>	<b>50.10</b>	<b>1,975,802.85</b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**(2) Other receivables**

<b>Item</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Dividends receivable	12,495,000.00	63,124,932.25
Other receivables	860,428,838.87	772,423,715.69
<b>Total</b>	<b>872,923,838.87</b>	<b>835,548,647.94</b>

**1. Dividends receivable**

<b>Item (or investee)</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Zibo Lvchuan Gas Co., Ltd.		13,477,382.79
Puyang County Boyuan Natural Gas Co., Ltd.	12,495,000.00	12,495,000.00
Qingdao Shengtong Coast Real Estate Development Co., Ltd.		37,152,549.46
<b>Total</b>	<b>12,495,000.00</b>	<b>63,124,932.25</b>

**2. Other receivables**

**(1) Disclosure by aging**

<b>Aging</b>	<b>Closing Balance</b>	<b>Opening Balance</b>
Within 1 year (inclusive)	860,361,238.27	772,378,542.69
1 to 2 years	50,027.03	35,606.48
2 to 3 years	17,006.48	7,300.00
3 to 4 years	2,000.00	
4 to 5 years	275.73	7,969.00
Over 5 years	41,791,769.64	41,790,452.80
<b>Subtotal</b>	<b>902,222,317.15</b>	<b>814,219,870.97</b>
Less: Provision for bad debts	41,793,478.28	41,796,155.28
<b>Total</b>	<b>860,428,838.87</b>	<b>772,423,715.69</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

(2) *Disclosure by nature*

Nature of amount	<u>Closing Balance</u>	<u>Opening Balance</u>
Amounts due from internal related parties	860,354,777.13	772,228,348.12
Deposits, security deposits	7,969.00	7,969.00
Petty cash	52,000.00	175,900.00
Current accounts and others	41,807,571.02	41,807,653.85
<b>Subtotal</b>	<b>902,222,317.15</b>	<b>814,219,870.97</b>
Less: Provision for bad debts	<u>41,793,478.28</u>	<u>41,796,155.28</u>
<b>Total</b>	<b><u>860,428,838.87</u></b>	<b><u>772,423,715.69</u></b>

(3) *Other receivables with provision for expected credit losses recognised under the general model*

Provision for bad debts	<u>Stage 1 12 months expected credit losses</u>	<u>Stage 2 Lifetime expected credit losses (not credit impaired)</u>	<u>Stage 3 Lifetime expected credit losses (credit impaired)</u>	<u>Total</u>
Balance as at 1 January 2024	41,796,155.28			41,796,155.28
Balance as at 1 January 2024 in the current period				
—Transfer to Stage 2				
—Transfer to Stage 3				
—Transfer back to Stage 2				
—Transfer back to Stage 1				
Provision for the current period	-2,677.00			-2,677.00
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 31 December 2024	41,793,478.28			41,793,478.28

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

*(4) Provision for bad debts*

Category	Change in the current period				Closing Balance
	Opening Balance	Provision	Recovery or reversal	Charge-off	
Deposits, security deposits, and petty cash	5,675.45	-2,677.00			2,998.45
Current accounts and others	41,790,479.83				41,790,479.83
<b>Total</b>	<b>41,796,155.28</b>	<b>-2,677.00</b>			<b>41,793,478.28</b>

*(5) Top five other receivables at the end of the period, grouped by debtor*

Name of Entity	Nature of the amount	Closing Balance	Aging	Percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Shandong Huasheng Energy Co., Ltd.	Fund lending	228,989,815.78	Within 1 year	25.38	
Anyang Beifang Shengli Gas Co., Ltd.	Fund lending	146,292,506.45	Within 1 year	16.21	
Chongqing Hengrongda Technology Co., Ltd.	Fund lending	90,155,555.30	Within 1 year	9.99	
Shandong Shengli Import & Export Co., Ltd.	Fund lending	74,350,336.36	Within 1 year	8.24	
Heze Shengli Natural Gas Co., Ltd.	Fund lending	54,596,078.80	1-2 years	6.05	
<b>Total</b>		<b>594,384,292.69</b>		<b>65.87</b>	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (3) Long-term equity investments

Item	Closing Balance			Opening Balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Investment in subsidiaries	2,638,386,209.45		2,638,386,209.45	2,662,679,741.86		2,662,679,741.86
Investment in associates	532,610,467.48	30,387,267.77	502,223,199.71	549,118,046.02	30,387,267.77	518,730,778.25
<b>Total</b>	<b>3,170,996,676.93</b>	<b>30,387,267.77</b>	<b>3,140,609,409.16</b>	<b>3,211,797,787.88</b>	<b>30,387,267.77</b>	<b>3,181,410,520.11</b>

### 1. Long-term equity investments

#### (1) Investment in subsidiaries

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Increase/decrease in the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Additional investment	Reduced investment	Provision for impairment	Others		
Shaanxi Huashan Shengbang Plastic Co., Ltd.	29,579,999.99			29,579,999.99				
Qingdao Shengli Petrochemical Products Sales Co., Ltd.	4,700,000.00					4,700,000.00		
Shandong Shengbang Plastic Co., Ltd.	120,003,708.73					120,003,708.73		
Qingdao Shengxin Binhai Real Estate Development Co., Ltd.	161,132,057.99					161,132,057.99		
Shandong Shengli Import & Export Co., Ltd.	20,000,000.00					20,000,000.00		
Shandong Lihuasheng Energy Co., Ltd.	100,000,000.00					100,000,000.00		
Qinzhou Shengli Natural Gas Utilization Co., Ltd.	40,500,000.00					40,500,000.00		
Shandong Shengli Energy Co., Ltd.	20,000,000.00					20,000,000.00		
Heze Shengli Natural Gas Co., Ltd.	49,080,000.00					49,080,000.00		
Dezhou Shengli Natural Gas Co., Ltd.	14,440,000.00					14,440,000.00		
Linyi Shengli Energy Co., Ltd.	8,600,000.00					8,600,000.00		
Tai'an Shengli Energy Co., Ltd.	1,020,000.00					1,020,000.00		
Weifang Shengli Natural Gas Co., Ltd.	9,000,000.00					9,000,000.00		
Shandong Longyu Shengli Energy Co., Ltd.	17,250,000.00					17,250,000.00		
Dong'e County Dongtai Gas Co., Ltd.	236,469,997.44		89,627,597.80			326,097,595.24		
Dong'e County Dongtai Compressed Natural Gas Co., Ltd.	89,627,597.80			89,627,597.80		—		
Qingdao Runhao Natural Gas Co., Ltd.	90,955,734.61					90,955,734.61		
Shandong Lihuasheng Transportation Co., Ltd.	20,000,000.00			20,000,000.00		—		

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Increase/decrease in the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Additional investment	Reduced investment	Provision for impairment	Others		
Bazhou Shengli Shunda Gas Co., Ltd.	165,750,000.00						165,750,000.00	
Dalian Shengyi New Energy Development Co., Ltd.	66,756,400.00						66,756,400.00	
Zibo Lvchuan Gas Co., Ltd.	127,688,431.80		25,286,467.58				152,974,899.38	
Anyang Beifang Shengli Gas Co., Ltd.	66,600,000.00						66,600,000.00	
Jiangxi Shangdiansheng Industrial Investment Co., Ltd.	103,000,000.00						103,000,000.00	
Wenzhou Shengli Gangyao Natural Gas Co., Ltd.	170,000,000.00						170,000,000.00	
Tianjin Hengrongda Technology Co., Ltd.	44,875,957.50						44,875,957.50	
Chongqing Shengbang Gas Co., Ltd.	663,800,000.00						663,800,000.00	
Weihai Shengli Huachang Gas Co., Ltd.	49,480,300.00						49,480,300.00	
Qingdao Shengxin Meijuhui Co., Ltd.	900,000.00						900,000.00	
Puyang County Boyuan Natural Gas Co., Ltd.	89,250,000.00						89,250,000.00	
Qingdao Shengxin Hengchang Trading Co., Ltd.	79,219,556.00						79,219,556.00	
Shandong Shengbang Industrial Investment Co., Ltd.	3,000,000.00						3,000,000.00	
<b>Total</b>	<b>2,662,679,741.86</b>		<b>114,914,065.38</b>	<b>139,207,597.79</b>			<b>2,638,386,209.45</b>	

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### (2) Investment in associates and joint ventures

Investee	Increase/decrease in the current period									Closing balance (carrying amount)	Closing balance of impairment provision	
	Opening balance (carrying amount)	Additional investment	Reduced investment	Investment income/loss recognised under the equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profits declared for distribution	Provision for impairment	Others			
Associates												
Qingdao Shengtong Coast Real Estate Development Co., Ltd.	23,998,883.45			645.21							23,999,528.66	
Qingdao PetroChina Kunlun Shengli Gas Co., Ltd.	137,218,862.03			2,295,552.92		462,351.18	2,537,530.78				137,439,235.35	25,868,518.27
Shandong Shengli Bioengineering Co., Ltd.	238,665,968.00			33,941,610.30		813,338.34	31,412,938.36				242,007,978.28	
PetroChina Kunlun (Rizhao) Natural Gas Transmission and Distribution Co., Ltd.	63,653,366.12			-16,541,961.76		-2,295,599.00	49,000.00				44,766,805.36	
Linyi Zhongfu Natural Gas Development and Utilization Co., Ltd.	55,193,698.65			975,953.41			2,160,000.00				54,009,652.06	4,518,749.50
<b>Total</b>	<b>518,730,778.25</b>			<b>20,671,800.08</b>		<b>-1,019,909.48</b>	<b>36,159,469.14</b>				<b>502,223,199.71</b>	<b>30,387,267.77</b>

### (4) Operating revenue and operating cost

#### 1. Operating revenue and operating cost

Item	Current Period Amount		Prior Period Amount	
	Revenue	Cost	Revenue	Cost
Main business revenue	73,125,843.80	71,901,602.09	76,994,293.96	70,260,616.28
Other business revenue	14,156,841.59		12,230,591.18	
<b>Total</b>	<b>87,282,685.39</b>	<b>71,901,602.09</b>	<b>89,224,885.14</b>	<b>70,260,616.28</b>

#### 2. Breakdown of operating revenue and operating cost

Revenue category	Equipment and material manufacturing business segment	
	Operating revenue	Operating cost
By business type		
Equipment and material production and sales business	73,125,843.80	71,901,602.09
Other businesses	14,156,841.59	
<b>Total</b>	<b>87,282,685.39</b>	
By timing of transfer of goods recognised at a point in time	87,282,685.39	71,901,602.09

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(5) Investment income**

<b>Item</b>	<b>Current Period Amount</b>	<b>Prior Period Amount</b>
Investment income from long-term equity investments accounted for using the cost method	312,249,988.35	110,482,546.85
Investment income from long-term equity investments accounted for using the equity method	20,671,800.08	14,012,278.82
Investment income from the disposal of long-term equity investments	-24,372,915.74	2,588,000.00
Dividend income from investments in other equity instruments during the holding period		101,720.17
<b>Total</b>	<b>308,548,872.69</b>	<b>127,184,545.84</b>

**XVI.SUPPLEMENTARY INFORMATION**

**(1) Detailed statement of non-recurring profit or loss for the current period**

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
1. Gain or loss on disposal of non-current assets, including the written-off portion of asset impairment provisions already made	-3,060,170.20	10,222,239.59
2. Government grants included in profit or loss for the current period, excluding those closely related to the Company's normal business operations, compliant with national policies, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	2,393,236.81	5,850,648.49
3. Fees for the use of funds charged to non-financial enterprises and included in profit or loss for the current period	468,214.02	3,093,119.68
4. Reversal of impairment provision for receivables tested for impairment individually	117,236.12	2,094,016.18
5. Gain or loss on debt restructuring	2,889,069.30	
6. Gain or loss arising from changes in the fair value of investment properties subsequently measured using the fair value model	-6,754,918.40	-1,185,654.60
7. Other non-operating income and expenses	1,850,221.43	459,421.49
8. Other profit or loss items that meet the definition of non-recurring profit or loss	224,901.63	114,425.91
Less: Impact of income tax	-831,072.87	1,898,522.76
Impact on non-controlling interests (after tax)	1,145,065.05	180,189.00
<b>Total</b>	<b>-2,186,201.47</b>	<b>18,569,504.98</b>

Note: "Others" for the current period represents the refund of handling fees for withholding individual income tax, which is included in other income.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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**(2) Return on net assets and earnings per share**

Profit for the reporting period	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Net profit attributable to ordinary shareholders of the Company	5.14	4.01	0.18	0.13	0.18	0.13
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	5.21	3.37	0.18	0.11	0.18	0.11

Shandong Shengli Co., Ltd.  
23 March 2026

**B. SUPPLEMENTARY FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below is supplemental financial information of the Target Group for each of the three years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) which is required for an accountants’ report under Chapter 14 of the Listing Rules but not disclosed in the Target Group’s published consolidated financial statements.

*(Amounts are presented in thousands of Renminbi, and are rounded down to the nearest whole thousands, unless otherwise stated).*

**1. Directors’ emoluments**

Directors’ emoluments for the Relevant Periods were as follows:

	<b>Year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Directors’ fees	360	600	480
Salaries, allowances and benefits in kind	2,526	3,278	2,410
Pension scheme contributions	209	196	246
	<u>3,095</u>	<u>4,074</u>	<u>3,136</u>

**2. Five highest paid individuals**

The emoluments of the five highest paid individuals, other than directors, during the Relevant Periods were as follows:

	<b>Year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	4,609	4,851	3,809
Pension scheme contributions	384	333	318
	<u>4,993</u>	<u>5,184</u>	<u>4,127</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

The number of employees, other than directors, whose emoluments fell within the following band were as follows:

	Year ended 31 December		
	2023	2024	2025
Within RMB1,000,000	1	2	2
RMB1,000,001 to RMB2,000,000	2	–	–
	<u>          </u>	<u>          </u>	<u>          </u>

### 3. Ageing analysis of trade receivables

The ageing analysis of trade receivables based on invoice date was as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	276,137	292,486	312,147
Over 1 year but within 2 years	69,884	89,174	79,171
Over 2 years but within 5 years	68,908	72,135	67,384
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>414,929</u>	<u>453,795</u>	<u>458,702</u>

### 4. Ageing analysis of trade payables

The ageing analysis of trade payables based on invoice date was as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	217,067	184,648	177,599
Over 1 year	177,452	127,837	143,951
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>394,519</u>	<u>312,485</u>	<u>321,550</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### 5. Auditor's remuneration

	<b>Year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Audit service	1,050	1,050	1,050
Non-audit services	–	–	–
	1,050	1,050	1,050
	1,050	1,050	1,050

### 6. Bank and other borrowings

Carrying amounts of bank and other borrowings that were payable:

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
On demand or within 1 year	1,472,226	1,090,423	959,678
More than 1 year but within 2 years	216,012	307,845	127,900
More than 2 years but within 5 years	213,965	47,500	62,200
	1,902,203	1,445,768	1,149,778
	1,902,203	1,445,768	1,149,778

### 7. Investment properties

The Target Group's investment properties are situated in the PRC and are held under lease terms of 41 years.

Details of the Target Group's investment properties and information about the fair value hierarchy as at 31 December 2023, 2024 and 2025 were as follows:

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Level 3	71,063	69,878	63,123
	71,063	69,878	63,123

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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There were no transfers between Level 1, 2 and 3 during the three years ended 31 December 2023, 2024 and 2025.

In determining the fair value of the investment properties, the following inputs to the valuation model have been used.

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
Valuation techniques	Direct comparison method based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Direct comparison method based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Direct comparison method based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.
Significant unobservable inputs	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as floor of level, tinting and size of property, etc.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as floor of level, tinting and size of property, etc.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as floor of level, tinting and size of property, etc.
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value.	The higher the price per square meter, the higher the fair value.	The higher the price per square meter, the higher the fair value.

**C. DIFFERENCES BETWEEN ACCOUNTING POLICIES ADOPTED BY THE COMPANY (HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)/HKFRS ACCOUNTING STANDARDS) AND THE TARGET GROUP (CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISE (“CAS”))**

As described in the section headed “Letter from the Board — WAIVER FROM STRICT COMPLIANCE WITH RULE 14.69(4)(a)(i) OF THE LISTING RULES” of this circular, the Company has applied to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for, and been granted, a waiver from the requirement to include in this circular an accountants’ report on the Target Group in accordance with Rule 14.69(4)(a)(i) and Chapter 4 of the Rules Governing the Listing of Securities on the Stock Exchange.

Instead, Section A of this Appendix contains a copy of the English translation of consolidated financial statements of the Target Group for the three financial years ended 31 December 2023, 2024 and 2025, which were prepared in accordance with CAS and audited by WUYIGE Certified Public Accountants LLP., Beijing, the People’s Republic of China (“**Daxin**”).

The financial information included in Section A of this Appendix are referred hereinafter as “**Target Group Historical Financial Information**”. The Target Group Historical Financial Information cover the financial positions of the Target Group as at 31 December 2023, 2024 and 2025 and the financial performance of the Target Group for each of the three years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”).

The accounting policies adopted in the preparation of the Target Group Historical Financial Information are substantially consistent with the accounting policies presently adopted by the Company which comply with HKFRS/HKFRS Accounting Standards. Differences, related to classification and presentation of certain account captions, which would have an effect on the Target Group Historical Financial Information had they been prepared in accordance with the accounting policies presently adopted by the Company rather than in accordance with CAS for the Target Group Historical Financial Information, are set out below in the section entitled “**Target Group’s Unaudited Adjusted Financial Information under the Company’s Policies**”.

In particular, disclosure is set out providing:

- (a) a comparison between the Target Group’s consolidated statements of profit or loss as extracted from the Target Group Historical Financial Information on the one hand (prepared in accordance with CAS), and a re-presentation of such consolidated statements of profit or loss had they instead been prepared in accordance with the

accounting policies presently adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards. The process applied in the preparation of such re-presentation is set out below;

- (b) a comparison between the Target Group’s consolidated statements of financial position as extracted from the Target Group Historical Financial Information on the one hand (prepared in accordance with CAS), and a re-presentation of such consolidated statements of financial position had they instead been prepared in accordance with the accounting policies presently adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards. The process applied in the preparation of such re-presentation is also set out below; and
- (c) a discussion of the material financial statements line item differences arising out of the re-presentation exercise outlined in (a) and (b) above.

(The reconciliation for the Target Group Historical Financial Information is referred to as the “**Reconciliation Information**”).

### **Basis of Preparation**

The Reconciliation Information for the Relevant Periods is set out by providing a reconciliation between the “**Unadjusted Financial Information under CAS**” of the Target Group which are extracted from the Target Group Historical Financial Information and quantified adjustments to financial information as if it had been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards.

### **Reconciliation Process**

The Reconciliation Information has been prepared by the directors of the Company by comparing the differences between the accounting policies adopted by the Target Group for the preparation of Unadjusted Financial Information under CAS of the Target Group for the Relevant Periods, and the accounting policies presently adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards, and quantifying the relevant material financial effects of such differences, if any.

Your attention is drawn to the fact that the Reconciliation Information has not been subject to an independent audit. Accordingly, no opinion is expressed by an auditor on whether it presents a true and fair view of the Target Group’s financial positions as at 31 December 2023, 2024 and

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## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

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2025, nor its financial performance for each of the Relevant Periods then ended under the accounting policies presently adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards.

PKF Hong Kong Limited (“**PKF Hong Kong**”) was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000 (Revised)**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) on the Reconciliation Information. The work consisted primarily of:

- (i) comparing the “Unadjusted Financial Information under CAS” as set out below in the section entitled “Target Group’s Unaudited Adjusted Financial Information under the Company’s Policies” with the Target Group Historical Financial Information that has been included in Section A of the Appendix IV of this circular;
- (ii) considering the adjustments made and evidence supporting the adjustments made in arriving at the “**Adjusted Financial Information under the Company’s Policies**” that is also set out below in the section entitled “Target Group’s Unaudited Adjusted Financial Information under the Company’s Policies”, which included examining the differences between the Target Group’s accounting policies and the Company’s accounting policies; and
- (iii) checking the arithmetic accuracy of the computation of the “Adjusted Financial Information under the Company’s Policies”.

PKF Hong Kong’s engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with HKSAE 3000 (Revised) is different in scope from an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, PKF Hong Kong did not express an audit opinion nor a review conclusion on the Reconciliation Information. PKF Hong Kong’s engagement was intended solely for the use of the directors of the Company in connection with this circular and may not be suitable for another purpose. Based on the work performed, PKF Hong Kong has concluded that:

- (i) the “Unadjusted Financial Information under CAS” as set out in the section entitled “Target Group’s Unaudited Adjusted Financial Information under the Company’s Policies” is in agreement with the Target Group Historical Financial Information;
- (ii) the adjustments reflect, in all material respects, the differences between the Target Group’s accounting policies and the Company’s accounting policies; and

- (iii) the computation of the “Adjusted Financial Information under the Company’s Policies” is arithmetically accurate.

#### **Target Group’s Unaudited Adjusted Financial Information under the Company’s Policies**

The Target Group Historical Financial Information for the Relevant Periods has been prepared and presented in accordance with CAS. Except for presentation differences, there are no material differences between the Target Group Historical Financial Information, compared to that applying the accounting policies adopted by the Company which are in compliance with HKFRS/HKFRS Accounting Standards other than matters related to reclassification adjustments of accounts (“**Reclassification adjustments**”).

Presentation adjustments for the consolidated statement of financial position and consolidated statement of profit or loss in report of each of the Relevant Periods are set out in “(2) Matters related to presentation adjustments (“**Presentation adjustments**”)”.

The consolidated statements of cash flows are not presented as there are no significant differences except for presentation differences.

*(Amounts are presented in thousands of Renminbi, and are rounded down to the nearest whole thousands, unless otherwise stated).*

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated statement of financial position

	As at 31 December 2023			Adjusted financial
	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Reclassification adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	information under the Company's policies (unaudited) <i>RMB'000</i>
<b>Assets</b>				
<i>Non-current assets</i>				
Fixed assets	1,968,646	–	(1,968,646)	–
Property, plant and equipment	–	12,907	1,968,646	1,981,553
Construction in progress	118,113	–	–	118,113
Right-of-use assets	52,324	118,747	–	171,071
Investment properties	71,063	–	–	71,063
Intangible assets	126,563	(126,119)	–	444
Other equity instrument investments	259,662	–	(259,662)	–
Long-term equity investments	1,031,237	–	(1,031,237)	–
Investments accounted for using the equity method	–	–	1,031,237	1,031,237
Financial assets at fair value through other comprehensive income	–	–	259,662	259,662
Goodwill	1,195,434	–	–	1,195,434
Long-term receivables	90,602	(90,602)	–	–
Loan receivables	–	77,981	–	77,981
Finance lease receivables	–	12,621	–	12,621
Long-term deferred expenses	12,214	(5,535)	(6,679)	–
Deferred tax assets	145,617	–	–	145,617
Other non-current assets	16,163	(16,163)	–	–
	5,087,638	(16,163)	(6,679)	5,064,796

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2023

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Assets</b>				
<i>Current assets</i>				
Inventories	395,097	–	–	395,097
Contract assets	15,133	16,163	–	31,296
Trade receivables	414,929	(1,451)	61,561	475,039
Trade receivables financing	61,561	–	(61,561)	–
Prepayments	183,604	–	6,679	190,283
Other receivables	18,120	15,292	–	33,412
<i>Non-current assets due within one year</i>				
	1,682	(1,682)	–	–
Other current assets	11,136	(11,136)	–	–
Consideration receivables	–	1,995	–	1,995
Amounts due from related parties	–	1,451	–	1,451
Current tax recoverable	–	1,901	–	1,901
Monetary funds	767,181	(767,181)	–	–
Restricted bank deposits	–	195,814	–	195,814
Pledged deposits	–	15,450	–	15,450
Cash and cash equivalents	–	549,547	–	549,547
	<u>1,868,443</u>	<u>16,163</u>	<u>6,679</u>	<u>1,891,285</u>
<b>Total assets</b>	<b><u>6,956,081</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>6,956,081</u></b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2023

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Trade payables	394,519	(43,919)	354,100	704,700
Notes payables	354,100	–	(354,100)	–
Contract liabilities	598,043	–	–	598,043
Accrued salaries	46,151	–	(46,151)	–
Taxes payables	36,160	(36,160)	–	–
Other payables	43,847	(9,109)	46,151	80,889
Consideration payables				
— current	–	17,580	–	17,580
Amounts due to associates	–	89,700	–	89,700
Amounts due to related parties		14,252	–	14,252
Loan from an associate	–	60,000	–	60,000
Non-current liabilities due within				
one year	320,392	(320,392)	–	–
Short-term borrowings and				
borrowings due within one year	1,165,715	306,511	–	1,472,226
Other current liabilities	49,661	(49,661)	–	–
Lease liabilities — current	–	9,183	–	9,183
Current tax payable	–	22,015	–	22,015
	3,008,588	60,000	–	3,068,588

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

As at 31 December 2023

	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Reclassification adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	Adjusted financial information under the Company's policies (unaudited) <i>RMB'000</i>
<b>Liabilities</b>				
<i>Non-current liabilities</i>				
Long-term borrowings	429,977	–	–	429,977
Long-term payables	60,000	(60,000)	–	–
Lease liabilities				
— non-current	54,030	–	–	54,030
Deferred revenue	10,808	–	–	10,808
Deferred tax liabilities	139,790	–	–	139,790
	<u>694,605</u>	<u>(60,000)</u>	<u>–</u>	<u>634,605</u>
Total liabilities	<u>3,703,193</u>	<u>–</u>	<u>–</u>	<u>3,703,193</u>
<b>Equity</b>				
Equity attributable to owners of the Company				
Share capital	880,085	–	–	880,085
Capital reserve	953,541	–	–	953,541
Special reserve	12,844	–	–	12,844
Surplus reserve	192,339	–	–	192,339
Revaluation reserve	58,256	–	–	58,256
Retained profits	786,884	–	–	786,884
	<u>2,883,949</u>	<u>–</u>	<u>–</u>	<u>2,883,949</u>
Non-controlling interests	368,939	–	–	368,939
<b>Total equity</b>	<u>3,252,888</u>	<u>–</u>	<u>–</u>	<u>3,252,888</u>
<b>Total equity and liabilities</b>	<u><u>6,956,081</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>6,956,081</u></u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated statement of profit or loss

For the year ended 31 December 2023

	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Reclassification adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	Adjusted financial information under the Company's Policies (unaudited) <i>RMB000</i>
Revenue	4,677,169	–	–	4,677,169
Cost of sales	(3,927,520)	–	1,030	(3,926,490)
Gross profit	749,649	–	1,030	750,679
Tax and surcharges	(14,160)	–	14,160	–
Other income	25,190	–	15,681	40,871
Other gains/(losses), net	–	–	17,078	17,078
Investment income	42,650	(20,974)	(21,676)	–
Selling and distribution costs	(236,363)	–	–	(236,363)
Administrative expenses	(130,350)	(11,251)	(21,453)	(163,054)
Research and development expenses	(51,543)	–	–	(51,543)
Net impairment losses on financial assets and contract assets			2,474	2,474
Impairment loss of goodwill	–	–	(2,909)	(2,909)
Loss on credit impairment	2,023	–	(2,023)	–
Loss on asset impairment	(1,428)	–	1,428	–
Financial expenses	(108,015)	108,015	–	–
Gain on disposal of fixed assets	5,397	–	(5,397)	–
Fair value loss on investment properties	(228)	–	228	–
Operating profit	282,822	75,790	(1,379)	357,233
Finance income	–	18,522	–	18,522
Finance costs	–	(115,286)	–	(115,286)
Non-operating income	5,914	–	(5,914)	–
Non-operating expenses	(7,293)	–	7,293	–
Share of results of investments accounted for using the equity method	–	20,974	–	20,974

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

For the year ended 31 December 2023

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's Policies (unaudited) RMB000</b>
Profit before taxation	281,443	–	–	281,443
Taxation	(67,805)	–	–	(67,805)
Profit for the year	<u>213,638</u>	<u>–</u>	<u>–</u>	<u>213,638</u>
Profit attributable to:				
Owners of the Company	153,393	–	–	153,393
Non-controlling interests	<u>60,245</u>	<u>–</u>	<u>–</u>	<u>60,245</u>
	<u>213,638</u>	<u>–</u>	<u>–</u>	<u>213,638</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**Consolidated statement of financial position**

	As at 31 December 2024			Adjusted financial
	Unadjusted		Presentation	information
	financial	Reclassification	adjustments	under the
	information	adjustments	adjustments	Company's
	under CAS	(unaudited)	(unaudited)	policies
	(audited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 1)	(Note 2)	
<b>Assets</b>				
<i>Non-current assets</i>				
Fixed assets	1,975,873	–	(1,975,873)	–
Property, plant and equipment	–	14,404	1,975,873	1,990,277
Construction in progress	85,092	–	–	85,092
Right-of-use assets	45,855	115,412	–	161,267
Investment properties	69,878	–	–	69,878
Intangible assets	122,046	(121,627)	–	419
Other equity instrument investments	275,726	–	(275,726)	–
Long-term equity investments	546,965	–	(546,965)	–
Investments accounted for using the equity method	–	–	546,965	546,965
Financial assets at fair value through other comprehensive income	–	–	275,726	275,726
Goodwill	1,193,971			1,193,971
Long-term receivables	37,259	(37,259)	–	–
Finance lease receivables	–	13,325	–	13,325
Long-term deferred expenses	12,517	(8,189)	(4,328)	–
Deferred tax assets	148,458	–	–	148,458
Other non-current assets	15,354	(15,354)	–	–
	<u>4,528,994</u>	<u>(39,288)</u>	<u>(4,328)</u>	<u>4,485,378</u>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

As at 31 December 2024

	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Reclassification adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	Adjusted financial information under the Company's policies (unaudited) <i>RMB'000</i>
<b>Assets</b>				
<i>Current assets</i>				
Inventories	399,540	–	–	399,540
Contract assets	16,083	15,354	–	31,437
Loan receivables	–	23,934	–	23,934
Trade receivables	453,795	(9,767)	41,989	486,017
Trade receivables financing	41,989	–	(41,989)	–
Prepayments	177,320	–	4,328	181,648
Other receivables	201,800	(155,738)	–	46,062
Non-current assets due within one year	509	(509)	–	–
Other current assets	13,267	(13,267)	–	–
Consideration receivables	–	1,995	–	1,995
Amounts due from related parties	–	9,638	–	9,638
Amount due from associates	–	172,398	–	172,398
Current tax recoverable	–	3,165	–	3,165
Monetary funds	813,749	(813,749)	–	–
Restricted bank deposits	–	277,826	–	277,826
Pledged deposits	–	50,000	–	50,000
Time deposits with maturity over three months	–	10,000	–	10,000
Cash and cash equivalents	–	467,879	–	467,879
	2,118,052	39,159	4,328	2,161,539
<b>Total assets</b>	6,647,046	(129)	–	6,646,917

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2024

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Liabilities</b>				
<i>Current liabilities</i>				
Trade payables	312,485	(26,528)	517,800	803,757
Notes payables	517,800	–	(517,800)	–
Contract liabilities	682,362	–	–	682,362
Accrued salaries	40,660	–	(40,660)	–
Taxes payables	30,031	(30,031)	–	–
Other payables	40,087	57,927	40,660	138,674
Consideration payables				
— current	–	16,980	–	16,980
Amounts due to related parties	–	26,407	–	26,407
Non-current liabilities due within one year	262,357	(262,357)	–	–
Short-term borrowings and borrowings due within one year	838,531	251,892	–	1,090,423
Other current liabilities	63,019	(63,019)	–	–
Lease liabilities — current	–	8,950	–	8,950
Current tax payable	–	19,650	–	19,650
	<u>2,787,332</u>	<u>(129)</u>	<u>–</u>	<u>2,787,203</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2024

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Liabilities</b>				
<i>Non-current liabilities</i>				
Long-term borrowings	355,345	–	–	355,345
Lease liabilities				
— non-current	48,310	–	–	48,310
Deferred revenue	10,124	–	–	10,124
Deferred tax liabilities	138,964	–	–	138,964
	552,743	–	–	552,743
Total liabilities	3,340,075	(129)	–	3,339,946
<b>Equity</b>				
Equity attributable to owners of the Company				
Share capital	880,085	–	–	880,085
Capital reserve	955,535	–	–	955,535
Special reserve	14,373	–	–	14,373
Surplus reserve	204,172	–	–	204,172
Revaluation reserve	59,984	–	–	59,984
Retained profits	843,887	–	–	843,887
	2,958,036	–	–	2,958,036
Non-controlling interests	348,935	–	–	348,935
<b>Total equity</b>	<b>3,306,971</b>	<b>–</b>	<b>–</b>	<b>3,306,971</b>
<b>Total equity and liabilities</b>	<b>6,647,046</b>	<b>–</b>	<b>–</b>	<b>6,646,917</b>

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated statement of profit or loss

For the year ended 31 December 2024

	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	Adjusted financial information under the Company's Policies (unaudited) <i>RMB'000</i>
Revenue	4,225,822	–	–	4,225,822
Cost of sales	(3,543,212)	–	(290)	(3,543,502)
Gross profit	682,610	–	(290)	682,320
Tax and surcharges	(12,804)	–	12,804	–
Other income	7,774	–	19,336	27,110
Other gains/(losses), net	–	–	9,100	9,100
Investment income	33,700	(11,960)	(21,740)	–
Selling and distribution costs	(237,045)	–	–	(237,045)
Administrative expenses	(128,896)	(3,614)	(17,694)	(150,204)
Research and development expenses	(54,183)	–	–	(54,183)
Net impairment losses on financial assets and contract assets	–	–	(20,926)	(20,926)
Impairment of goodwill	–	–	(1,463)	(1,463)
Loss on credit impairment	(20,682)	–	20,682	–
Loss on asset impairment	(1,997)	–	1,997	–
Financial expenses	(82,226)	82,226	–	–
Gain on disposal of fixed assets	2,587	–	(2,587)	–
Fair value loss on investment properties	(1,186)	–	1,186	–
Operating profit	187,652	66,652	405	254,709
Finance income	–	12,541	–	12,541
Finance costs	–	(91,153)	–	(91,153)
Non-operating income	5,295	–	(5,295)	–
Non-operating expenses	(4,890)	–	4,890	–
Share of results of investments accounted for using the equity method	–	11,960	–	11,960

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

For the year ended 31 December 2024

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's Policies (unaudited) RMB'000</b>
Profit before taxation	188,057	–	–	188,057
Taxation	(49,046)	–	–	(49,046)
Profit for the year	<u>139,011</u>	<u>–</u>	<u>–</u>	<u>139,011</u>
Profit attributable to:				
Owners of the Company	117,242	–	–	117,242
Non-controlling interests	<u>21,769</u>	<u>–</u>	<u>–</u>	<u>21,769</u>
	<u>139,011</u>	<u>–</u>	<u>–</u>	<u>139,011</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

**Consolidated statement of financial position**

	As at 31 December 2025			Adjusted financial
	Unadjusted		Presentation	information
	financial	Reclassification	adjustments	under the
	information	adjustments	adjustments	Company's
	under CAS	(unaudited)	(unaudited)	policies
	(audited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 1)	(Note 2)	
<b>Assets</b>				
<i>Non-current assets</i>				
Fixed assets	1,947,025	–	(1,947,025)	–
Property, plant and equipment	–	31,259	1,947,025	1,978,284
Construction in progress	100,638	–	–	100,638
Right-of-use assets	36,098	127,368	–	163,466
Investment properties	63,123	–	–	63,123
Intangible assets	149,856	(149,459)	–	397
Other equity instrument investments	262,557	–	(262,557)	–
Long-term equity investments	530,458	–	(530,458)	–
Investments accounted for using the equity method	–	–	530,458	530,458
Financial assets at fair value through other comprehensive income	–	–	262,557	262,557
Goodwill	1,188,417	–	–	1,188,417
Long-term receivables	14,030	(14,030)	–	–
Finance lease receivables	–	14,030	–	14,030
Long-term deferred expenses	11,149	(9,168)	(1,981)	–
Deferred tax assets	150,639	–	–	150,639
Other non-current assets	13,202	(13,202)	–	–
	<u>4,467,192</u>	<u>(13,202)</u>	<u>(1,981)</u>	<u>4,452,009</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2025

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Assets</b>				
<i>Current assets</i>				
Inventories	343,622	–	–	343,622
Contract assets	11,496	13,202	–	24,698
Notes receivables	121	–	(121)	–
Trade receivables	458,702	(35,237)	63,990	487,455
Trade receivables financing	63,869	–	(63,869)	–
Prepayments	190,901	–	1,981	192,882
Other receivables	29,333	10,550	–	39,883
Financial assets at amortised costs	–	100,000	–	100,000
Other current assets	109,094	(109,094)	–	–
Consideration receivables	–	1,995	–	1,995
Amounts due from related parties	–	31,610	–	31,610
Current tax recoverable	–	875	–	875
Monetary funds	562,607	(562,607)	–	–
Restricted bank deposits	–	130,854	–	130,854
Pledged deposits	–	15,000	–	15,000
Cash and cash equivalents	–	412,427	–	412,427
	<u>1,769,745</u>	<u>9,575</u>	<u>1,981</u>	<u>1,781,301</u>
<b>Total assets</b>	<b><u>6,236,937</u></b>	<b><u>(3,627)</u></b>	<b><u>–</u></b>	<b><u>6,233,310</u></b>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2025

	Unadjusted financial information under CAS (audited) RMB'000	Reclassification adjustments (unaudited) RMB'000 (Note 1)	Presentation adjustments (unaudited) RMB'000 (Note 2)	Adjusted financial information under the Company's policies (unaudited) RMB'000
<b>Liabilities</b>				
<i>Current liabilities</i>				
Trade payables	321,550	(37,811)	421,250	704,989
Notes payables	421,250	–	(421,250)	–
Contract liabilities	575,413	–	–	575,413
Accrued salaries	38,621	–	(38,621)	–
Taxes payables	47,037	(47,037)	–	–
Other payables	52,680	50,031	38,621	141,332
Consideration payables				
— current	–	16,980	–	16,980
Amounts due to related parties	–	34,187	–	34,187
Non-current liabilities due within one year	256,302	(256,302)	–	–
Short-term borrowings and borrowings due within one year	709,633	250,045	–	959,678
Other current liabilities	52,489	(52,489)	–	–
Lease liabilities — current	–	5,792	–	5,792
Current tax payable	–	32,977	–	32,977
	<u>2,474,975</u>	<u>(3,627)</u>	<u>–</u>	<u>2,471,348</u>

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

As at 31 December 2025

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's policies (unaudited) RMB'000</b>
<b>Liabilities</b>				
<i>Non-current liabilities</i>				
Long-term borrowings	190,100	–	–	190,100
Lease liabilities				
— non-current	42,719	–	–	42,719
Deferred revenue	9,441	–	–	9,441
Deferred tax liabilities	138,311	–	–	138,311
	380,571	–	–	380,571
Total liabilities	2,855,546	(3,627)	–	2,851,919
<b>Equity</b>				
Equity attributable to owners of the Company				
Share capital	880,085	–	–	880,085
Capital reserve	954,832	–	–	954,832
Special reserve	14,956	–	–	14,956
Surplus reserve	232,643	–	–	232,643
Revaluation reserve	50,493	–	–	50,493
Retained profits	921,027	–	–	921,027
	3,054,036	–	–	3,054,036
Non-controlling interests	327,355	–	–	327,355
<b>Total equity</b>	3,381,391	–	–	3,381,391
<b>Total equity and liabilities</b>	6,236,937	(3,627)	–	6,233,310

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

### Consolidated statement of profit or loss

For the year ended 31 December 2025

	Unadjusted financial information under CAS (audited) <i>RMB'000</i>	Reclassification adjustments (unaudited) <i>RMB'000</i> <i>(Note 1)</i>	Presentation adjustments (unaudited) <i>RMB'000</i> <i>(Note 2)</i>	Adjusted financial information under the Company's Policies (unaudited) <i>RMB'000</i>
Revenue	4,165,108	–	–	4,165,108
Cost of sales	(3,485,966)	–	5	(3,485,961)
Gross profit	679,142	–	5	679,147
Tax and surcharges	(13,582)	–	13,582	–
Other income	5,269	–	17,802	23,071
Other gains/(losses), net	–	–	(6,926)	(6,926)
Investment income	36,242	(20,672)	(15,570)	–
Selling and distribution costs	(195,108)	–	–	(195,108)
Administrative expenses	(131,136)	(3,373)	(16,940)	(151,449)
Research and development expenses	(22,555)	–	–	(22,555)
Net impairment losses on financial assets and contract assets	–	–	(21,549)	(21,549)
Impairment loss of goodwill	–	–	(5,554)	(5,554)
Loss on credit impairment	(21,368)	–	21,368	–
Loss on asset impairment	(5,730)	–	5,730	–
Financial expenses	(57,542)	57,542	–	–
Loss on disposal of fixed assets	(1,591)	–	1,591	–
Fair value loss on investment properties	(6,755)	–	6,755	–
Operating profit	265,286	33,497	294	299,077
Finance income	–	8,362	–	8,362
Finance costs	–	(62,531)	–	(62,531)
Non-operating income	3,652	–	(3,652)	–
Non-operating expenses	(3,358)	–	3,358	–
Share of results of investments accounted for using the equity method	–	20,672	–	20,672

**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

For the year ended 31 December 2025

	<b>Unadjusted financial information under CAS (audited) RMB'000</b>	<b>Reclassification adjustments (unaudited) RMB'000 (Note 1)</b>	<b>Presentation adjustments (unaudited) RMB'000 (Note 2)</b>	<b>Adjusted financial information under the Company's Policies (unaudited) RMB'000</b>
Profit before taxation	265,580	–	–	265,580
Taxation	(60,379)	–	–	(60,379)
Profit for the year	<u>205,201</u>	<u>–</u>	<u>–</u>	<u>205,201</u>
Profit attributable to:				
Owners of the Company	155,775	–	–	155,775
Non-controlling interests	<u>49,426</u>	<u>–</u>	<u>–</u>	<u>49,426</u>
	<u>205,201</u>	<u>–</u>	<u>–</u>	<u>205,201</u>

**Notes**

**1. Matters related to reclassification adjustments of accounts**

Under Target Company’s CAS accounting policies, several items of Target Group Historical Financial Information have been presented differently in regard to the presentation or classification under the Company’s HKFRS/HKFRS Accounting Standards accounting policies. The details are as follows:

*i. Share of results of associates*

Under Target Company’s CAS accounting policies, Target Group has presented the share of results of associates in “Investment income”. According to HKAS 1. 82(c), an entity shall present the amount of share of result of an associate as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

Had Target Company adopted the Company’s HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group’s consolidated statements of profit or loss for the three years ended 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of profit or loss**

	<b>For the year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	Unaudited Dr./ (Cr.)	Unaudited Dr./ (Cr.)	Unaudited Dr./ (Cr.)
Investment income	20,974	11,960	20,672
Share of results of investments accounted for using the equity method	(20,974)	(11,960)	(20,672)

*ii. Finance costs, other finance charges and interest income*

Under Target Company’s CAS accounting policies, Target Group has presented bank charges, net exchange gain/(loss) and interest income in “Financial expenses”. According to HKFRS 7.20, an entity shall present the amount of interest revenue for financial assets that are measured at amortised cost or measured at fair value through other comprehensive income in the statement of

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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profit or loss or in the notes separately. In addition, bank charges and net exchange gain/(loss) did not fall into the scope of the definition of finance costs and shall be presented as an expense other than “Finance costs”.

Had Target Company adopted the Company’s HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group’s consolidated statements of profit or loss for the three years ended 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of profit or loss**

	For the years ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
	Unaudited	Unaudited	Unaudited
	Dr./(Cr.)	Dr./(Cr.)	Dr./(Cr.)
Finance income	(18,522)	(12,541)	(8,362)
Administrative expenses	11,251	3,614	3,373
Finance costs	115,286	91,153	62,531
Financial expenses	(108,015)	(82,226)	(57,542)

**iii. Monetary funds**

Under Target Company’s CAS accounting policies, Target Group has presented restricted bank deposits, pledged deposits, time deposits with maturity over three months and other receivables within “Monetary funds”. According to HKAS 1.54, an entity shall present additional line items in the consolidated statement of financial position when such presentation is relevant to an understanding of an entity’s financial position. Since restricted bank deposits, pledged deposits, time deposits with maturity over three months and other receivables did not fall in the scope of the definition of an item of cash and cash equivalent in accordance with HKAS 7.7, an entity shall present restricted bank deposits, pledged deposits, time deposits with maturity over three months and other receivables and cash and cash equivalents separately in the consolidated statement of financial position.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of financial position**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited	Unaudited
	Dr./ <i>(Cr.)</i>	Dr./ <i>(Cr.)</i>	Dr./ <i>(Cr.)</i>
Monetary funds	(767,181)	(813,749)	(562,607)
Other receivables	6,370	8,044	4,326
Restricted bank deposits	195,814	277,826	130,854
Pledged deposits	15,450	50,000	15,000
Time deposits with maturity over			
three months	–	10,000	–
Cash and cash equivalents	549,547	467,879	412,427

***iv. Land use rights, computer software and leasehold improvement***

Under the Target Company's CAS accounting policies, Target Group has presented land use rights and computer software in "Intangible assets" and leasehold improvement in "Long-term deferred expenses", respectively. According to HKAS 16.6, tangible assets that are held for use in the production or supply of goods or services and are expected to be used during more than one period shall be presented as "Property, plant and equipment". Therefore, land use rights and leasehold improvement shall be reclassified from "Intangible assets" to "Right-of-use assets" and "Long-term deferred expenses" to "Property, plant and equipment" respectively. According to HKAS 38.4, an entity shall recognise computer software as "Property, plant and equipment" if it is an integral part of the related hardware.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of financial position**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited	Unaudited
	Dr./ (Cr.)	Dr./ (Cr.)	Dr./ (Cr.)
Intangible assets	(126,119)	(121,627)	(149,459)
Long-term deferred expenses	(5,535)	(8,189)	(9,168)
Property, plant and equipment	12,907	14,404	31,259
Right-of-use assets	118,747	115,412	127,368

**v. Income tax payables**

Under Target Company's CAS accounting policies, Target Group has presented current tax recoverable/payable and other domestic tax recoverable/payable or levies in "Other current assets" and "Taxes payables". According to HKAS 12.5, current tax is the amount of income tax recoverable/payable in respect of the taxable profit for a period. According to HKAS 1.54, an entity shall present assets/liabilities for current tax as defined in HKAS 12 "Income Taxes" in the consolidated statement of financial position. Since other domestic tax recoverable/payable or levies are not arisen from the taxable profit, such assets/liabilities shall be presented in "Other receivables" and "Other payables" respectively under the Company's HKFRS/HKFRS Accounting Standards accounting policies and presentation.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of financial position**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited	Unaudited
	Dr./ <i>(Cr.)</i>	Dr./ <i>(Cr.)</i>	Dr./ <i>(Cr.)</i>
Current tax recoverable	1,901	3,165	875
Other current assets	(11,136)	(13,267)	(8,879)
Other receivables	9,235	10,102	8,004
Taxes payables	36,160	30,031	47,037
Current tax payable	(22,015)	(19,650)	(32,977)
Other payables	(14,145)	(10,381)	(14,060)

**vi. Non-current borrowings due within one year**

Under Target Company's CAS accounting policies, Target Group has presented current portion of non-current borrowings in "Non-current liabilities due within one year". According to HKAS 1.54, an entity shall present additional line items in the consolidated statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of financial position**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited	Unaudited
	Dr./(Cr.)	Dr./(Cr.)	Dr./(Cr.)
Non-current liabilities due within one year	306,511	251,892	250,045
Short-term borrowings and borrowings due within one year	(306,511)	(251,892)	(250,045)

**vii. Amounts due from/(to) associates and related parties**

Under Target Company's CAS accounting policies, Target Group has presented amounts due from/to associates and related parties (including loan advances) in "Other receivables", "Other payables", "Trade receivables" and "Trade payables". According to HKAS 24.18(b), an entity shall disclose outstanding balances regarding related party transactions. According to HKAS 1.54, an entity shall present additional line items in the consolidated statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

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**APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI**

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Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

**Consolidated statements of financial position**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited	Unaudited
	Dr./ (Cr.)	Dr./ (Cr.)	Dr./ (Cr.)
Trade receivables	(1,451)	(9,767)	(35,237)
Other receivables	–	(172,398)	–
Amounts due from associates	–	172,398	–
Amounts due from related parties	1,451	9,638	31,610
Trade payables	43,919	26,528	37,811
Other payables	60,033	8	3
Amounts due to associates	(89,700)	–	–
Amounts due to related parties	(14,252)	(26,407)	(34,187)

**viii. Other material balances of receivables and payables**

Under Target Company's CAS accounting policies, Target Group has presented certain material balances of receivables and payables in "Other non-current assets", "Long-term receivables", "Non-current assets due within one year", "Other receivables", "Other current assets", "Other payables", "Other current liabilities", "Long-term payables" and "Non-current liabilities due within one year". According to HKAS 1.15, financial statements shall be presented in a true and fair view which requires the faithful representation of the effects of transactions, events and conditions in accordance with the definitions and recognition criteria of assets, liabilities, income and expenses. According to HKAS 1.54, an entity shall present additional line items in the consolidated statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

## APPENDIX IV FINANCIAL INFORMATION OF SHANDONG SHENGLI

Had Target Company adopted the Company's HKFRS/HKFRS Accounting Standards accounting policies, the impact of the adjustments on the Target Group's consolidated statements of financial position as at 31 December 2023, 2024 and 2025 would have been as follows:

### Consolidated statements of financial position

	<b>As at 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited Dr./ (Cr.)	Unaudited Dr./ (Cr.)	Unaudited Dr./ (Cr.)
Long-term receivables	(90,602)	(37,259)	(14,030)
Loan receivables — non-current	77,981	–	–
Finance lease receivables			
— non-current	12,621	13,325	14,030
Other non-current assets	(16,163)	(15,354)	(13,202)
Contract assets	16,163	15,354	13,202
Loan receivables — current	–	23,934	–
Other receivables	(313)	(1,486)	(1,780)
Non-current assets due within one year	(1,682)	(509)	–
Other current assets	–	–	(100,215)
Consideration receivables — current	1,995	1,995	1,995
Financial assets at amortised costs	–	–	100,000
Other payables	(36,779)	(47,554)	(35,974)
Consideration payable — current	(17,580)	(16,980)	(16,980)
Loan from an associate	(60,000)	–	–
Non-current liabilities due within one year	13,881	10,465	6,257
Other current liabilities	49,661	63,019	52,489
Lease liabilities — current	(9,183)	(8,950)	(5,792)
Long-term payables	60,000	–	–

### 2. Matters related to presentation adjustments

These adjustments for each of the Relevant Periods are presentation adjustments to bring in line the Target Group Historical Financial Information with the Company's financial statements presentation as if they are prepared under the Company's Policies.

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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*The following sets out the management discussion and analysis of Shandong Shengli for each of the three financial years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) respectively. The financial information presented in this section is extracted from the consolidated financial statements of Shandong Shengli prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (“**CAS**”). Save for certain reclassification and presentation differences, no material differences have been identified between the financial information of Shandong Shengli prepared under CAS and that prepared under Hong Kong Financial Reporting Standards. All amounts are presented in Renminbi (“**RMB**”) unless otherwise stated. Capitalised terms used in this Appendix shall have the same meanings as those defined in the Announcement and the main body of this Circular unless the context requires otherwise.*

### MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2023

#### Business review

During the year ended 31 December 2023, Shandong Shengli continued to focus on the promotion and application of clean energy natural gas business throughout the PRC. The principal activities of Shandong Shengli comprised the sale and distribution of natural gas, the construction and operation of urban natural gas pipeline networks, the operation of compressed natural gas and liquefied natural gas refuelling stations, and the provision of related installation and engineering services to industrial, commercial and residential customers across multiple provinces and cities in the PRC. Shandong Shengli also engaged in the trading of related products and the provision of comprehensive energy services in support of the national strategy for the transition towards cleaner energy.

Notwithstanding a challenging macroeconomic environment characterised by uneven recovery in industrial demand and continued volatility in upstream natural gas pricing, Shandong Shengli recorded a marginal increase in revenue and maintained stable operating performance during the year. The expansion of the gas distribution network, the addition of new connection households and the optimisation of customer mix in industrial and commercial segments contributed to the resilience of the business. Shandong Shengli also continued to invest in safety management, digitalisation of operations and the upgrading of pipeline infrastructure during the year.

#### Prospects

Looking ahead, the management of Shandong Shengli remained optimistic about the long term prospects of the clean energy natural gas industry in the PRC, supported by the national policy direction of energy transition, the dual carbon objectives and the steady urbanisation of

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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inland regions. Shandong Shengli intended to consolidate its existing operating regions, expand selectively into new service areas with attractive demand fundamentals, deepen its industrial and commercial customer base and continue to develop value added energy services in order to enhance recurring revenue streams and operational efficiency.

### Financial review

For the year ended 31 December 2023, Shandong Shengli recorded total revenue of approximately RMB4,677.17 million, representing a slight increase of approximately 0.69% compared with approximately RMB4,645.25 million for the year ended 31 December 2022. The increase was mainly attributable to the steady growth in the volume of natural gas sold and the contribution from new connection projects, partially offset by the downward adjustment of average selling prices following the moderation of upstream procurement costs.

Gross profit for the year amounted to approximately RMB749.65 million, with a gross profit margin of approximately 16.03%. The gross profit margin remained broadly stable when compared with the prior year as Shandong Shengli was generally able to pass through changes in upstream procurement costs to its end customers through the price linkage mechanism for residential gas and commercial negotiations with industrial customers. Selling and distribution expenses, administrative expenses and research and development expenses for the year were approximately RMB236.36 million, RMB130.35 million and RMB51.54 million respectively, reflecting continued investment in market expansion, safety management and the upgrading of operational systems.

Profit attributable to owners of Shandong Shengli for the year amounted to approximately RMB153.39 million, broadly in line with approximately RMB152.75 million recorded for the year ended 31 December 2022. Profit for the year amounted to approximately RMB213.64 million. Net finance costs amounted to approximately RMB96.77 million, comprising finance costs of approximately RMB115.29 million and finance income of approximately RMB18.52 million. The level of finance costs reflected the average level of interest bearing borrowings maintained during the year and the prevailing market interest rates in the PRC.

In respect of liquidity and financial resources, as at 31 December 2023, Shandong Shengli had cash and cash equivalents of approximately RMB549.55 million and restricted bank deposits of approximately RMB195.81 million. Total assets and total equity of Shandong Shengli amounted to approximately RMB6,956.08 million and RMB3,252.89 million respectively, of which equity attributable to owners of Shandong Shengli amounted to approximately RMB2,883.95 million. The funding requirements of Shandong Shengli were principally met by cash flows generated from operating activities and bank and other borrowings obtained from financial institutions in the PRC.

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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The management of Shandong Shengli was of the view that, taking into account internal cash resources and available banking facilities, Shandong Shengli had sufficient working capital to meet its operational and capital expenditure requirements as at the date of this report.

In respect of capital structure, as at 31 December 2023, the total bank and other borrowings of Shandong Shengli amounted to approximately RMB1,902.20 million, of which approximately RMB1,472.23 million was repayable within one year, approximately RMB216.01 million was repayable between one and two years, and approximately RMB213.97 million was repayable between two and five years. The borrowings were predominantly denominated in RMB and bore interest at a combination of fixed and floating rates which were broadly in line with prevailing market rates in the PRC. Shandong Shengli did not utilise any financial instruments for hedging purposes during the year.

The gearing ratio of Shandong Shengli, calculated by dividing total interest bearing borrowings by total assets, was approximately 27.35% as at 31 December 2023. As at the same date, pledged bank deposits of approximately RMB15.45 million were placed with banks as security for the issuance of bills payable. Save as disclosed above, there were no other charges on the assets of Shandong Shengli as at 31 December 2023.

In respect of foreign exchange exposure, the functional currency of Shandong Shengli and most of its subsidiaries is RMB. As substantially all of the operations, revenue and expenses, assets and liabilities of Shandong Shengli were denominated in RMB during the year, the foreign exchange exposure of Shandong Shengli was limited and no hedging arrangements were considered necessary by the management. Shandong Shengli will continue to monitor its foreign currency exposure and will consider appropriate measures should the need arise.

In respect of contingent liabilities, capital commitments, significant investments, future plans for material investments, material acquisitions and disposals, and segmental information, save as disclosed in the audited consolidated financial statements of Shandong Shengli for the year ended 31 December 2023, Shandong Shengli did not have any material contingent liabilities, did not hold any significant investments individually accounting for 5% or more of the total assets of Shandong Shengli, and did not carry out any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year. Save as disclosed in this Circular, Shandong Shengli did not have any specific plan for material investments or capital assets as at 31 December 2023. The business of Shandong Shengli is principally engaged in the sale and distribution of natural gas and related services in the PRC, and accordingly its financial performance is presented as a single reportable segment in its audited consolidated financial statements.

**Human resources**

As at 31 December 2023, Shandong Shengli employed approximately 3,773 employees in the PRC. Shandong Shengli determined the remuneration packages of its employees by reference to their qualifications, experience, position, individual performance and the prevailing market practice in the PRC. In addition to basic salaries, eligible employees were entitled to discretionary bonuses, social insurance contributions, housing fund contributions and other welfare benefits in accordance with the applicable laws and regulations in the PRC. Shandong Shengli also provided regular training programmes to its employees to enhance their professional knowledge and operational skills.

**MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2024****Business review**

During the year ended 31 December 2024, Shandong Shengli continued to operate as a clean energy natural gas group with nationwide coverage in the PRC, with principal activities comprising the sale and distribution of natural gas to residential, commercial and industrial customers, the construction and operation of urban gas pipeline networks, the operation of natural gas refuelling stations, and the provision of related installation, engineering and value added energy services. The operating footprint of Shandong Shengli covered multiple provinces and cities and continued to be supported by long term concession arrangements granted by local governments in respect of city gas operations.

During the year, the natural gas industry in the PRC continued to be affected by macroeconomic uncertainties, slower than expected recovery in certain industrial sectors and continued adjustments in upstream gas pricing mechanisms. Against this background, Shandong Shengli adopted a more disciplined approach to project selection, focused on enhancing operational efficiency, refining its customer mix and optimising the working capital cycle. The management took proactive measures to control operating costs, strengthen credit management and rationalise the level of bank and other borrowings during the year.

**Prospects**

Looking ahead, the management of Shandong Shengli expected the demand for clean energy natural gas in the PRC to continue to grow over the medium to long term, supported by the ongoing transition from coal to gas, the development of distributed energy projects and the expansion of natural gas usage in industrial parks. Shandong Shengli intended to maintain its strategic focus on existing operating regions, deepen its penetration into industrial and commercial

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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customer segments, and pursue selective inorganic growth opportunities where appropriate. The management also planned to continue investing in digitalisation, smart metering and safety management in order to support sustainable long term development.

### Financial review

For the year ended 31 December 2024, Shandong Shengli recorded total revenue of approximately RMB4,225.82 million, representing a decrease of approximately 9.65% compared with approximately RMB4,677.17 million for the year ended 31 December 2023. The decrease was primarily attributable to the downward adjustment of average selling prices following the decline in upstream procurement costs of natural gas, together with the impact of weaker demand from certain industrial customers, partially offset by the contribution from newly connected residential and commercial users.

Gross profit for the year amounted to approximately RMB682.61 million, with a gross profit margin of approximately 16.15%. The gross profit margin was slightly higher compared with that of the previous year, reflecting the moderation of upstream gas costs and the improved cost pass through resulting from refinements to the price linkage mechanism. Selling and distribution expenses, administrative expenses and research and development expenses for the year were approximately RMB237.04 million, RMB128.90 million and RMB54.18 million respectively, broadly in line with those of the previous year as Shandong Shengli continued to invest in operational excellence while exercising prudent cost control.

Profit attributable to owners of Shandong Shengli for the year amounted to approximately RMB117.24 million, representing a decrease of approximately 23.57% compared with approximately RMB153.39 million for the year ended 31 December 2023. Profit for the year amounted to approximately RMB139.01 million. The decrease in profit attributable to owners was mainly attributable to the lower revenue recorded during the year, partially offset by the modest improvement in gross profit margin, the reduction in finance costs and the disciplined control of operating expenses. Net finance costs for the year amounted to approximately RMB78.61 million, comprising finance costs of approximately RMB91.15 million and finance income of approximately RMB12.54 million.

In respect of liquidity and financial resources, as at 31 December 2024, Shandong Shengli had cash and cash equivalents of approximately RMB467.88 million, restricted bank deposits of approximately RMB277.83 million and time deposits of approximately RMB10.00 million. Total assets and total equity of Shandong Shengli amounted to approximately RMB6,647.05 million and RMB3,306.97 million respectively, of which equity attributable to owners of Shandong Shengli amounted to approximately RMB2,958.04 million. The funding requirements of Shandong Shengli continued to be met by cash flows from operating activities and bank and other borrowings

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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obtained from financial institutions in the PRC. The management of Shandong Shengli was of the view that internal cash resources together with available banking facilities were sufficient to meet the operational and capital expenditure requirements of Shandong Shengli.

In respect of capital structure, as at 31 December 2024, the total bank and other borrowings of Shandong Shengli amounted to approximately RMB1,445.77 million, of which approximately RMB1,090.42 million was repayable within one year, approximately RMB307.85 million was repayable between one and two years and approximately RMB47.50 million was repayable between two and five years. The borrowings were predominantly denominated in RMB and bore interest at a combination of fixed and floating rates which were broadly in line with prevailing market rates in the PRC. The reduction in total borrowings during the year reflected the active deleveraging initiatives undertaken by the management. Shandong Shengli did not utilise any financial instruments for hedging purposes during the year.

The gearing ratio of Shandong Shengli, calculated by dividing total interest bearing borrowings by total assets, was approximately 21.75% as at 31 December 2024. As at the same date, pledged bank deposits of approximately RMB50.00 million were placed with banks as security for the issuance of bills payable and short term borrowings. Save as disclosed above, there were no other charges on the assets of Shandong Shengli as at 31 December 2024.

In respect of foreign exchange exposure, the functional currency of Shandong Shengli and most of its subsidiaries continued to be RMB. As substantially all of the operations, revenue and expenses, assets and liabilities of Shandong Shengli were denominated in RMB during the year, the foreign exchange exposure of Shandong Shengli was limited and no hedging arrangements were considered necessary by the management.

In respect of contingent liabilities, capital commitments, significant investments, future plans for material investments, material acquisitions and disposals, and segmental information, save as disclosed in the audited consolidated financial statements of Shandong Shengli for the year ended 31 December 2024, Shandong Shengli did not have any material contingent liabilities, did not hold any significant investments individually accounting for 5% or more of the total assets of Shandong Shengli, and did not carry out any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year. Save as disclosed in this Circular, Shandong Shengli did not have any specific plan for material investments or capital assets as at 31 December 2024. The business of Shandong Shengli continued to be presented as a single reportable segment in its audited consolidated financial statements.

**Human resources**

As at 31 December 2024, Shandong Shengli employed approximately 4,260 employees in the PRC, representing an increase compared with the previous year, primarily as a result of the expansion of the operational footprint and the consolidation of newly connected service areas. The remuneration packages of employees continued to be determined by reference to their qualifications, experience, position, individual performance and prevailing market practice in the PRC. In addition to basic salaries, eligible employees were entitled to discretionary bonuses, social insurance contributions, housing fund contributions and other welfare benefits in accordance with the applicable laws and regulations in the PRC.

**MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2025****Business review**

During the year ended 31 December 2025, Shandong Shengli continued its principal business of the promotion and application of clean energy natural gas throughout the PRC, embracing the sale and distribution of natural gas, the construction and operation of urban natural gas pipeline networks, the operation of natural gas refuelling stations, and the provision of installation, engineering and related value added energy services to residential, commercial and industrial customers. Shandong Shengli further consolidated its operations in its principal regions and continued to selectively expand the scope of its services, with a particular focus on the deepening of penetration in higher value industrial and commercial customer segments and the development of integrated energy solutions.

During the year, the natural gas industry in the PRC continued to undergo structural adjustments, with the gradual implementation of further upstream pricing reforms and the orderly progression of the market based pricing mechanism. Shandong Shengli responded by reinforcing its safety management, deepening operational efficiency, refining its capital allocation discipline, and continuing the orderly reduction of interest bearing borrowings. The recovery in profitability during the year demonstrated the resilience of the business model and the effectiveness of the operating measures undertaken by the management.

**Prospects**

Looking ahead, the management of Shandong Shengli expected that the integration with the Group following Completion would create meaningful synergies through the combination of the upstream resource access and downstream distribution capabilities of the enlarged group, the optimisation of natural gas procurement and the sharing of operational best practices. The

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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management intended to continue investing in network safety, digital infrastructure and customer service capabilities, while exploring opportunities arising from the development of distributed energy, hydrogen and other clean energy solutions over the medium to long term, in order to support the sustainable development of Shandong Shengli and create long term value for shareholders.

### Financial review

For the year ended 31 December 2025, Shandong Shengli recorded total revenue of approximately RMB4,165.11 million, representing a decrease of approximately 1.44% compared with approximately RMB4,225.82 million for the year ended 31 December 2024. The slight decrease was mainly attributable to the further moderation of average selling prices following the continued downward adjustment of upstream procurement costs, partially offset by the steady growth in the volume of natural gas sold and the increase in the number of connected residential and commercial users.

Gross profit for the year amounted to approximately RMB679.14 million, with a gross profit margin of approximately 16.31%. The further improvement in gross profit margin reflected the continued moderation of upstream procurement costs, the optimisation of customer mix in favour of higher margin industrial and commercial customers, and the disciplined management of variable operating costs. Selling and distribution expenses, administrative expenses and research and development expenses for the year were approximately RMB195.11 million, RMB131.14 million and RMB22.56 million respectively, with the reduction in selling and distribution expenses and research and development expenses reflecting tighter cost control and the completion of certain research and development projects during the year.

Profit attributable to owners of Shandong Shengli for the year amounted to approximately RMB155.77 million, representing an increase of approximately 32.87% compared with approximately RMB117.24 million for the year ended 31 December 2024. Profit for the year amounted to approximately RMB205.20 million. The increase in profit was mainly attributable to the improvement in gross profit margin, the reduction in operating expenses and the further reduction in finance costs as a result of the continued deleveraging initiatives undertaken by the management. Net finance costs for the year amounted to approximately RMB54.17 million, comprising finance costs of approximately RMB62.53 million and finance income of approximately RMB8.36 million.

In respect of liquidity and financial resources, as at 31 December 2025, Shandong Shengli had cash and cash equivalents of approximately RMB412.43 million and restricted bank deposits of approximately RMB130.85 million. Total assets and total equity of Shandong Shengli amounted to approximately RMB6,236.94 million and RMB3,381.39 million respectively, of which equity

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## APPENDIX V MANAGEMENT DISCUSSION AND ANALYSIS OF SHANDONG SHENGLI

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attributable to owners of Shandong Shengli amounted to approximately RMB3,054.04 million. The funding requirements of Shandong Shengli continued to be met by cash flows from operating activities and bank and other borrowings obtained from financial institutions in the PRC. The management of Shandong Shengli was of the view that, taking into account internal cash resources and available banking facilities, Shandong Shengli had sufficient working capital to meet its operational and capital expenditure requirements as at the date of this report.

In respect of capital structure, as at 31 December 2025, the total bank and other borrowings of Shandong Shengli amounted to approximately RMB1,149.78 million, of which approximately RMB959.68 million was repayable within one year, approximately RMB127.90 million was repayable between one and two years and approximately RMB62.20 million was repayable between two and five years. The borrowings were predominantly denominated in RMB and bore interest at a combination of fixed and floating rates which were broadly in line with prevailing market rates in the PRC. The continued reduction in total borrowings during the year reflected the disciplined deleveraging initiatives and the strengthened operating cash flow generation of Shandong Shengli. Shandong Shengli did not utilise any financial instruments for hedging purposes during the year.

The gearing ratio of Shandong Shengli, calculated by dividing total interest bearing borrowings by total assets, was approximately 18.43% as at 31 December 2025. As at the same date, pledged bank deposits of approximately RMB15.00 million were placed with banks as security for the issuance of bills payable. Save as disclosed above, there were no other charges on the assets of Shandong Shengli as at 31 December 2025.

In respect of foreign exchange exposure, the functional currency of Shandong Shengli and most of its subsidiaries continued to be RMB. As substantially all of the operations, revenue and expenses, assets and liabilities of Shandong Shengli were denominated in RMB during the year, the foreign exchange exposure of Shandong Shengli was limited and no hedging arrangements were considered necessary by the management.

In respect of contingent liabilities, capital commitments, significant investments, future plans for material investments, material acquisitions and disposals, and segmental information, save as disclosed in the audited consolidated financial statements of Shandong Shengli for the year ended 31 December 2025 and as otherwise disclosed in this Circular, Shandong Shengli did not have any material contingent liabilities, did not hold any significant investments individually accounting for 5% or more of the total assets of Shandong Shengli, and did not carry out any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year. Save as disclosed in this Circular, Shandong Shengli did not have any specific plan for material investments or capital assets as at 31 December 2025. The business of Shandong Shengli continued to be presented as a single reportable segment in its audited consolidated financial statements.

**Human resources**

As at 31 December 2025, Shandong Shengli employed approximately 4,265 employees in the PRC, broadly stable when compared with the previous year. The remuneration packages of employees continued to be determined by reference to their qualifications, experience, position, individual performance and prevailing market practice in the PRC. In addition to basic salaries, eligible employees were entitled to discretionary bonuses, social insurance contributions, housing fund contributions and other welfare benefits in accordance with the applicable laws and regulations in the PRC. Shandong Shengli also continued to provide regular training programmes to its employees to enhance their professional knowledge and operational skills, with a particular emphasis on safety management, customer service and digitalisation of operations.

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## APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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### (A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

#### 1. Introduction

The following is the unaudited pro forma financial information of the Enlarged Group, being the Group together with Shandong Shengli, which comprises the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 and related notes (collectively, the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information presented below has been prepared to illustrate (i) the financial position of the Enlarged Group as at 31 December 2025 as if the Proposed Transactions had been completed on 31 December 2025; and (ii) the financial results and cash flows of the Enlarged Group for the year ended 31 December 2025 as if the Proposed Transactions had been completed on 1 January 2025. Details of the Proposed Transactions are set out in the section headed “Letter from the Board” in this Circular.

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company in accordance with Paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Proposed Transactions only. The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties and, because of its hypothetical nature, it may not give a true picture of the financial position, financial results and cash flows of the Enlarged Group had the Proposed Transactions been completed as at 31 December 2025 or 1 January 2025, where applicable, or at any future dates.

Narrative descriptions of the unaudited pro forma adjustments that are directly attributable to the Proposed Transactions and factually supportable are summarised in the accompanying notes to the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2025, and other financial information included elsewhere in this Circular.

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

**2. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 31 December 2025**

	Pro forma adjustments							The Enlarged Group as at 31 December 2025	
	The Group as at 31 December 2025	Shandong Shengli as at 31 December 2025	Other pro forma adjustments						
	<i>HK\$'000</i> (Note 2)	<i>HK\$'000</i> (Note 3)	<i>HK\$'000</i> (Note 4)	<i>HK\$'000</i> (Note 5)	<i>HK\$'000</i> (Note 6)	<i>HK\$'000</i> (Note 7)	<i>HK\$'000</i> (Note 8)		<i>HK\$'000</i> (Note 13)
<b>ASSETS</b>									
<b>Non-current assets</b>									
Investment properties	146,411	70,067						216,478	
Property, plant and equipment	9,942,375	2,307,603						12,249,978	
Right-of-use assets	474,685	181,447						656,132	
Exploration and evaluation assets	36,352	-						36,352	
Intangible assets	1,038,789	1,319,584			(401,734)			1,956,639	
Investment in subsidiaries	-	-	1,069,136	818,295	(1,887,431)			-	
Investments accounted for using the equity method	1,598,882	588,808		(1,188,122)				999,568	
Financial assets at fair value through other comprehensive income ("FVOCI")	170,558	291,438						461,996	
Other non-current assets	1,289,108	15,573						1,304,681	
Deferred tax assets	44,328	167,209						211,537	
	<u>14,741,488</u>	<u>4,941,729</u>	<u>1,069,136</u>	<u>(369,827)</u>	<u>(2,289,165)</u>	<u>-</u>	<u>-</u>	<u>18,093,361</u>	
<b>Current assets</b>									
Inventories	224,915	381,420						606,335	
Contract assets, deposits, trade and other receivables	2,029,657	975,162				(143,781)		2,861,038	
Current tax recoverable	5,879	971						6,850	
Pledged and restricted deposits	-	161,898						161,898	
Time deposits with maturity over three months	2,933,828	-						2,933,828	
Cash and cash equivalents	2,137,051	457,794	173,041		(173,041)	(13,328)		2,581,517	
	<u>7,331,330</u>	<u>1,977,245</u>	<u>173,041</u>	<u>-</u>	<u>(173,041)</u>	<u>(13,328)</u>	<u>(143,781)</u>	<u>9,151,466</u>	
<b>Total assets</b>	<u><u>22,072,818</u></u>	<u><u>6,918,974</u></u>	<u><u>1,242,177</u></u>	<u><u>(369,827)</u></u>	<u><u>(2,462,206)</u></u>	<u><u>(13,328)</u></u>	<u><u>(143,781)</u></u>	<u><u>-</u></u>	<u><u>27,244,827</u></u>

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

	Pro forma adjustments								The Enlarged Group as at 31 December 2025
	The Group as at 31 December 2025	Shandong Shengli as at 31 December 2025	Other pro forma adjustments						
	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000 (Note 13)	
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Trade and other payables	1,833,656	996,212					(143,762)		2,686,106
Contract liabilities	2,350,444	638,708					(19)		2,989,133
Short-term borrowings	1,512,617	1,065,243							2,577,860
Senior notes	2,632,710	-							2,632,710
Current tax payable	189,145	36,604							225,749
Lease liabilities	8,006	6,429							14,435
	<u>8,526,578</u>	<u>2,743,196</u>	-	-	-	-	<u>(143,781)</u>	-	<u>11,125,993</u>
<b>Non-current liabilities</b>									
Long-term borrowings	5,150,046	211,011							5,361,057
Lease liabilities	55,028	47,418							102,446
Deferred tax liabilities	412,881	153,525							566,406
Deferred income	-	10,480							10,480
Assets retirement obligation	170,132	-							170,132
	<u>5,788,087</u>	<u>422,434</u>	-	-	-	-	-	-	<u>6,210,521</u>
<b>Total liabilities</b>	<u>14,314,665</u>	<u>3,165,630</u>	-	-	-	-	<u>(143,781)</u>	-	<u>17,336,514</u>
<b>EQUITY</b>									
<b>Equity attributable to owners of the Company</b>									
Share capital	56,368	976,894			(976,894)				56,368
Reserves	3,968,115	2,413,086	1,039,791	(369,827)	(2,413,086)	(9,150)		(154,313)	4,474,616
	<u>4,024,483</u>	<u>3,389,980</u>	<u>1,039,791</u>	<u>(369,827)</u>	<u>(3,389,980)</u>	<u>(9,150)</u>	-	<u>(154,313)</u>	<u>4,530,984</u>
<b>Non-controlling interests</b>	3,733,670	363,364	202,386	-	927,774	(4,178)		154,313	5,377,329
<b>Total equity</b>	<u>7,758,153</u>	<u>3,753,344</u>	<u>1,242,177</u>	<u>(369,827)</u>	<u>(2,462,206)</u>	<u>(13,328)</u>	-	-	<u>9,908,313</u>
<b>Total equity and liabilities</b>	<u><u>22,072,818</u></u>	<u><u>6,918,974</u></u>	<u><u>1,242,177</u></u>	<u><u>(369,827)</u></u>	<u><u>(2,462,206)</u></u>	<u><u>(13,328)</u></u>	<u><u>(143,781)</u></u>	<u><u>-</u></u>	<u><u>27,244,827</u></u>

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

**3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the year ended 31 December 2025**

	Pro forma adjustments						The Enlarged Group for the year ended 31 December 2025	
	The Group for the year ended 31 December 2025	Shandong Shengli for the year ended 31 December 2025	Other pro forma adjustments					
		HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 5)	HK\$'000 (Note 7)	HK\$'000 (Notes 8 and 9)		HK\$'000 (Note 10)
Revenue	15,158,592	4,498,317			(139,304)		19,517,605	
Cost of sales	(13,096,899)	(3,764,838)			139,304		(16,722,433)	
Gross profit	2,061,693	733,479	-	-	-	-	2,795,172	
Other income	39,183	24,917					64,100	
Other gains, net	30,391	(13,478)	(341,311)			5,998	(318,400)	
Selling and distribution costs	(95,153)	(210,717)					(305,870)	
Administrative expenses	(570,382)	(187,924)		(13,328)			(771,634)	
Net impairment losses on financial and contract assets	(38,544)	(23,273)					(61,817)	
Net impairment losses on property, plant and equipment	(253,391)	-					(253,391)	
Operating profit	1,173,797	323,004	(341,311)	(13,328)	-	5,998	-	1,148,160
Finance income	223,663	9,031						232,694
Finance costs	(429,679)	(67,533)						(497,212)
Share of profits of investments accounted for using the equity method	64,169	22,326			(49,110)			37,385
Profit before taxation	1,031,950	286,828	(341,311)	(13,328)	(49,110)	5,998	-	921,027
Taxation	(407,483)	(65,209)						(472,692)
Profit for the year	624,467	221,619	(341,311)	(13,328)	(49,110)	5,998	-	448,335

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

	Pro forma adjustments						The Enlarged Group for the year ended 31 December 2025
	The Group for the year ended 31 December 2025	Shandong Shengli for the year ended 31 December 2025	Other pro forma adjustments				
		HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 5)	HK\$'000 (Note 7)	HK\$'000 (Notes 8 and 9)	
Other comprehensive income:							
<i>Items that may be reclassified to profit or loss</i>							
Currency translation differences	550,364	-	64,521		(52,775)		562,110
Change in value of debt investments at fair value through other comprehensive income	(4,672)	-					(4,672)
<i>Items that will not be reclassified to profit or loss</i>							
Change in value of equity investments at fair value through other comprehensive income	(2,341)	(10,716)					(13,057)
Other comprehensive income for the year, net of tax	543,351	(10,716)	64,521	-	(52,775)	-	544,381
Total comprehensive income for the year	1,167,818	210,903	(276,790)	(13,328)	(101,885)	5,998	992,716
Profit/(loss) for the year attributable to:							
Owners of the Company	80,719	168,239	(341,311)	(9,150)	(49,110)	5,998	(313,490)
Non-controlling interests	543,748	53,380		(4,178)		-	761,825
	624,467	221,619	(341,311)	(13,328)	(49,110)	5,998	448,335
Total comprehensive income for the year attributable to:							
Owners of the Company	367,301	157,989	(276,790)	(9,150)	(101,885)	5,998	(25,412)
Non-controlling interests	800,517	52,914		(4,178)		-	1,018,128
	1,167,818	210,903	(276,790)	(13,328)	(101,885)	5,998	992,716

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

**4. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the year ended 31 December 2025**

	Pro forma adjustments						The Enlarged Group for the year ended 31 December 2025
	The Group for the year ended 31 December 2025	Shandong Shengli for the year ended 31 December 2025	Other pro forma adjustments				
			HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 5)	HK\$'000 (Note 7)	
<b>Cash flows from operating activities</b>							
Profit for the year	624,467	221,619	(341,311)	(13,328)	5,998	(49,110)	448,335
Adjustments for:							
Taxation	407,483	65,209					472,692
Finance costs	429,679	67,533					497,212
Finance income	(187,723)	(9,031)					(196,754)
Share of profit of investments accounted for using the equity method, net	(64,169)	(22,326)	341,311			49,110	303,926
Dividend income from equity investments at FVOCI	(1,526)	(13,600)					(15,126)
Amortisation of intangible assets	13,102	2,066					15,168
Depreciation and depletion of property, plant and equipment	627,217	116,506					743,723
Depreciation of right-of-use assets	27,255	16,692					43,947
Depreciation of investment properties	2,466	–					2,466
Net impairment losses on property, plant and equipment	253,391	–					253,391
Net impairment losses on financial and contract assets	38,544	23,272					61,816
Gains on disposal of subsidiaries	(841)	–					(841)
(Gains)/losses on disposal of an associate	(13,322)	–					(13,322)
(Gains)/losses on disposal of property, plant and equipment and right-of-use assets	(16,602)	3,399					(13,203)
Written off of exploration and evaluation assets	6,689	–					6,689
Provision on inventory	4,140	(5)					4,135
Written off of intangible assets	199	–					199
Impairment loss on goodwill	–	5,998			(5,998)		–
Gain on fair value change of investment properties	–	7,295					7,295
	2,150,449	484,627	–	(13,328)	–	–	2,621,748

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

	Pro forma adjustments						The Enlarged Group for the year ended 31 December 2025
	The Group for the year ended 31 December 2025	Shandong Shengli for the year ended 31 December 2025	Other pro forma adjustments				
	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	<i>HK\$'000</i> <i>(Note 7)</i>	<i>HK\$'000</i> <i>(Note 10)</i>	<i>HK\$'000</i> <i>(Note 12)</i>	
Changes in working capital:							
Inventories	75,002	(59,516)					15,486
Contract assets, deposits, trade and other receivables	(39,530)	60,056					20,526
Trade and other payables	166,187	10,927					177,114
Contract liabilities	(478,724)	(115,506)					(594,230)
<b>Cash generated from operations</b>	<b>1,873,384</b>	<b>380,588</b>	-	<b>(13,328)</b>	-	-	<b>2,240,644</b>
Taxation paid	(410,966)	(46,397)					(457,363)
<b>Net cash generated from operating activities</b>	<b>1,462,418</b>	<b>334,191</b>	-	<b>(13,328)</b>	-	-	<b>1,783,281</b>
<b>Cash flows from investing activities</b>							
Interest received	123,766	9,030					132,796
Dividend received	15,542	238,843				(8,847)	245,538
Purchases of property, plant and equipment, exploration and evaluation assets and prepaid construction costs	(635,769)	(127,776)					(763,545)
Purchase of land use rights	(46,934)	(20,998)					(67,932)
Proceeds from disposal of property, plant and equipment	16,602	7,673					24,275
Purchases of other intangible assets	(15,549)	(19,187)					(34,736)
Purchases of financial assets at FVOCI	(6,975)	-					(6,975)
Proceeds from disposal of financial assets at FVOCI	7,586	-					7,586
Repayment from associates	86,400	-					86,400
Advance to an associate	(26,524)	-					(26,524)
Proceeds from disposal of an associate	30,987	-					30,987
Increase in time deposits with maturity over three months	(1,038,583)	(97,200)					(1,135,783)
Proceeds from disposal of subsidiaries	19,872	31,089					50,961
Site restoration expenditure	(4,746)	-					(4,746)
Decrease in pledged deposits	-	37,800					37,800
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,474,325)</b>	<b>59,274</b>	-	-	-	<b>(8,847)</b>	<b>(1,423,898)</b>

**APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE ENLARGED GROUP**

	Pro forma adjustments						The Enlarged Group for the year ended 31 December 2025
	The Group for the year ended 31 December 2025	Shandong Shengli for the year ended 31 December 2025	Other pro forma adjustments				
			HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 5)	HK\$'000 (Note 7)	
<b>Cash flows from financing activities</b>							
Interest paid	(228,079)	(58,755)					(286,834)
New borrowings raised	2,077,427	1,008,034					3,085,461
Repayment of senior notes	(397,696)	–					(397,696)
Repayments of borrowings	(1,302,026)	(1,277,517)					(2,579,543)
Dividend paid to shareholders	–	(39,921)				39,921	–
Dividend paid to non-controlling interests	(627,567)	(49,034)				(19,517)	(696,118)
Principal elements of lease payments	(14,660)	(8,851)					(23,511)
Changes in the ownership interests in subsidiaries	6,315	(27,309)					(20,994)
<b>Net cash used in financing activities</b>	<b>(486,286)</b>	<b>(453,353)</b>	–	–	–	<b>20,404</b>	<b>(919,235)</b>
Net (decrease)/increase in cash and cash equivalents	(498,193)	(59,888)	–	(13,328)	–	11,557	(559,852)
Cash and cash equivalents at 1 January 2025	2,565,505	505,309					3,070,814
Effect of foreign exchange rate changes	69,739	–					69,739
Cash and cash equivalents at 31 December 2025	2,137,051	445,421	–	(13,328)	–	11,557	2,580,701

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## APPENDIX VI      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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### 5. Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The Proposed Transactions refer to the disposal of 100% equity interest of China Oil and Gas (Zhuhai Hengqin) Company Limited<sup>1</sup> (中油燃氣(珠海橫琴)有限公司), 100% equity interest of Tiandashengtong New Energy (Zhuhai) Co., Ltd.<sup>1</sup> (天達勝通新能源(珠海)有限公司), 51% of equity interest of Nantong Oil & Gas Co., Ltd.<sup>1</sup> (南通中油燃氣有限責任公司) and 40% of equity interest of Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.<sup>1</sup> (青海中油甘河工業園區燃氣有限公司) (together, the “Target Companies”) together with a performance commitment on Target Companies by the Group to Shandong Shengli in exchange for 521,225,770 newly allotted shares of Shandong Shengli and a cash consideration of approximately RMB155,893,000 upon the completion of the Proposed Transactions. Since Tiandashengtong New Energy (Zhuhai) Co., Ltd. also owns 49% equity interest of Nantong Oil & Gas Co., Ltd. and 40% of equity interest of Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd., effectively 100% of equity interest of Nantong Oil & Gas Co., Ltd. and 80% of equity interest of Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd. would have been transferred from the Group to Shandong Shengli upon the completion of the Proposed Transactions. Except for China City Natural Gas Investment Group Co., Ltd.<sup>1</sup> (中油中泰燃氣投資集團有限公司, hereafter referred to as “CCNG”) which is a 51% owned subsidiary, the other sellers are wholly owned subsidiaries of the Company.

Prior to the Proposed Transactions, the Group owned 195,027,219 shares of Shandong Shengli (representing 22.16% equity interest of Shandong Shengli prior to the Proposed Transactions) and such investment is accounted for using equity method in the Group’s consolidated financial statements, while the Target Companies were subsidiaries of the Group and hence consolidated in the Group’s consolidated financial statements.

Upon completion of the Proposed Transactions, the Group will own 716,252,989 shares of Shandong Shengli in total (representing approximately 51.11% equity interest of Shandong Shengli as enlarged) and hence Shandong Shengli will become a non-wholly owned subsidiary of the Enlarged Group, while the Target Companies, which will become subsidiaries of Shandong Shengli, will remain as subsidiaries of the Enlarged Group.

The date of completion of the Proposed Transactions is assumed to be the date of acquiring control over Shandong Shengli and also the date of disposing interests in the Target Companies to Shandong Shengli.

Consequently, the outcome of the Proposed Transactions to the Enlarged Group will include:

- (a) a reduction of interest in the Target Companies attributable to the Company without losing control, which will be accounted for as equity transactions in accordance with Hong Kong Financial Reporting Standard 10, *Consolidated Financial Statements*; and

<sup>1</sup> The official names of these companies are in Chinese and the English names here are for identification purposes only.

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- (b) a business combination of Shandong Shengli achieved in stages under Hong Kong Financial Reporting Standard 3, *Business Combinations*, with the Group's previously held equity interest in Shandong Shengli deemed disposed and subsequently repurchased at fair value at the date of completion of the Proposed Transactions.
2. The amounts are extracted from the consolidated financial statements of the Group for the year ended 31 December 2025 as set out in the Company's published annual report for the year ended 31 December 2025.
  3. The amounts included in the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group are based on the financial information of Shandong Shengli as at and for the year ended 31 December 2025 as set out in section headed "Target Group's Unaudited Adjusted Financial Information under the Company's Policies" in Appendix IV to this circular. The amounts included in the unaudited pro forma consolidated statement of cash flows of the Enlarged Group are prepared by directors of the Company based on the accounting records of Shandong Shengli. For the purposes of the Unaudited Pro Forma Financial Information, the amounts included in unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows are translated into Hong Kong dollars using an exchange rate of RMB1 to HK\$1.08, being the average exchange rate adopted by the Group for the year ended 31 December 2025, and the amounts included under unaudited pro forma consolidated statement of financial position are translated into Hong Kong dollars using an exchange rate of RMB1 to HK\$1.11, being the exchange rate adopted by the Group as at 31 December 2025. No representation is made that RMB denominated amounts have been, could have been or could be converted to HK\$, or vice versa, at the rates applied or at any other rates or at all.
  4. The adjustment represents disposal of the Group's equity interests in the Target Companies in exchange for a cash consideration of approximately HK\$173,041,000 (denominated in RMB155,893,000 and translated into Hong Kong dollars using an exchange rate of RMB1 to HK\$1.11) and 521,225,770 newly allotted shares of Shandong Shengli.

Shandong Shengli announced the Proposed Transactions on 28 October 2025 and there has been a considerable increase in its share price thereafter. The directors of the Company considered the market capitalisation of Shandong Shengli on or after 28 October 2025 has already reflected the value of the Target Companies which should be excluded in determining the fair value of 521,225,770 newly allotted shares of Shandong Shengli to be received by the Group. Hence, for the purpose of the Unaudited Pro Forma Financial Information, the directors of the Company has assumed that the fair value of the 521,225,770 newly allotted shares of Shandong Shengli to be received by the Group is approximately HK\$1,069,136,000, determined on a basis that excludes the value of the Target Companies. In adopting this assumption, the directors of the Company have considered that a post-completion fair value of Shandong Shengli would otherwise already reflect the value of the Target Companies contributed under the Proposed Transactions and would therefore not provide an appropriate basis for the value of the relevant interests in Shandong Shengli to be received by the Group in the Unaudited Proforma Financial Information. The amount is calculated with reference to

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the market capitalisation of Shandong Shengli of approximately HK\$3,692,659,000 as at 27 October 2025, being the date immediately prior to the announcement of the Proposed Transactions, and translated into Hong Kong dollars using an exchange rate of RMB1 to HK\$1.11, being the exchange rate adopted by the Group as at 31 December 2025.

As disclosed in Note 1, the Target Companies will remain as subsidiaries of the Enlarged Group upon the completion of the Proposed Transactions. Since the disposal will result in the reduction of interest in the Target Companies attributable to the Company without losing control, it will be accounted for as a transaction with the non-controlling shareholders of the Target Companies in their capacity as equity holders. Accordingly, for the purpose of Unaudited Pro Forma Financial Information, the difference between (i) of the fair value of consideration assumed to be received by the Group for the ownership change in the Target Companies and (ii) the carrying amount of the portion of the net assets of the Target Companies assumed to become attributable to the non-controlling interests of the Enlarged Group upon completion of the Proposed Transaction is recognised directly in reserves of the Enlarged Group as follows:

	<i>HK\$'000</i>
Cash consideration received	173,041
Fair value of 521,225,770 newly allotted shares of Shandong Shengli, excluding the fair value of the Target Companies	1,069,136
Fair value of consideration received	1,242,177
Less:	
Net assets of the Target Companies being disposed to the non-controlling shareholders of the Target Companies*	(202,386)
<b>The excess recognised directly in the reserves of Enlarged Group</b>	<b>1,039,791</b>

\* Upon completion of the Proposed Transactions, the Company is expected to hold 51.11% in Shandong Shengli and hence Shandong Shengli is expected to become a non-wholly owned subsidiary of the Enlarged Group. Accordingly, for the purpose of the Unaudited Proforma Financial Information, although the Target Companies are expected to remain subsidiaries of the Enlarged Group, 48.89% of the Group's existing interests in the Target Companies would become attributable to the non-controlling interests of the Enlarged Group through their interests in Shandong Shengli as a result of the Proposed Transactions.

No representation is made that RMB denominated amounts have been, could have been or could be converted to HK\$, or vice versa, at the rates applied or at any other rates or at all.

In accordance with the Share Swap Agreement, the Group has agreed to provide compensations to Shandong Shengli if the Target Companies do not meet the performance target for the next three years from the completion of the Proposed Transaction. Details of the performance commitments and compensations have been set out in section headed "Letter From the Board" in this Circular. Had there be any performance compensation, save for the reserves attributable to the Company and

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non-controlling interests within equity, the impact on net assets, financial performance and cash flows will be eliminated in the consolidation financial information of the Enlarged Group. For the purpose of this Unaudited Pro Forma Financial Information, the directors of the Company have assumed that the probability of triggering the performance compensation under the Share Swap Agreement is remote and, accordingly, the corresponding financial impact upon completion of the Proposed Transactions would be negligible.

5. The adjustment represents the deemed disposal of 195,027,219 shares of Shandong Shengli owned by the Group prior to the Proposed Transactions, or 22.16% equity interest in Shandong Shengli, as described in Note 1(b). For the purpose of the Unaudited Pro Forma Financial Information, the fair value of the Group's previously-held 22.16% equity interest in Shandong Shengli at the assumed date of the completion of the Proposed Transactions is taken to be approximately HK\$818,295,000 on a basis that excludes the value of the Target Companies. The amount is determined with reference to the market capitalisation of Shandong Shengli of approximately HK\$3,692,659,000 as disclosed in Note 4. Estimated loss arising from the deemed disposal is calculated as follows:

*For the unaudited pro forma consolidated statement of financial position as if the Proposed Transactions had been completed on 31 December 2025*

	<i>HK\$'000</i>
The completion-date fair value of the 22.16% equity interest in Shandong Shengli held by the Group, excluding the fair value of the Target Companies	818,295
Less:	
Carrying amount of Group's investment in Shandong Shengli as at 31 December 2025	<u>(1,188,122)</u>
	(369,827)
Effect of recycling of exchange reserves relating to Shandong Shengli as at 31 December 2025	<u>(11,748)</u>
<b>Estimated loss on deemed disposal</b>	<b><u><u>(381,575)</u></u></b>

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*For the unaudited pro forma consolidated statement of comprehensive income as if the Proposed Transactions had been completed on 1 January 2025*

*HK\$'000*

The completion-date fair value of the 22.16% equity interest in Shandong Shengli held by the Group, excluding the fair value of the Target Companies	818,295
Less:	
Carrying amount of Group's investment in Shandong Shengli as at 1 January 2025	(1,095,085)
	(276,790)
Effect of recycling of exchange reserves relating to Shandong Shengli as at 1 January 2025	(64,521)
<b>Estimated loss on deemed disposal</b>	<b><u>(341,311)</u></b>

No representation is made that RMB denominated amounts have been, could have been or could be converted to HK\$, or vice versa, at the rates applied or at any other rates or at all. Loss on deemed disposal is subject to, among other things, change of Shandong Shengli's share price and recycling of exchange reserves relating to Shandong Shengli on the completion date of the Proposed Transactions. This adjustment is not expected to have a continuing effect on the Enlarged Group.

6. The adjustment represents the pro forma acquisition accounting entries upon the Group obtaining control of Shandong Shengli, including consolidation entries for the elimination of the investment cost in Shandong Shengli, and allocation of the cost of acquisition to the identifiable assets acquired and liabilities assumed by the Group and the resulted goodwill on consolidation. Upon completion of the Proposed Transactions, the Group will apply the acquisition method in accordance with Hong Kong Financial Reporting Standard 3, *Business Combinations* to account for the acquisition of Shandong Shengli, with the identifiable assets and liabilities of the Shandong Shengli being initially recognised at the completion-date fair value in the consolidated financial statements of the Enlarged Group.

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Pro forma adjustment with respect to goodwill arising from the Proposed Transactions is analysed as follows:

*HK\$'000*

**Consideration of the business combination**

— The completion-date fair value of the previously interests in Shandong Shengli (195,027,219 shares), excluding the fair value of the Target Companies ( <i>Note 5</i> )	818,295
— The completion-date fair value of 521,225,770 newly allotted shares of Shandong Shengli, excluding the fair value of the Target Companies ( <i>Note 4</i> )	1,069,136
	1,069,136
Total completion-date fair value of 716,552,989 shares of Shandong Shengli, excluding the fair value of the Target Companies	1,887,431
Less:	
Fair value of the net identifiable assets of Shandong Shengli*	(2,261,161)
Add:	
Non-controlling interests relating to Shandong Shengli arising from the Proposed Transactions <sup>#</sup>	1,291,138
	1,291,138
Goodwill arising from the Proposed Transactions	917,408
Less:	
Goodwill on the consolidated statement of financial position of Shandong Shengli*	(1,319,142)
	(1,319,142)
<b>Net adjustment on goodwill</b>	<b>(401,734)</b>
	<b>(401,734)</b>

\* For the purpose of the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group and for illustrative purpose, the directors of the Company have assumed that, except as explained below, the carrying values of the identifiable assets and liabilities of Shandong Shengli as at 31 December 2025 as set out in Appendix IV to this Circular approximated their fair values. On that basis, the fair value of the identifiable net assets of Shandong Shengli acquired is assumed to be approximately HK\$2,261,161,000, derived from the net assets of Shandong Shengli of approximately HK\$3,753,344,000 (being RMB3,381,391,000 translated into HK\$ at exchange rate of RMB1 to HK\$1.11) after excluding (i) goodwill of approximately HK\$1,319,142,000 (being RMB1,188,417,000 translated into HK\$ at exchange rate of RMB1 to HK\$1.11) already recognised in Shandong Shengli's consolidated financial statements and (ii) cash consideration to be paid by Shandong Shengli to the Group of approximately HK\$173,041,000 (denominated in RMB155,893,000 and translated into Hong Kong dollars using an exchange rate of RMB1 to HK\$1.11) under the completion of the Proposed Transactions, as that payable is assumed not to form part of the identifiable net assets acquired.

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# Non-controlling interests relating to Shandong Shengli arising from the Proposed Transactions include:

	<i>HK\$'000</i>
Identifiable net assets of Shandong Shengli acquired	2,261,161
Less:	
Identifiable net assets acquired that are attributable to the non-wholly owned subsidiaries of Shandong Shengli	(363,364)
	1,897,797
Portion attributable to non-controlling interest in Shandong Shengli	48.89%
<b>Net adjustment on non-controlling interest</b>	<b>927,774</b>
Add:	
Identifiable net assets acquired that are attributable to non-wholly owned subsidiaries of Shandong Shengli	363,364
<b>Non-controlling interests relating to Shandong Shengli arising from the Proposed Transactions</b>	<b>1,291,138</b>

No representation is made that RMB denominated amounts have been, could have been or could be converted to HK\$, or vice versa, at the rates applied or at any other rates or at all.

7. The adjustment represents the estimated transaction costs of approximately HK\$13,328,000, including expenses incurred by the Company of HK\$6,000,000 and expenses incurred by Shandong Shengli of HK\$7,328,000, including the accountancy, legal, valuation and other professional services related to the Proposed Transactions. The expenses are charged to profit or loss directly. For the purpose of unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group, expenses incurred by Shandong Shengli is split between its owners and non-controlling interest accordingly. This adjustment is not expected to have a continuing effect on the Enlarged Group.
  
8. The adjustment represents the elimination of inter-company balances and sales and purchases between the Group and Shandong Shengli as at and for the year ended 31 December 2025. Elimination of sales and purchases is expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income.
  
9. The adjustment represents reversal of equity accounting of Shandong Shengli for the year ended 31 December 2025 had the Proposed Transactions been completed on 1 January 2025 for the purpose of the unaudited pro forma consolidated statement of

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comprehensive income with respect to the Group's share of profit of Shandong Shengli of approximately HK\$49,110,000 and other comprehensive income of approximately HK\$52,775,000. This adjustment is expected to have a continuing effect on the Enlarged Group.

10. The adjustment represents reversal of impairment on goodwill of approximately RMB5,554,000 recognised by Shandong Shengli for the year ended 31 December 2025, translated into HK\$ at exchange rate of RMB1 to HK\$1.08, for the purpose of the unaudited pro forma statement of comprehensive income had the Proposed Transactions been completed on 1 January 2025. This adjustment is not expected to have a continuing effect on the Enlarged Group.
11. The adjustment represents the recognition of profit attributable to non-controlling interest in Shandong Shengli. This adjustment is expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income.
12. The adjustment represents the elimination of the dividend paid by Shandong Shengli to its shareholders and dividend received by the Group for the year ended 31 December 2025, had the Transactions been completed on 1 January 2025 for the purpose of the unaudited pro forma consolidated statement of cash flows. This adjustment is expected to have a continuing effect on the Enlarged Group.
13. The adjustment represents the additional non-controlling interest arising from, upon completion of the Proposed Transactions, equity interests of Shandong Shengli held by CCNG. This adjustment is expected to have a continuing effect on the Enlarged Group.
14. Save for the above adjustments, no other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2025.

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**(B)** *The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group’s pro forma financial information for the purpose in this circular.*



**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF CHINA OIL AND GAS GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Oil and Gas Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and the unaudited pro forma consolidated statement of comprehensive income and pro forma consolidated statement of cash flows for the year then ended and related notes as set out in Part A of Appendix VI to the circular dated 25 June 2026 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix VI to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of certain subsidiaries to Shandong Shengli Co., Ltd. (山東勝利股份有限公司) (“**Shandong Shengli**”) in consideration of acquisition of additional equity interests therein (the “**Proposed Transactions**”) on the Group’s financial position as at 31 December 2025 and the Group’s financial performance and cash flows for the year then ended as if the Proposed Transactions had taken place at 31 December 2025 and 1 January 2025, respectively. As part of this process, information about the Group’s financial position as at 31 December 2025 and the Group’s financial performance and cash flows for the year then ended has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

### **Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

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For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2025 or 1 January 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

25 June 2026

*The following is the text of a letter received from PKF (Hong Kong) Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Circular.*



25 June 2026

The Board of Directors  
China Oil and Gas Group Limited  
Suite 2805, 28th Floor  
Sino Plaza  
255–257 Gloucester Road  
Causeway Bay  
Hong Kong

Dear Sirs,

**China Oil and Gas Group Limited (the “Company”)**

**Profit forecast for the years ending 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029**

We refer to the forecast of the net profit attributable to the shareholders of China Oil and Gas (Zhuhai Hengqin) Company Limited, Tiandashengtong New Energy (Zhuhai) Co., Ltd., Nantong Oil & Gas Co., Ltd. and Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd. (collectively known as the “**Target Companies**”) (being the lower of the figure before and after deducting non-recurring gains or losses) for the years ending 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029 (the “**Committed Net Profit**”) set forth in the “Letter from the Board” to the circular issued by the Company dated 25 June 2026 in connection with the (i) very substantial disposal and (ii) very substantial acquisition (the “**Circular**”).

The Committed Net Profit amounts constitute a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Profit Forecast**”).

**Directors' Responsibilities**

The Profit Forecast has been prepared by the directors of the Company based on a forecast of the unaudited consolidated management accounts of the Target Companies for the years ending 31 December 2026, 31 December 2027, 31 December 2028 and 31 December 2029.

The Company's directors are solely responsible for the Profit Forecast.

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibilities is to express an opinion, as required by paragraph 14.60A(2) of the Listing Rules, on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Forecast in accordance with the bases adopted by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries (collectively referred to as the "**Group**"). Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases adopted by the directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Yours faithfully,  
PKF Hong Kong Limited  
Certified Public Accountants  
Hong Kong



5/F, Shun On Commercial Building  
112-114 Des Voeux Road Central  
Central, Hong Kong

25 June 2026

*The Board of Directors  
China Oil And Gas Group Limited  
Suite 2805, 28th Floor  
Sino Plaza  
255-257 Gloucester Road  
Causeway Bay  
Hong Kong*

Dear Sirs,

**(I) VERY SUBSTANTIAL DISPOSAL AND  
(II) VERY SUBSTANTIAL ACQUISITION  
INVOLVING THE DISPOSAL OF THE TARGET ASSETS AND THE  
ACQUISITION OF THE CONSIDERATION SHENGLI SHARES**

**REPORT ON PROFIT FORECAST**

**INTRODUCTION**

We refer to the circular of China Oil And Gas Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 25 June 2026 (the “**Circular**”) in relation to, among other things, (i) the proposed disposal of the Target Assets by the Sellers to Shandong Shengli pursuant to the Share Swap Agreement (the “**VSD**”); and (ii) the proposed acquisition by the Group of the Consideration Shengli Shares to be issued by Shandong Shengli as part of the Transaction Consideration (the “**VSA**”, and together with the VSD, the “**Proposed Transactions**”). Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As set out in the Circular, pursuant to the Share Swap Agreement and the respective Performance Commitment and Compensation Agreements entered into between each of the Sellers and Shandong Shengli, each Seller has undertaken to guarantee the audited net profit attributable to the shareholders of the respective Target Company (being the lower of the figure before and after deducting non-recurring gains or losses) for each of the financial years falling within the

Performance Commitment Period. The Committed Net Profit amounts for each of the Target Assets for the Performance Commitment Period are set out in the section headed “PERFORMANCE COMMITMENT AND COMPENSATION” of the Letter from the Board in the Circular (collectively, the “**Profit Forecast**”).

The Profit Forecast constitutes a profit forecast in respect of each of the Target Companies for the purposes of Rule 14.61 of the Listing Rules. This letter is issued in compliance with the requirements under Rule 14.60A(2) of the Listing Rules and for the purpose of inclusion in the Circular.

### **BASIS OF OPINION**

In arriving at our opinion set out in this letter, we have reviewed and considered, amongst other things, (i) the Share Swap Agreement and the Performance Commitment and Compensation Agreements; (ii) the principal bases and assumptions upon which the Committed Net Profit amounts have been arrived at, as provided to us by the Directors and the management of the Group; (iii) the financial projections of each of the Target Companies for each of the financial years falling within the Performance Commitment Period prepared by the management of the Group; (iv) the financial information of each of the Target Companies for the two years ended 31 December 2025; (v) the Announcement; and (vi) the report addressed to the Board from PKF Hong Kong Limited, being the reporting accountants of the Company in respect of the Profit Forecast (the “**Reporting Accountants**”), the full text of which is set out in Appendix VII to the Circular.

We have also discussed with the Directors and the senior management of the Group the bases and assumptions upon which the Profit Forecast has been made, the business plans and prospects of each of the Target Companies, and the basis upon which the Committed Net Profit amounts have been arrived at. The Directors are solely responsible for the Profit Forecast and for the bases and assumptions upon which the Profit Forecast has been made.

We have assumed that all information supplied and representations made to us by the Directors and the management of the Group, and all information contained or referred to in the Circular, are true, accurate and complete in all material respects as at the date thereof and continue to be so up to the date of the Circular. We have relied on such information and representations and have not independently verified the same, nor have we conducted any independent investigation into the business, operations or financial condition of the Group, the Sellers, Shandong Shengli or any of the Target Companies.

**OUR REVIEW OF THE PROFIT FORECAST**

In respect of the accounting policies and calculations upon which the Profit Forecast has been made, we have considered the report addressed to the Board from the Reporting Accountants as set out in Appendix VII to the Circular. The Reporting Accountants have reported that, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the section headed “Performance Commitment and Compensation” of the Letter from the Board in the Circular, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

In respect of the bases and assumptions upon which the Profit Forecast has been made, we have reviewed the principal bases and assumptions and discussed the same with the Directors and the management of the Group. We have considered, among other things, (i) the historical financial performance of each of the Target Companies; (ii) the existing customer base, business arrangements and operating capacity of each of the Target Companies; (iii) the industry conditions, market trends and regulatory environment relevant to the businesses carried on by the Target Companies; and (iv) the management’s expectations and plans for each of the Target Companies during the Performance Commitment Period. Having considered the foregoing, we are of the view that the principal bases and assumptions adopted by the Directors in arriving at the Profit Forecast are not unreasonable.

**OPINION**

On the basis of the foregoing, and having regard to the report from the Reporting Accountants set out in Appendix VII to the Circular, we are satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

We hereby give and have not withdrawn our consent to the issue of the Circular with the inclusion herein of this letter and the references to our name in the form and context in which they appear.

Yours faithfully,

For and on behalf of

**Draco Capital Limited**

**Kevin Choi**

**Leon Au Yeung**

*Managing Director*

*Director*

**(I) RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**(II) DISCLOSURE OF INTERESTS****(a) Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures**

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to notify to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), are set out below:

*Interests in shares, underlying shares and debentures of the Company*

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shareholding	Amount of debentures held
XU Tie-liang 許鉄良	Beneficiary of a trust (Note 1,2)	1,592,634,130 (L)	28.25%	US\$1,600,000
	Interest in controlled corporations (Note 2)	—	—	US\$2,000,000
GUAN Yijun 關懿君	Interest of spouse (Note 1,2)	1,592,634,130 (L)	28.25%	US\$1,600,000
	Interest of spouse	—	—	US\$500,000

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shareholding	Amount of debentures held
	Interest of in controlled corporations ( <i>Note 2</i> )	—	—	US\$1,500,000
XU Ran 許然	Beneficiary owner	500,000 (L)	0.01%	—

*Notes:*

(L): *Long position*

- Mr. Xu Tie-liang (“**Mr. Xu**”) is the beneficiary of The Great Xu Fund Trust, a trust managed by TMF (Cayman) Ltd.. TMF (Cayman) Ltd. as trustee holds the entire issued share capital of Great Xu Holdings Limited (“**Great Xu**”) which acquired the entire issued share capital of Sino Vantage Management Limited (“**Sino Vantage**”) on 22 January 2021, which in turn holds 1,592,634,130 Shares. Therefore, Mr. Xu is deemed to be interested in 1,592,634,130 Shares pursuant to the SFO. Ms. Guan Yijun (“**Ms. Guan**”) is the spouse of Mr. Xu, therefore, Ms. Guan is also deemed to be interested in the said 1,592,634,130 Shares pursuant to the SFO.
- An amount of US\$1,500,000, US\$500,000 and US\$1,600,000 of the US\$400,000,000 4.7% senior notes of the Company due 2026 is held through Moral High Limited, which is owned by Mr. Xu and Ms. Guan as to 50% each, Alpha Finance Holdings Limited, a company indirectly wholly-owned by Mr. Xu, and Sino Vantage respectively.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company which notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or were recorded on the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executives, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of Substantial Shareholders	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of shares in issue
Sino Vantage	Beneficial owner	1,592,634,130 (L)	28.25%
Great Xu	Interest in controlled corporation	1,592,634,130 (L)	28.25%
TMF (Cayman) Ltd.	Trustee	1,592,634,130 (L)	28.25%

*Note:*

*(L): Long position*

1. These 1,592,634,130 Shares are held by Sino Vantage, which is wholly-owned by Great Xu, which in turn wholly-owned by TMF (Cayman) Ltd.. TMF (Cayman) Ltd. managed Great Xu in which Mr. Xu is the beneficiary. Therefore, each of Great Xu and TMF (Cayman) Ltd. is taken to be interested in the same number of Shares in which Sino Vantage interested.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying Shares as at the Latest Practicable Date.

**(c) Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code as at the Latest Practicable Date.

**(III) DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**(IV) DIRECTOR'S INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors has or had any interest, either directly or indirectly, in any assets which have since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**(V) DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

**(VI) MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025 (being the date to which the latest published audited financial statements of the Group were made up).

**(VII) COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**(VIII) LITIGATION**

As of the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

**(IX) MATERIAL CONTRACTS**

Save as disclosed below, none of the members of the Enlarged Group has entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

- (a) the Share Swap Agreement;
- (b) the purchase agreement dated 27 January 2026 entered into by and among (i) the Company; (ii) certain subsidiaries of the Company providing the guarantees to severally and jointly guarantee the payment obligations of the Company under the 7.0% senior notes due 2029 in the aggregate principal amount of US\$300,000,000 to be issued by the Company; (iii) the Hongkong and Shanghai Banking Corporation Limited; (iv) Morgan Stanley & Co. International plc; and (v) UBS AG Hong Kong Branch in relation to the issue of the 7.0% senior notes due 2029 in the aggregate principal amount of US\$300,000,000 by the Company;
- (c) the Merger and Acquisition Agreement dated 10 November 2025 entered into between the Sellers and Shandong Shengli in relation to the Proposed Transactions; and
- (d) the Letter of Intent dated 27 October 2025 entered into between the Sellers and Shandong Shengli in relation to the Proposed Transactions.

**(X) EXPERT QUALIFICATION AND CONSENT**

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
KPMG	Certified Public Accountants
PKF Hong Kong Limited	Certified Public Accountants
Draco Capital Limited	A corporation licensed by the Securities and Futures Commission for carrying out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance

As at the Latest Practicable Date, the above Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Expert does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Expert does not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up).

#### **(XI) DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.hk603.com](http://www.hk603.com)) from the date of this circular up to and including the date of the SGM:

- (a) the report on the unaudited pro forma financial information of the Group from KPMG, the text of which is set out in Appendix VI to this circular;
- (b) the “Letter on Profit Forecast from PKF”, the text of which is set out in Appendix VII to this circular;
- (c) the “Report from Draco Capital”, the text of which is set out in Appendix VIII to this circular;
- (d) the material contracts referred to in the paragraph headed “(IX) Material Contracts” of this appendix; and
- (e) the letter of consent referred to the paragraph headed “(X) Expert Qualification and Consent” in this appendix.

#### **(XII) MISCELLANEOUS**

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

- (b) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;
- (c) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business;
- (d) The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited (“**Uni-1**”), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. Ms. Chan Yuen Ying Stella, the representative of Uni-1, was appointed as the named Company Secretary of the Company; and
- (e) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

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## NOTICE OF SGM

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中油燃氣集團有限公司\*

CHINA OIL AND GAS GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 603)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “**Meeting**”) of China Oil and Gas Group Limited (the “**Company**”) will be held at 15th Floor, Xinhai Central International Business Center, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Tuesday, 14 July 2026 at 11:00 a.m., or any adjournment, for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company.

Unless otherwise defined, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 25 June 2026 (the “**Circular**”).

### ORDINARY RESOLUTION

1. “**THAT**

- (a) The Share Swap Agreement, a copy of which is tabled at the Meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

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## NOTICE OF SGM

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- (b) any one or more of the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, instruments, deeds (whether or not with the affixation of common seal) and agreements, to do all such acts, matters or things and take all such steps as he/she/they may in their absolute discretion consider to be necessary, desirable, appropriate or expedient to give effect to and/or to implement the Share Swap Agreement, and to agree to amendments or waivers or matters relating thereto as are, in the opinion of the Directors, in the interest of the Company and the Shareholders as a whole.”

By order of the Board

**China Oli and Gas Group Limited**

**Xu Tie-liang**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 25 June 2026

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Suite 2805, 28th Floor  
Sino Plaza  
255–257 Gloucester Road  
Causeway Bay  
Hong Kong

*Notes:*

1. Voting at the SGM will be taken by poll as required under the Listing Rules.
2. For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 9 July 2026 to Tuesday, 14 July 2026 (both days inclusive) during which period no transfer of the Shares will be registered. In order to qualify for entitlement to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 8 July 2026. The record date for ascertaining Shareholders’ entitlement to attend and vote at the SGM is Tuesday, 14 July 2026.
3. Any shareholder entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend, speak and vote instead of him/her at the SGM (or at any adjournment of it). A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the SGM of the Company. A proxy need not be a shareholder of the Company.

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## NOTICE OF SGM

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4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
5. In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
6. Completion and return of the form of proxy shall not preclude a member of the Company from attending the SGM and voting in person at the SGM or any adjournment thereof if he/she/it so desires. If a member of the Company attends the SGM after having deposited the form of proxy, his/her/its form of proxy will be deemed revoked.
7. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holder stand on the register in respect of the relevant joint holding.
8. References to time and dates in this notice are to Hong Kong time and dates.
9. The English text of this notice shall prevail over the Chinese text in case of inconsistency.
10. If a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above or "extreme conditions" caused by super typhoons is in force at or at any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.hk603.com](http://www.hk603.com)) to notify members of the date, time and place of the rescheduled meeting.
11. As at the date of this notice, the Board comprises four executive Directors, namely Mr. Xu Tie-liang (*Chairman and Chief Executive Officer*), Ms. Guan Yijun, Mr. Gao Falian and Ms. Xu Ran; and three independent non-executive Directors, namely Ms. Liu Zhihong, Mr. Wang Guangtian and Mr. Yang Jie.